

FINANCIAL SHOEBOX

**How to get started- What is
required to establish a Portfolio.**

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Overview

Financial Shoebox is a web based services that uses 'State of the art' software powered by Praemium Ltd, to fully automate record keeping for a personal investment portfolio. It provides at the click of a mouse, up to date valuations, CGT and Income Tax position, transaction information and performance history for your portfolio(s).

Each Portfolio is unique and self contained within Financial Shoebox.

Client Support

The Client Support desk is manned from 9.00am to 5.00pm EST. Monday to Friday. The support team can be contacted at support@shoebox.net.au or by phone on 02 9810 2100. It would help if a portfolio id is quoted along with the query.

Minimum Requirements

Financial Shoebox takes advantage of current internet technology and is designed and tested to work on Windows XP and Internet Explorer 6.02 Service Pack 2 or higher. Although it may run on older Microsoft browsers there can be no guarantee this is the case. Financial Shoebox does not support any kind of browser other than Microsoft.

Reconstructing the Portfolio

Each portfolio should represent a single tax entity's assets. Consolidated portfolios can be created for various reporting functions across grouped portfolios.

In order to represent the current and future CGT liabilities correctly, the portfolio's cost history must be reconstructed. The newly constructed portfolio holdings must be reconciled to a known holding in readiness for reporting and ongoing processing.

There are several methods which can be utilised to transcribe this information into a Shoebox portfolio depending on the current condition of the information.

Ongoing Processing

Once the reconstructed portfolio is correct, it is "activated" which allows it to be updated daily with closing prices and ongoing corporate action activity including dividends, bonuses, rights, DRP units etc. Praemium globally manages price and income details for ASX listed stocks and most Managed Funds. There is a process for services to manage and maintain other asset types and cash books within their service.

Bank Account Transactions

Where the service subscribes to an online banking facility, a process can usually be created to capture the bank account activity in a dedicated cash book for each portfolio. For this process to be automated, a transaction file must be able to be downloaded from the online application in a format – usually text or csv – that Shoebox can utilise to upload.

Contact Shoebox service staff at support@shoebox.net.au for information.

Portfolio Broker Links for Contract Note Uploads

An automated facility to upload contract notes on a daily basis is available to executing brokers who are ASX Participating Organisations and have their own trading process to produce contract notes. For further information on this process and if it can be applied to your service, please contact Shoebox Service staff at support@shoebox.net.au

Reconstructing the Trading Cost History

The current holdings must be reconstructed at **transaction** level, in order to calculate correctly any future CGT activity and measure performance accurately.

For ASX listed stocks, it is only necessary to enter the buys and sells as Shoebox has an inbuilt function to overlay any corporate action activity (bonuses, dividends, rights issues etc) as they apply to the portfolio's holdings. [Reinvested](#) shares or units for both ASX listed and most managed funds can be automatically calculated by Shoebox and these do not have to be entered as part of the cost history.

Collecting the Cost History Information

This can be done in two ways:

- **From [source trading data](#)** – i.e. historic buy and sell trading information.
- **From [an Unrealised Position Report](#)**. This option will only be available if a previous service provider or the accountant can supply the information and ideally, it should be for the 30/06/XX at the year prior to the one, for which Shoebox is required to calculate the CGT.

From Source trading data

This involves reconstructing the trading history using detailed transaction history, either from source documents – buy and sell contract notes - from a printed transaction report or a transaction file from another product. For each buy or sell, there must be details regarding the trade date, quantity and total cost (buy) or proceeds (sell), including any adjustment for brokerage and/or charges. This also applies to Exchange Traded Options, Managed Fund transactions and any other CGT assets.

It is not necessary to include any holdings that have been completely sold out prior to the current tax year if realised CGT information is only required for the current year.

e.g.

Code	Holdings as at 30/06/2003		Current Year
	Qty	Requirement	Requirement
ABC	1000	Enter only the individual	Enter all buys and sells
BHP	5000	parcels which make up the	from 01/07/xxxx for
NAB	10000	holdings at this date	current year to date for
			correct CGT calculation.

From an Unrealised position report

The unrealised position information should be as at the last day of the tax year, before the tax year to calculate the CGT for. Only these “open” trades need to be entered and they will already be tax effected for any corporate actions to that date. Details of all buys and sells for the current year to date will need to be entered.

