

Setting Up Quicken For Tracking Shares

Aim

The aim of this paper is to set up Quicken for tracking shares and securities.

Versions

This paper was written using Quicken Home and Business 2008. The same procedures apply to Quicken Personal Plus 2008, and the same principals apply to earlier versions.

Accounts

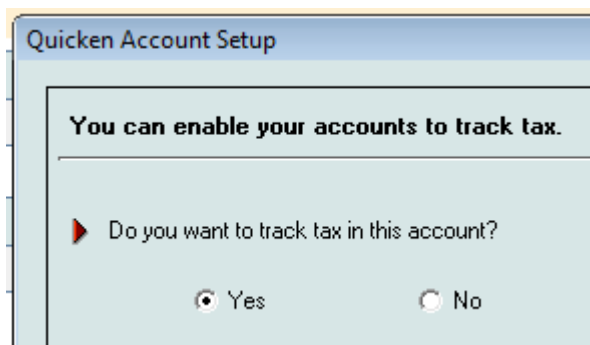
The first step is to set up our bank and investment accounts. Normally, you will have at least 2 accounts: a bank account where you keep your cash (Quicken calls these "chequing" accounts); and an Investment Accounts that holds your securities.

Chequing Accounts

In my example, the chequing account is a E*Trade ANZ Online Account which is set up to hold cash for purchasing shares and for depositing proceeds when shares are sold.

The account is set up via Business > Business Accounts > Account List. Select "Add Account" from top of window then follow the wizard.

If you have Quicken Home & Business, you will be asked about tracking tax. If you need to track GST (if, for example, you have a GST Registered Super Fund), select "Yes".

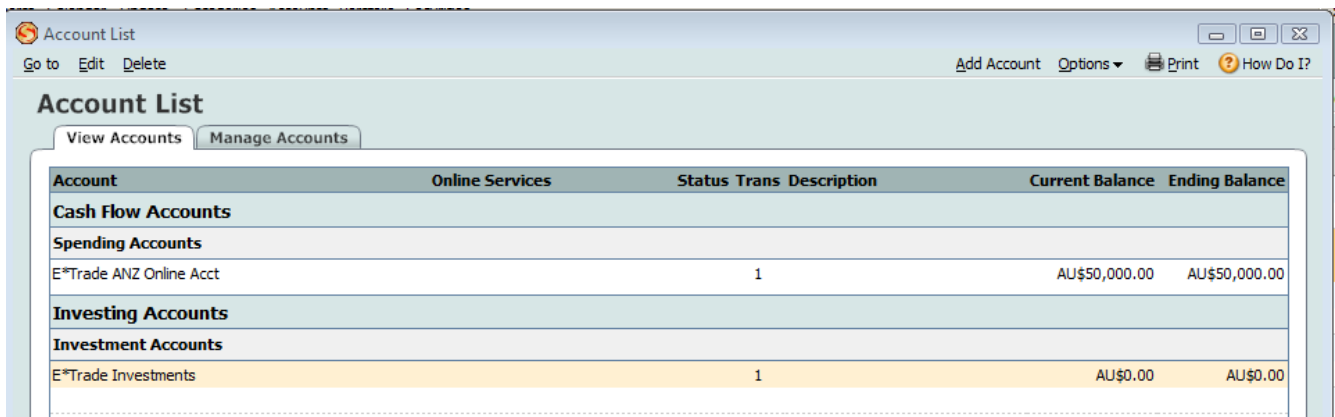


You will also be prompted to enter a bank statement balance and date. For the purposes of the exercise, I have entered a balance of \$50,000 at 30/6/07. For your setup, select a date from where you will enter all transactions. The 30th June is a good date, but you can start at any date.

Investment Account

The investment account is used for share transactions. This account is also capable of holding a cash balance, but where possible, I don't use this account to hold cash balances. This is because keeping the balance of this account at \$0.00 is an important control tool as it ensures that we have properly accounted for all our transactions. (Note: the cash balance is used for managed funds that keep a portion of funds as cash).

