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Congratulations

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- ing the written consent of each such customer to such hypothecation;
2. that will permit such securities to be commingled with securities carried for the account of any person other than a bona fide customer of the broker or dealer under a lien for a loan made to such broker or dealer; or
 3. that will permit securities carried for the account of customers to be hypothecated or subjected to any lien or claim for a sum which exceeds the aggregate indebtedness of all customers in respect of securities carried for their accounts.

The Securities Exchange Act of 1934 further provides that the Federal Reserve Board shall prescribe rules and regulations with respect to the amount of credit that may be initially extended and subsequently maintained on securities. Regulation T has been issued pursuant to this provision. Among other things, it prescribes that full payment must be made by the purchaser on or before the close of business on the seventh calendar day from the date of the transaction. If payment has not been received by this date, the broker/dealer should cancel or otherwise liquidate the transaction unless an extension for delayed payment has been granted by the National Association of Securities Dealers. The Regulation also provides that if a security is either delivered to another broker/dealer or is sold before being paid for in full, the

account must be frozen for a period of 90 days. Subsequent purchases can be effected only if cash is on hand prior to the execution, or if proper authorization is secured from the NASD.

The Federal Government imposes a tax on the sale of stocks and bonds. Some states have enacted laws subjecting the sale of stock to state transfer taxes. These taxes are collected in the form of revenue stamps which the broker affixes to the stock certificates or on memoranda of sales or tax bill to accompany the stock certificate to the transfer agent. The broker or dealer is responsible for the payment of these taxes on sales negotiated by him and is therefore required to keep a record of his tax stamps.

Accounting for dividends presents another problem. Dividends are paid to stockholders of record as of the record date, irrespective of actual ownership. Stock may be carried in a dealer's name, even though it may not be owned by him. Therefore each dividend received must be analyzed to determine rightful ownership. Frequently a dealer will not receive a dividend to which he is entitled because stock held by him did not reach the transfer agent in time for transfer, or the stock owned by him is carried in street name. Claim for this dividend may be made by writing to the person in whose name the certificate was registered on the record date. Under any circumstances, an analysis of the position ledger will determine who is entitled to the dividend.

WHAT'S NEW IN READING

STANDARDIZED AUDIT WORKING PAPERS, by Frederick Staples, CPA. (The Counting House Publishing Co., Milwaukee, Wis., 1949. 279 pages. \$4.50.)

Mr. Staples has drawn upon his years of experience as a practicing public accountant in devising a set of standardized working papers and marshaling the arguments for their use. A set of them, completely filled out, together with the final report prepared therefrom, is reproduced in the book.

The standardized papers are forms which may be purchased separately. They are well devised to assure that the necessary audit procedures are followed and the required information obtained. Designed for the average audit, they are flexible in application and include forms for confirmation requests and certificates to be furnished by the client. There is also a chapter which delineates the general instructions usually

covered in the manual of procedure furnished by most accountants to staff members.

Those who claim that standardized forms stifle initiative will nevertheless concede the safeguards which this carefully devised plan provides. The book will be of inestimable value to the young accountant and can be relied upon to furnish many ideas to the more experienced practitioner.

The book is a revision, with improved format, of the 1947 edition. The price has not increased.

CONGRATULATIONS

Linda Stanford, a member of AWSCPA, has been elected president of the Binghamton, New York, chapter of NACA and is, we understand, the first woman in NACA history to hold the office of chapter president. She is auditor and a member of the board of directors of Endicott Johnson Corporation.