E.g., Lets say, the tax return for year ended 30/06/2003 has been completed and it is required for Shoebox to provide accurate, optimised CGT information for the current tax year. The unrealised position report needed will be as at 30/06/2003.

- Enter the trades from the report, using the tax date,
- Enter all the buys and sells (open and close positions) from 01/07/2003. This will allow Shoebox to optimise the CGT liability for the current tax year.

Other Information Required

Apart from the trading information, some form of verification of the reconstructed current holdings is required.

These could be any or all of the following depending on what assets are held and how the portfolio has been managed beforehand.

- The most recent CHESS holding information for broker sponsored holdings.
- The most recent Issuer statements for other sponsored holdings.
- The most recent Managed Fund confirmations.
- A current Portfolio Summary (from a previous administration service) showing the total quantities held.
- Any holding details of any unlisted investments/personal assets/foreign stocks/fixed interest.
- For exchange traded options, the most recent open contract statement.

If applicable, details for any exercised [options](#), any [rights](#) taken up or any notes or preference shares converted will need to be known for entry. Also, details for any off market share buy backs schemes and shares acquired in a Share Purchase Plan.

If there are any unapplied [prior year capital losses](#) to be carried forward, these details are required to offset against any current year gains. These should be verified with the accountant for the portfolio or against the relevant tax return.

Service Assets

Assets not maintained globally by Shoebox and not part of the database subject to automatic price updates and corporate action auto-generated transaction entry can be maintained by the service. These are called “Service Assets”, and would include unlisted shares, investments, property etc.

Personal Assets

Personal assets can be set up and maintained in the same way. These may include home, personal contents, motor vehicles, holiday homes etc.

Adjustments to the Capital Value where GST is being Claimed

The capital value of transactions for CGT calculation for companies and Super Funds where GST is being claimed must be adjusted by the amount of the claimed GST.

Change Disposal Allocation Method For a Date Range

Although moving forward for the current tax year, Shoebox will optimise a portfolio’s CGT liability, it is necessary to ensure the correct tax parcels are available for disposal. To do this it is imperative that the correct historical allocations are replicated.

Dividend Reinvestment Plan (DRP)

Shoebox can automatically calculate the DRP units for ASX listed stocks based on the trading activity. Information regarding these organisations must be entered into Shoebox in order to activate the process.

DRP unit quantities may not always be exact and are subject to rounding differences.

Bonus Share Plan (BSP)

This process should also be completed if the holder participates in, or, has participated in, any company BSPs. Shoebox will automatically update the portfolio with the appropriate information.

Recalculating the Portfolio

Once all the base trading activity has been entered into Praemium, any corporate action activity applicable to the trades needs to be added to the portfolio. This is an automatic process within Shoebox, triggered by clicking the **Recalculate To** button available on the **Transaction History** and on most of the other **Trading Activity** screens.



The screenshot shows the 'Transaction History' screen for portfolio 'Mr John Smith'. At the top, there is a menu bar with options: Main, Logout, Back, Maintenance, Portfolio Reports, Trading Activity, Print Preview, Help, and Feedback. Below the menu bar, the user is identified as 'Sam Sample' and the portfolio as 'Mr John Smith'. A 'Quick Help >>>' button is present. Below this, there are buttons for 'Upload', 'Add', '1' (in a dropdown), 'Row(s)', 'Recalculate to' (highlighted with a red box and an arrow), 'Today', and 'Search'. The main area contains a table with columns: '<<< Previous Next >>>', 'Delete', 'Select Type', 'Security', 'Description', 'Date', 'Quantity', 'Total Amount', and 'Method Notes'. The table lists three transactions:

<<< Previous Next >>>	Delete	Select Type	Security	Description	Date	Quantity	Total Amount	Method Notes
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Buy	AMC	AMCOR Ltd Ord	1/02/1998	5,000	\$33,100.00	
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Buy	ANZ	ANZ BANKING GROUP LIMITED	10/01/1999	10,000	\$27,400.00	
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Buy	CBA	COMMONWEALTH BANK OF AUSTRALIA. Ord	11/10/2001	5,000	\$138,000.00	