For shares, set up a Brokerage account. After you set up your accounts, the Account list should look something like this:



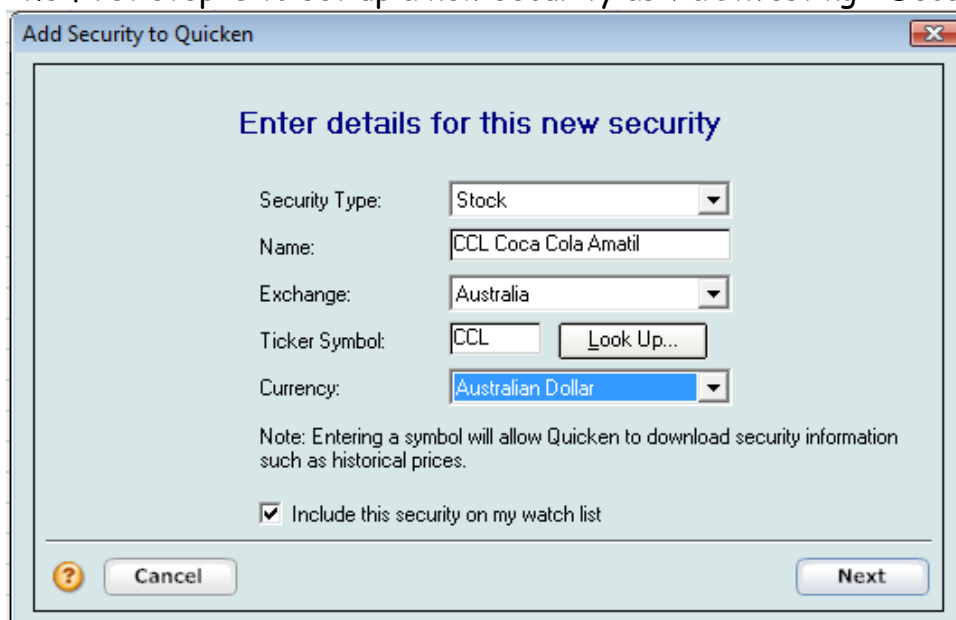
The screenshot shows the 'Account List' window in Quicken. It features a table with columns for Account, Online Services, Status, Trans, Description, Current Balance, and Ending Balance. The table is organized into sections: Cash Flow Accounts, Spending Accounts, Investing Accounts, and Investment Accounts. Two accounts are listed: 'E*Trade ANZ Online Acct' and 'E*Trade Investments'.

Account	Online Services	Status	Trans	Description	Current Balance	Ending Balance
Cash Flow Accounts						
Spending Accounts						
E*Trade ANZ Online Acct			1		AU\$50,000.00	AU\$50,000.00
Investing Accounts						
Investment Accounts						
E*Trade Investments			1		AU\$0.00	AU\$0.00

Setting Up the Security

Once our accounts are set up, we can start entering our shares. This step only applies if you have existing shares, and you need to enter your starting date balances.

The first step is to set up a new security as via Investing > Security List > New:



The screenshot shows the 'Add Security to Quicken' dialog box. It contains the following fields and options:

- Security Type: Stock (dropdown)
- Name: CCL Coca Cola Amatil (text box)
- Exchange: Australia (dropdown)
- Ticker Symbol: CCL (text box) with a 'Look Up...' button
- Currency: Australian Dollar (dropdown)
- Note: Entering a symbol will allow Quicken to download security information such as historical prices.
- Include this security on my watch list
- Buttons: Cancel, Next

There are two screens that follow: the first has no selectable options (Lot Identification selected by default) and the second allows you to indentify the type of security (eg Australian Stocks, International Stocks etc)

Entering Existing Shareholdings

For the purposes of this exercise, let's assume that we purchased 625 Coca-Cola Amatil (CCA) Shares for \$8.00 in January 2006. Also assume that we joined CCA's Dividend Reinvestment Plan (DRP), and have been issued a further 45 shares under the DRP.

