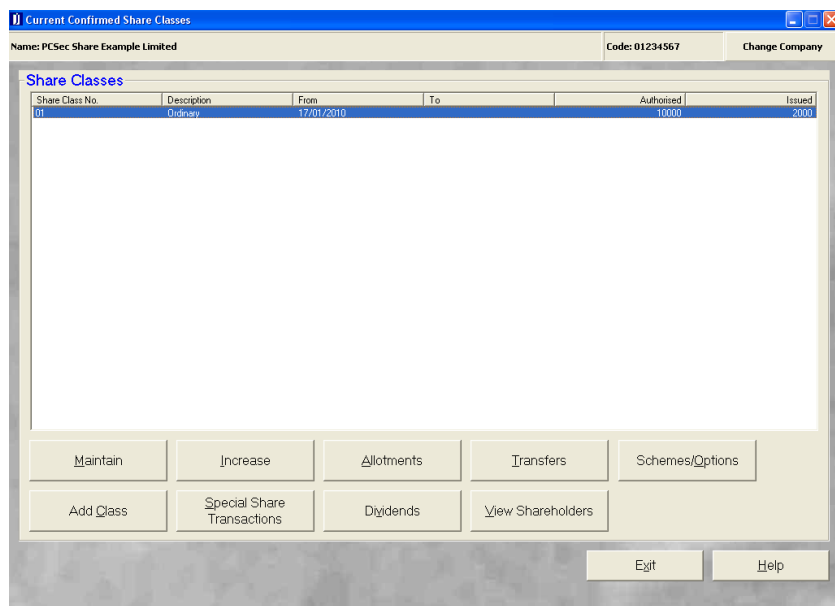# Conversion to another class

In this example we have a company with 10,000 authorised Ordinary shares of £1 and 2,000 shares currently in issue.



The current shareholdings are:

Nigel Albert with 500 shares
David Christopher Barrington with 1,000 shares
Paul Cole with 300 shares
Robert David 200 shares

On 30 June 2010 a new share class of 1,000 authorised Preference shares of £1 has been created from the existing authorised capital of the company and each current shareholder will have half of their shareholding converted into this new class.

To update PCSec with this information we need to carry out the following steps:

1.      Add the new Preference share class (authorised 1,000 shares of £1).

2.      Convert half of each current shareholders Ordinary shareholding to the new Preference share class.

3.      Reduce the authorised capital of the Ordinary share class by 1,000 shares.

## Step 1: Add the new Preference share class

In the **Share Classes** screen click on the **Add Class** button



The Preference share class is added as follows:

**Share Class Number**: 2 (being the next unused share class number)

**Short Class Description**: Preference

**Long Class Description**: Preference

**From Date**: 30/06/2010 (being the date the new class was created)

**To Date**: Leave blank (as is still a current share class)

**Confirmed**: Yes

**Authorised Capital**: Yes (as in the case the share class has a specified authorised limit)

**Number of Shares**: 1,000 (being the authorised limit for this class)

**Price Per Share**: 1.00 (being the nominal value)

**Currency Sign**: £ (being the share currency)

**Currency**: Pound sterling

**Currency Sign Position**: Left (on which side of the Price Per Share should the Currency Sign appear)

**Called Up Amount Per Share**: 1.00 (if a share is unpaid, what amount would be called, in this case the nominal value)

**Voting Rights**: as applicable (the voting rights & prescribed particulars attached to the share class)

Once all details have been completed click the **OK** button to save the changes.

You will now be showing 2 share classes on screen:

Share class 1 Ordinary: Authorised 10,000 shares and Issued 2,000 shares
Share class 2 Preference: Authorised 1,000 shares and Issued 0 shares

## Step 2: Convert issued Ordinary shares to Preference shares

Now Preference shares are recorded the next step is to convert half the shareholding of each Ordinary shareholder into this new class of shares.

In the **Share Classes** screen select **Share Class No 1 Ordinary** click on the **Special Share Transactions** button



Ensure Class is set to **Ordinary** and click on the **Add** button.



In **Transaction Type** select **Conversion to another class**

All current shareholders will be displayed.  Select the first shareholder to convert and click **OK**.



Complete the conversion as follows:

**Date of Registration**: 30/06/2010 (being the date the shares were converted)

**Number of Shares**: 250 (the number of Ordinary shares being converted to Preference shares)

**Shares Surrendered**: 500 (the number of Ordinary shares on the surrendered share certificate)

**Balancing Shares**: PCSec will automatically calculate any balancing shares requiring a certificate

**Confirmed**: Yes

**New Share Class**: Share class [2] Preference (1.00) (The class that the 250 shares are being converted into)

**Certificate Number**: Share certificate number for the new 250 Preference shares *(Please note that PCSec cannot automatically produce this share certificate. It will need to be created from the Blank Forms section of the software)*

**Balancing Share Cert. Number**: Share certificate number for the remaining 250 Ordinary shares. *(Again PCSec cannot automatically produce this share certificate. It will need to be created from the Blank Forms section of the software)*

**Remarks**: PCSec will automatically create a remark noting the conversion details. This remark can be edited.



Click **OK** to save the conversion.

Repeat these steps for each shareholder until all required shares have been converted.

You will now be showing:

Share class 1 Ordinary: Authorised 10,000 shares and Issued 1,000 shares
Share class 2 Preference: Authorised 1,000 shares and Issued 1,000 shares

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VAT No.: GB 927 5031 30

A Vistra Company

## Step 2: Reduce the authorised Ordinary shares

Now that you have converted the issued Ordinary share to Preference shares the final step is to reduce the authorised limit on the Ordinary class.

In the **Share Classes** screen select **Share Class No 1 Ordinary** click on the **Increase** button



Complete the Increase screen as follows:

**Date of Increase**: 30/06/2010 (being the date the conversion took place)
**Authorised Capital**: Yes
**TOTAL authorised shares**: 9,000 (being the new authorised limit on the Ordinary share class)



Click **OK** to save changes.

PCSec will warn you that you have actually added a DECREASE in authorised share capital and not an increase.  Click **OK** to continue and save the changes.

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**Validate**

The Number of Shares multiplied by the Share Price results in a decrease in share capital. The original share capital was 10000.
Continue anyway?

OK

You have now finished and will be correctly showing the current company share capital as:

Ordinary £1 shares: 9,000 authorised and 1,000 issued
Preference £1 shares: 1,000 authorised and 1,000 issued



**Current Confirmed Share Classes**

Name: PCSec Share Example Limited     Code: 01234567     Change Company

**Share Classes**

| Share Class No. | Description | From | To | Authorised | Issued |
|---|---|---|---|---|---|
| 01 | Ordinary | 30/06/2010 | | 9000 | 1000 |
| 02 | Preference | 30/06/2010 | | 1000 | 1000 |
| 01 | Ordinary | 17/01/2010 | 29/06/2010 | 10000 | |

Maintain    Increase    Allotments    Transfers    Schemes/Options

Add Class    Special Share Transactions    Dividends    View Shareholders

Exit    Help

bsi. ISO 9001 Quality Management    ISO/IEC 27001 Information Security Management

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