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Stock-exchange Questionnaire and Related Financial Statements

By H. M. SMITH

In view of continued developments in the stock-brokerage business, involving particularly the many recent failures, and, as a result thereof, a demand for state supervision and control, it appears that the action of the New York stock exchange in further extending its authority over its member firms by requiring them to submit periodically certain financial data was decidedly timely.

It is possible, however, that such action may not satisfy the public officers, who are urging supervision similar to that now exercised over banking institutions. Granting that the attitude of such public officers is inspired by a desire to protect the funds which the public entrusts to brokerage concerns for investment or speculation, it may be said that the proposed measures of supervision, licensing, etc., will be futile until the public learns to protect itself by realizing it should not hand its money to a so-called broker, even should he be licensed, without first being satisfied as to such broker's responsibility.

In any event, disregarding the debatable question of additional supervision, it is the intention to outline herein a detailed procedure that may be employed to compile the data in the form required by the exchange; also to outline a course that may be pursued to restate such data in the more complete form of financial statements.

It appears probable, however, that many vexatious points will be encountered when an attempt is made to answer a questionnaire to the satisfaction of the principals of a stock-exchange house, thus producing conditions which sooner or later should result in a demand by such executives for improved accounting methods and procedure. The accounting systems, generally speaking, employed by the average stock-broker, being somewhat unprogressive when compared with those of other forms of business, are not well adapted to answer quickly the questions asked by the questionnaire and considerable time will be consumed in preparing the data required.

Regarding the form adopted by the exchange for submission of financial data by its member firms, it may be said that

it is at present somewhat incomplete and unsatisfactory. As a questionnaire, it provides only for the accounts of such houses as transact a straight, stock-exchange business, making no provision whatever for foreign exchange and only partly providing for cotton, grain, produce, etc. Many queries now present themselves when an attempt is made to utilize the questionnaire to state the accounts of a large house transacting a diversified business, but it is reasonable to assume that as the questionnaires are more used, the larger houses will disclose the restrictions of the present forms, and an improved and comprehensive procedure will be devised which will permit of a clear statement of the financial status of a diversified business.

The present questionnaire does not require a summarization of the data required, nor does it indicate that the amounts and securities involved should balance in totals. Therefore, it is obvious that it will be necessary for such data to be restated, under the direction of the accountant of the exchange, probably in the form of a so-called liquidated balance-sheet, in order to enable the proper authorities to pass judgment upon the financial status of each firm.

Avoiding, however, the question of the adequacy of the questionnaire, or how the data as presented thereon may be restated by the exchange, it is now intended to view the entire matter from the standpoint of a practising accountant, who has accepted an engagement to compile the data necessary for a questionnaire, with the understanding that financial statements are also to be prepared in the liquidated form generally employed in accounting of this kind.

Therefore, assuming that the engagement relates to a typical stock-exchange house, conducting a stock, cotton and grain business, it is intended to prepare statements that will reflect its financial status on the theoretical basis that all securities and options, either long or short, carried for customers or by such a firm for its own or partners' account have been purchased or sold at the closing market prices of an accepted date.

There are two distinct features to consider: the trial balance and the securities and options. The first must be in agreement as to amounts, whereas the second must be in balance as to quantities. The accountant should satisfy himself that such is the case before proceeding to price the securities and options.

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All accounts appearing on the trial balance should be stated to conform to the balance-sheet, exhibit "A", allowing for such specific accounts as may be found in certain engagements of the kind.

The necessary exhibits and schedules, having been prepared in advance, with headings outlined in skeleton form, the details applicable to each, when the trial balance is in order, can then be entered as to amounts and securities or options from the ledger or from the subsidiary records. Some ledger accounts will reflect all the details, whereas others will show simply the amounts—the securities, etc., being recorded elsewhere in subsidiary records. If the ledger amounts and securities are correctly entered on the working papers, there should be no difficulty later in balancing the results.

It is at this point, prior to pricing the securities and options, that the accountant should satisfy himself that quantities are in agreement.

The position of all the securities, when balanced and summarized from the securities records or position books, should be as follows:

<i>Long</i>	<i>Short</i>
Customers	Customers
Wires	Wires
Borrowed	Loaned
Failed to deliver	Failed to receive
	Money borrowed
	Box
Partners' capital	Transfer
Partners individually	Partners individually
Firm investments and trading	Firm investments and trading
Firm underwritings and syndicates	Firm underwritings and syndicates
Total	Total

Granting that the long and short sides of each kind of securities carried are in balance, it is then necessary to price all such securities at their market values, using for the purpose a schedule of all securities, alphabetically arranged. The use of a schedule of this kind should prevent discrepancies arising from the use of more than one price for securities of one kind. Closing bid prices should be used, avoiding for practical purposes all fractions.