COCA COLA AMATIL (CCL) SHARES										
Initial Purchase										
Date	No	Cost	Trade	Brokerage	Total					
Jan-06	625	\$ 8.00	\$5,000.00	\$ 33.28	\$5,033.28					
Dividend Reinvestment Plan (DRP)										
Date	No	Div Rate	Div	cash b/f	reinvest	drp cost	shares	Value	cash c/f	
Apr-06	625	\$ 0.175	\$ 109.38	\$ -	\$ 109.38	\$ 6.75	16	\$ 108.00	\$ 1.38	
Oct-06	641	\$ 0.145	\$ 92.95	\$ 1.38	\$ 94.33	\$ 6.18	15	\$ 92.70	\$ 1.63	
Apr-07	656	\$ 0.180	\$ 118.08	\$ 1.63	\$ 119.71	\$ 8.17	14	\$ 114.38	\$ 5.33	
							Total under DRP	45	\$ 315.08	
							Plus Inital Purchase	625	\$ 5,033.28	
							Cost Basis 30/6/07	670	\$ 5,348.36	

(A note on brokerage and GST: if you are a GST registered entity, the cost basis of the shares with excluded GST paid).

There are two ways of entering this stock. There is no "right" way, but there are advantages and disadvantages of both.

Method 1 - Enter Holding as a Single Transaction.

The advantage of this method is that it's quicker, particularly if you have held the shares for a number of years and have heaps of transactions to enter. The disadvantage is that it doesn't allow you to select particular "lots" to sell if you partially sell your holding. It will also misreport the capital gain component if you sell within the next year.

Enter the holding via Investing > Investing Accounts > *Account Name* (eg E*Trade Investments) > Enter Transactions Button (at top of register). An alternate method is to bring up the Accounts List (Ctrl-A), double-click on *Account Name* (eg E*Trade Investments), then Enter Transactions Button (at top of register).

Select Add - Shares Added from the top drop-down list.

Enter transaction: Add - Shares Added

Enter the addition of shares of a security to this account without affecting the cash balance.

Add - Shares Added:

Transaction date: 30/06/2007

Security name: CCL Coca Cola Amatil

Account: E*Trade Investments

Number of shares: 670

Price paid: 7.982627 per share

Memo: CCL Shares Held at 30/6/07

Total cost: 5,348.36

Currency exchange rate

Exchange rate on 30/06/2007=1.00000

Set rate for this transaction 1.00000

Buttons: Cancel, Clear, Help, Enter/New, Enter/Done

If you enter the number of shares and Total Cost, Quicken will calculate an average price paid per share.

The transaction looks like this in the Register. Check Cash Bal = \$0.00.

Date ▲	Action	Security	Description	Inv Amt	Cash Amt	Cash Bal
30/06/2007	Added	CCL Coca Co...	670 shares of CCL Coca Cola Amatil @ AU\$7.982627	+5,348.36	+5,348.36	0.00

Method 2 - Enter Purchases and DRP Allotments Individually.

The advantage of this method is that you have accurate records of purchases and DRP allotments, including when you acquired the shares and the cost basis.

This is entered as per method 1 - however:

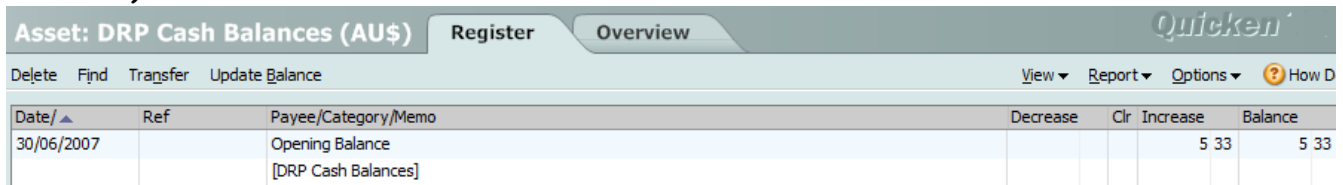
- Use the acquisition date instead of 30/6/07 as the Transaction Date; and
- Don't forget to include Brokerage/Stamp Duty etc in the Total Cost.

Entering DRP Cash Balances Carried Forward.

From our last DRP statement, we have a DRP cash balance of \$5.33 carried forward to the next DRP. To cater for the DRP Cash Balance, we need to set up a new Account (recommended type = Asset) called DRP Cash Balances.