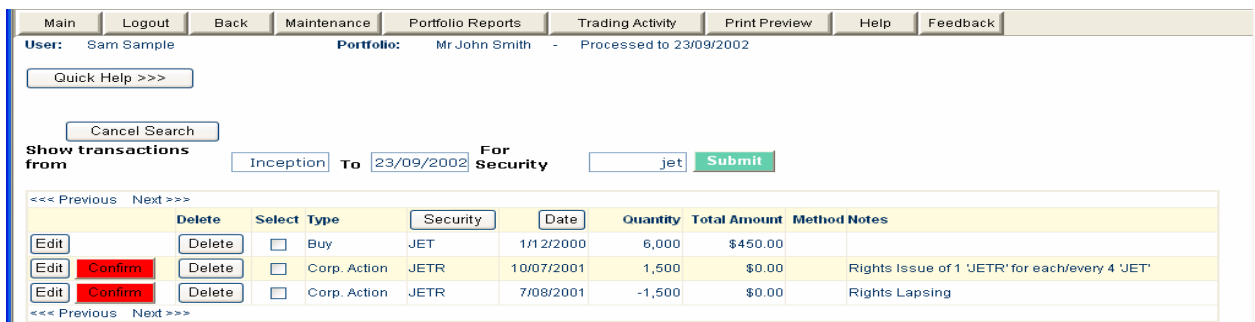
The **Transaction History** screen for the portfolio now displays the buy and sell transactions together with the auto-generated transactions (corporate actions) which have been created from the “Recalculate To” process.

At the top of the page under the menu bar, the “Processed To” date is updated to show the date to which the portfolio has been recalculated. If the portfolio is recalculated to “Today” then the current date should be displayed.

Rights and Company Options

Both rights and options may apply to the portfolio as the result of an entitlement. These will be auto-generated by the “Recalculate To” process.

Since Shoebox does not know whether these were taken up or not, these transactions are lapsed automatically at the appropriate date.



The screenshot shows the 'Transaction History' screen for portfolio 'Mr John Smith' after being recalculated to '23/09/2002'. The menu bar is the same. Below the menu bar, the user is 'Sam Sample' and the portfolio is 'Mr John Smith'. A 'Quick Help >>>' button is present. Below this, there are buttons for 'Cancel Search', 'Show transactions from', 'Inception', 'To', '23/09/2002', 'For Security', 'jet', and 'Submit'. The main area contains a table with columns: '<<< Previous Next >>>', 'Delete', 'Select Type', 'Security', 'Date', 'Quantity', 'Total Amount', and 'Method Notes'. The table lists three transactions:

<<< Previous Next >>>	Delete	Select Type	Security	Date	Quantity	Total Amount	Method Notes
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Buy	JET	1/12/2000	6,000	\$450.00	
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Corp. Action	JETR	10/07/2001	1,500	\$0.00	Rights Issue of 1 'JETR' for each/every 4 'JET'
<input type="button" value="Edit"/>	<input type="button" value="Delete"/>	<input type="checkbox"/> Corp. Action	JETR	7/08/2001	-1,500	\$0.00	Rights Lapsing

In the example, there are two lines

The first shows the entitlement of the rights, in this case being 1 for every 4 ordinary shares held on 10/07/2001.

The second, shows the lapsing of the rights at expiry date 07/08/2001.

If no action was taken and the rights lapsed click the red **Confirm** button.

However, if the rights up were taken up, details of the take up need to be entered into Shoebox.

Exercise Options

This process (refer to Take up Rights) applies to both company and Exchange Traded options that are exercised.

Convertible Notes and Converting Preference Shares

If the portfolio contains either Convertible Notes or Converting Preference Shares, they will be automatically redeemed at the conversion date since Shoebox does not know what action the holder has taken.

However, if the conversion was done, details of the conversion need to be entered into Shoebox.

Buy Back Schemes

Where company buy back schemes are entered into, the appropriate number of shares sold back to the company need to be entered as a sell for the capital amount received, thus causing the required CGT event.

Often these types of arrangements have a franked or unfranked dividend as part of the consideration.

For holders who did not participate in the buy back no action is required.

Reconciliation Process

Now that all the transactions have been entered, the portfolio needs to be reconciled to known holdings.

This gives a summary of the portfolio as at the Process To date, displayed at the top of the screen under the menu bar.

The quantities for each holding should be verified to the official documentation, CHESS holding statements etc. The cost should also be verified.