In order to price the securities it is suggested that each schedule be taken in sequence and the securities appearing on all

such schedules be priced by one group of assistants using only the alphabetical list of prices. Then as soon as each schedule has been entirely priced, the extensions should be made by other assistants. The extended amounts should be summarized in accordance with the above classification to ascertain if the total market values of the long and short securities are in agreement. Discrepancies if they appear may have arisen because:

1. Securities of one kind were not in balance as to quantities.
2. Securities of one kind were priced at different market values.
3. Errors were made in extensions or footings of market values.

Assuming, however, that the aforesaid services have been properly performed, the trial balance as one group, is then spread over the working papers and balanced, while the securities, as another group, are balanced. Then it is necessary to apply the securities in specific accounts against the ledger balances in the same accounts, to determine the net debit or net credit balances. In other words, after the securities have been absorbed by theoretical purchase or sale and the trial balance amounts have been adjusted accordingly, the resulting figures are intended to indicate the amounts due to or due by the firm. Certain accounts carrying either debit or credit balance, without securities, will not be affected by the adjustments as provided, and accounts of this kind should appear in the final results without change.

It is very important to be certain that no securities held in safe keeping, nor those fully paid for by customers, have been valued or affected by the liquidation of the other securities.

The procedure necessary for the liquidation of the cotton or grain options need not be detailed, as it is similar in principle to that provided for the securities.

The following discussion deals with the items in the order required by the questionnaire but in the form of a liquidated balance-sheet:

I. TOTAL BANK BALANCES

The questionnaire employs the caption "total bank balances" (which is somewhat restricted when all cash items are considered) and specifies that contributions and deposits made for special purposes shall be included thereunder. Ordinarily, items of the latter kind because of their nature, cannot be considered avail-

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able as cash; consequently, certain of them should be grouped under a different heading. Conforming however, to the questionnaire, the following items should be grouped under this heading, indicating the names of the banks or other essential details.

<i>Cash</i>			
Imprest or petty-cash fund	\$.....		
In banks		\$.....	
<i>Contributions—Clearing corporations</i>			
Stock exchange		
Cotton exchange		
Produce exchange..		
<i>Deposits—Margins</i>			
Cotton			\$.....
Total			<u> </u>

Cash receipts on hand, not deposited, should also be included. If cheques have been drawn and deducted from the bank balance, without having been issued, because perhaps of failure to receive the securities, such cheques should be canceled and added to the bank balance, and a blotter or journal entry record made of the liability. As a rule, however, items of the kind do not require the accountant's attention as the usual procedure in most houses provides for their being properly recorded.

The amounts applicable to this group should be obtained from the trial balance, without requiring adjustments of any kind. The total amount, therefore, should be entered on the questionnaire as well as on the balance-sheet.

II. TOTAL MONEY BORROWED AND TOTAL VALUE OF COLLATERAL

In addition to the foregoing, the questionnaire requires that the following shall be reported under the heading "total money borrowed and total value of collateral":

- Stocks:
 - Borrowed
 - Loaned
 - Failed to deliver
 - Failed to receive

Schedule "A-1," relating to money borrowed, has been prepared for working purposes; the names, dates and amounts should

be recorded thereon at the time of extending the details of the trial balance. It is necessary to see that such details are in agreement with the loan sheets, to obtain from the latter the collateral applicable to each loan; and to be certain that all such securities are correctly included in the summary of the stock records.

The collateral should be priced from the schedule of prices. When all securities have been extended at their total market prices, the aggregate value of the securities as well as the total money borrowed should be entered on the questionnaire. Because the aggregate market value of the securities will be somewhat in excess of the total money borrowed, the net difference will be a debit, and will represent the firm's equity in such securities. Therefore, the total balance according to the ledger and the total market values of the related securities should be shown on the questionnaire, whereas only the total debit equities in the securities should be stated as provided on the balance-sheet.

With regard to the other four groups of items, included under this general heading on the questionnaire, it may be stated that separate working schedules should be prepared for each. Employing the sequence given above, they should be numbered "A-2" to "A-5" inclusive. The procedure to be followed conforms to that provided for money borrowed. It will probably be found, however, that the ledger accounts will show the details of the securities as well as the amounts, all of which should agree with the proper subsidiary records and with the summary of the stock record. It should be noted that the form given for schedule "A-2" may be used for the other three classes now under discussion by changing, when required, the headings to read "to" instead of "from" and by using for the ledger amounts "debit" or "credit" as necessary. Whether a debit or a credit equity will result will depend upon the market prices of each of the securities, when applied against their respective ledger amounts; consequently, while the questionnaire requires for each group only the total ledger balance amounts and the total market values of securities, the balance-sheet may be prepared to show for each group the debit equities as well as the credit equities; or it may, if preferred, show the net equities. The balance-sheet, submitted herewith, has been prepared to show the debit as well as the credit equities which may result because of market fluctuations in the groups covered by schedules "A-2" to "A-5" inclusive.