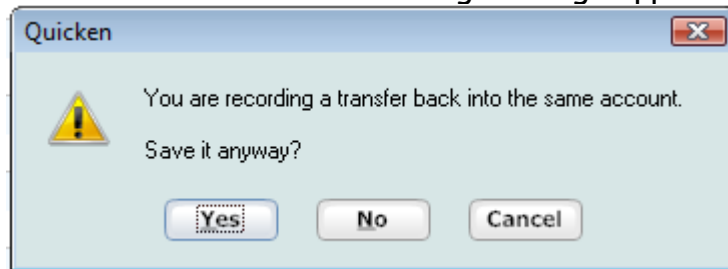
I just use the one account for all DRPs, although some people prefer to have an account set up for each shareholding (eg DRP Cash Balances - CCA).

The balance can be set up as a 30/6/07 balance when the account is created, or it can be entered via the register (Ctrl-A > double-click on *Account Name* (eg DRP Cash Balances))



Date / ▲	Ref	Payee/Category/Memo	Decrease	Clr	Increase	Balance
30/06/2007		Opening Balance [DRP Cash Balances]			5.33	5.33

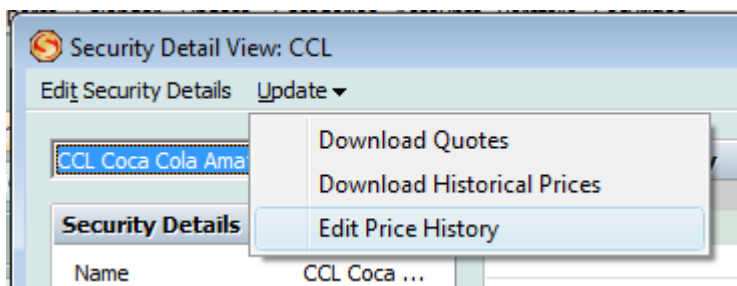
Select "Yes" when the following message appears.



Entering Value of Shares at 30/6/07

There are two important figures in managing shares: the cost basis, and the value at a particular date. Traditionally, the closing price for the shares is used.

To enter the closing price for CCL at 30/6/07, go to Investing > Security Detail View and select CCL from the drop down list. Then Update > Edit Price History > New.



Enter the price as follows then OK.

New Price for: CCL

Date:

Price:

High:

Low:

Volume:

Checking Your Entries

Finally, check your entries via Reports > Investing > Portfolio Value and Cost Basis.
 Custom Dates = 30/6/07.

Portfolio Value and Cost Basis - As of 30/06/2007			
Date range:	<input type="text" value="Custom dates"/>	Interval:	<input type="text" value="None"/>
As of 30/06/2007 (in Australian Dollars)			
Security	30/06/2007 Cost Basis	30/06/2007 Balance	
CCL Coca Cola Amatil	5,348.36	6,391.80	
TOTAL Investments	5,348.36	6,391.80	

You should also check the Balance Sheet at this date via Reports > Business > Balance Sheet. Custom Dates = 30/6/07.

Balance Sheet - As of 30/06/2007	
Date range: <input type="text" value="Custom dates"/>	Interyal: <input type="text" value="None"/>
(Includes unrealised gains)	
As of 30/06/2007 (in Australian Dollars) (Cash Basis)	
Account	30/06/2007 Balance
ASSETS	
Cash and Bank Accounts	
E*Trade ANZ Online Acct	50,000.00
TOTAL Cash and Bank Accounts	50,000.00
Other Assets	
DRP Cash Balances	3.66
TOTAL Other Assets	3.66
Investments	
E*Trade Investments	6,391.80
TOTAL Investments	6,391.80
TOTAL ASSETS	56,395.46
LIABILITIES & EQUITY	
LIABILITIES	
	0.00
EQUITY	
	56,395.46
TOTAL LIABILITIES & EQUITY	56,395.46

Note that the Balance Sheet includes unrealised gains; that is, the shares are valued at the 30/6/07 closing price - not their cost basis.

If you want to show a Balance Sheet excluding unrealized gains, select Customise Icon (top right of Report Icon Bar) > Advanced Tab > untick "Included Unrealised Gains".

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