[Main](#) | [Logout](#) | [Back](#) | [Portfolio Details](#) | [Trading Activity](#) | [Print Reports](#) | [Help](#) | [Feedback](#)

User: Sam Sample **Portfolio:** Mr John Smith - Processed to 23-09-2002

Total Cost: \$221,668 **Value:** \$416,651 **Gain/(Loss):** \$194,983 **Est. Income:** \$17,896 **Est. Yield:** 4%

Security Code	Quantity	Unit Cost	Adj. Cost	Unit Value	Value	Gain/(Loss)	Est. Income	Est. Yield
BIG	1,000	\$1.00	\$1,000.00	\$2.00	\$2,000.00	\$1,000.00	\$50	2.5%
AIP	1,000	\$1.12	\$1,120.00	\$1.09	\$1,090.00	(\$30.00)	\$98	8.99%
AMC	2,500	\$5.40	\$13,500.00	\$8.60	\$21,500.00	\$8,000.00	\$725	3.37%
ANZ	10,000	\$2.74	\$27,400.00	\$18.85	\$188,500.00	\$161,100.00	\$8,500	4.51%
CASH	29,177.84	\$1.00	\$29,177.84	\$1.00	\$29,177.84	\$0.00	\$35	0.12%
CBA	5,106	\$27.69	\$141,400.00	\$31.90	\$162,881.40	\$21,481.40	\$7,710	4.73%
JET	4,500	\$0.07	\$330.00	\$0.18	\$810.00	\$480.00	\$0	-
PPX	1,667	\$3.66	\$6,100.00	\$5.09	\$8,485.03	\$2,385.03	\$683	8.06%
SGB	117	\$14.82	\$1,640.00	\$18.86	\$2,206.62	\$566.62	\$94	4.24%

Carried Forward Capital Losses

Details of these should be verified against the prior year tax return or with the accountant.

In order for Shoebox to utilise these in the CGT calculation, the details need to be entered into the system.

Income and Expenses

Overview

Income for all ASX listed stocks and most managed funds is automatically updated as part of the “Recalculate To” process. All ASX listed stocks components are recorded, such as franked, unfranked and imputation credits. For listed trusts any estimated tax-free and tax deferred amounts are also accounted for. For managed funds, the historical income break up is displayed ONLY where it is available from the fund manager. The current year managed fund distribution information is displayed as unfranked but will be adjusted at year end, where the tax details are made available. These amounts will need to be amended when the trusts’ year end tax statements are to hand.

All income entries should be reviewed and verified.

For services using the [cash matching](#) process, income entries will be automatically confirmed where they match to cash.

Tax Withheld – Adjusting Income

In some cases where tax has been withheld, a manual adjustment will need to be made to the entry in the income screen, since the actual amount received will vary to the calculated amount. This may be for example, a TFN tax deduction.

Note: Where the holder is registered as an [overseas resident for tax purposes](#) and this option has been ticked in the portfolio profile, the amount will automatically be deducted from the income according to the nominated percentage set up for the portfolio.

Income Declared but not Paid

A separate report displays income which has been declared but not yet paid at a given date. (For ASX listed stocks this is the ex date and for managed funds this is the distribution date).

In order to view the correct details, ensure that the portfolio is recalculated to the required date. Then, go to **Trading Activity** and select 'Income declared and not paid'. The following screen displays.

In this example the portfolio has been recalculated to 23/04/2004

		Select	Security	Date	Tax Date	Total Quantity Onhand	Amount Received	DRP Amount	Withheld Amount	Total Unfranked Amount	Total Interest Amount	Total
<input type="button" value="Edit"/>	<input type="button" value="Confirm"/>	<input type="button" value="Delete"/>	<input type="checkbox"/>	CML	10/05/2004	10/05/2004	1,000	\$140.00				

Note that the CML dividend is not payable until 10/05/2004. Since this dividend has 'gone ex' and the holder has an entitlement to the income, this value is reflected in the portfolio valuation reports. This income report gives the details for such entitlements values.

Expenses

There is a facility to record expenses for the portfolio.

If the GST amount is completed and the [GST flag is switched on](#) – for a company or superfund – then the appropriate GST refund amount will be entered automatically.

(The BGL code should be entered for services which are downloading information into BGL Simple Fund)