III. MARKET VALUE OF NEGOTIABLE SECURITIES

A. In Box

Ordinarily, negotiable securities, "in the box" are not reflected on the general books in anyway; consequently the trial balance does not affect this group. It is necessary, therefore, to obtain the details, quantities, etc., from subsidiary records, which should agree with the securities records or position books. Care must be exercised concerning these securities not to include the value of any items in safe keeping nor those carried as "long" if fully paid for by customers. The values applied to this group are established only when the market values have been determined. In listing the items in detail, stocks should be segregated from bonds. The aggregate market value of all such securities, plus that of the securities in transfer as explained below, should be shown on the questionnaire. The total market value of the box items, however, should be stated separately on the balance-sheet, the latter being supported by schedule "A-6."

B. In Transfer

The same procedure outlined for the securities in the box applies fully to securities in transfer. The total market value, when combined with that of the box securities, should be entered as one amount on the questionnaire. The total market value of items of this nature, as a separate group, should be entered on the balance-sheet, and details should be reflected as per schedule "A-7."

IV. CUSTOMERS' ACCOUNTS

The data necessary in order to prepare schedules of the customers' accounts should be obtained from the ledgers. The debit and credit balances should be scheduled separately to conform to the requirements of the questionnaire.

A. Debit Balances

It is specified that debit balances, eliminating all safe-keeping and fully-paid securities, shall be classified to indicate the accounts secured and partly secured, showing the market values of the securities applicable against each, and the balances that are unsecured. This may be done after the trial balance is in order by

using forms such as schedule "A-8", filling in the following spaces direct from the ledger accounts :

Names
Amounts
Securities
 Long or short
 Names or symbols

Then, utilizing the schedule of prices, one should price all the securities in the unit market values column and extend the total market values into the total market values column, long or short as required. Applying the total values of the securities in each separate account against the money balance in the same account, it becomes possible to extend the respective amounts into the classified columns, secured or partly secured. Obviously, debit balances which carry no securities should be extended as unsecured. After extending all customers' debit balances as explained, it is necessary to total all the columns, reconciling the ledger balances with the summary of the trial balance and the securities with the summary of the securities. These amounts can then be entered on the questionnaire, classified as required.

For the purposes of a liquidated balance-sheet, the difference between the total secured debit balances and the total securities applicable thereto, producing a credit balance, should, when combined with similar balances, resulting as explained below, be entered as a net amount on the liability side under accounts payable, differentiating, if advisable, between customers and wires as provided on schedule "A-8." But if the difference between the total partly-secured balances and the total securities applicable to the same group produces a net debit balance the latter balance when combined with the total unsecured balances should be entered as a net amount on the asset side under accounts receivable. To this group should be added the debit balances that result from the liquidation of the credit accounts, as explained later.

It may be found at times that customers' accounts showing either debit or credit balances, will carry both long and short securities. The foregoing plan is intended to include such cases by determining the net difference between the total market value of the long and short securities and the ledger balance and applying the difference to the proper group on the balance-sheet.

B. Credit Balances

A schedule "A-10" similar in form to that outlined above for the debit balances should be employed for the credit balances, and the same procedure should be followed. The data so afforded should be used in answering the questionnaire, but the heading "unsecured" should be changed to read "free."

The questionnaire, however, provides a different classification for the credit group of balances. The inquiry relative to the first class of that group calls for the customers' total credit balances on account of short sales of securities and the market value of like securities, without providing for instances wherein the ledger credit balances are not sufficient to exceed or equal the market value of the short securities. Therefore, accounts of the latter kind, being grouped with accounts that are properly margined, are not disclosed as a separate group of partly-secured accounts, as is provided in case of debit balances. It is intended for the purposes of the balance-sheet that accounts of the kind, when liquidated, shall be included as partly-secured accounts, as indicated by the summary which follows.

With regard to the second classification, which relates to cotton, grain and other commodities, it is difficult to understand why information should be required as to credit balances only; accounts of this kind at times reflect debit balances. It can be assumed, however, that net balances are required and the practitioner should be guided by conditions as he finds them, and prepare the questionnaire accordingly.

The third class of items, covering free credit balances, should be ascertained readily from the form outlined, the total amounts being entered on the questionnaire as required.

In order to include in a liquidated balance-sheet the credit balance and the related securities, under the first group of this classification, it is necessary, using schedule "A-10" to determine the difference between the ledger credit balances and the net market value of the long or short securities in each such account and to enter the resulting net credit as a liability under accounts payable, combined with the credit balances resulting from the liquidation of the debit items. In the accounts in which the market value of the short securities exceeds the ledger credit balances, the differences, being debits, should be combined with other debits and be entered on the debit side under accounts receivable as already explained. The second group will be discussed later

under the heading "grain department." The third group, free credit balances, should be combined with the other credit balances under accounts payable.

As for the balance-sheet, the foregoing procedure, involving the customers' debit and credit balances in the stock and grain departments, may be summarized as follows:

Accounts receivable:

Stock department

Customers and wires

Resulting from debit balances—partly secured
and unsecured A-8

Resulting from credit balances—partly secured A-10

Grain department

Customers and wires

Resulting from debit balances—partly secured
and unsecured A-9

Resulting from credit balances—partly secured A-11

Accounts payable

Stock department

Customers and wires

Resulting from debit balances—secured A-8

Resulting from credit balances—secured, also
free A-10

Grain department

Customers and wires

Resulting from debit balances—secured A-9

Resulting from credit balances—secured, also
free A-11

Cotton, Grain and Other Commodities

Separate schedules, "A-9" for the debit balances and "A-11" for the credit balances, should be prepared as for the stock department balances, but options rather than securities are to be considered. The same principle of liquidating the accounts should be followed and the resulting balances should be stated on the balance-sheet as in the case of securities.

In view of the fact that the questionnaire provides only for credit balances of this nature, it will be necessary to show thereon the net differences between the debit and the credit items, if the result is a net credit. If, however, actual conditions produce a net debit it may be advisable to include this on the questionnaire under other debit accounts.

V. PARTNERS' ACCOUNTS

The questionnaire requires that the following accounts shall be grouped under the general heading "partners' accounts":

- A—Partners' individual
- B—Firm investments and trading
- C—Underwritings and syndicate participations
- D—Capital

Entering separately the following:

Exchange seats, office furniture and other fixed assets as carried on the books

It cannot be said that the grouping provided is satisfactory from an accounting point of view. However, in order to comply with the sequence given, the accounts will be discussed as stated above. It should be observed that the questionnaire requires only the ledger balances and the long or short securities, without specifying the secured or unsecured accounts. The schedules employed for the four classes of accounts under this general grouping should be devised as in schedule "A-8," simply changing the headings to meet the conditions.

A. Partners' Individual Accounts

In practice, it will be found in certain concerns that partners' individual accounts will embrace practically every phase of the partners' personal activities. Such accounts, when recorded as the first section of schedule "A-14" with the securities, priced and extended, will produce the data required for the questionnaire.

For the balance-sheet, the amounts and securities applicable to each account should be extended into the classified columns provided on the schedule. The debit or credit balances that result should be regarded as affecting the capital accounts of the partners concerned and should be so applied in so far as each partner's remaining capital is involved, but for the purpose of the balance-sheet the net total balance of the partners' individual accounts, presumably a credit, representing the difference between all such ledger balances and the related securities, should be shown as provided on exhibit "A."

It is intended that schedule "A-14" shall consist of two sections: the first to include the partners' individual accounts and the second, their capital accounts. It should be possible to indicate thereon each partner's remaining capital. If desired, the result of the profit-and-loss account may be applied thereto and

when this has been prorated to partners there should be no necessity for indicating on the questionnaire or the balance-sheet the amount of profit or loss.

B. Firm Investment and Trading Accounts

The balances usually carried under the captions "firm investments" and "trading accounts" represent profits or losses on closed transactions not transferred to the profit-and-loss account, as well as amounts relative to open transactions. It can be assumed, although it is not so stated on the questionnaire, that the balances to be reported should be those reflecting open transactions, profits or losses being included elsewhere.

The accounts applicable to this group may include the following :

Error
Investments
Joint
Trading

Schedule "A-12," devised like schedule "A-8," using the necessary captions, should be utilized for accounts of this nature. Proper use of the columns on that schedule should produce the data required for the questionnaire. But the preparation of the financial statements, requires somewhat different treatment. In addition to the profits and losses resulting from closed transactions, which should be adjusted as for the questionnaire, it is necessary in the case of financial statements to adjust such profits or losses as may result from the theoretical purchase or sale of all securities carried for the firm's account. Therefore, as the profits and losses resulting from the theoretical liquidation affect the profit-and-loss account (exhibit "B"), they should be reflected accordingly on the balance-sheet.

If outside interests are affected by items carried in the investment or joint accounts, it will be necessary to prorate the results of the liquidation according to the conditions governing such items; the share applicable to the firm under review being applied to the profit-and-loss account (exhibit "B"), whereas the share affecting the outside interests, either asset or liability, must be shown properly on the balance-sheet (exhibit "A"). The arrangement submitted provides for both classes of balance-sheet items of this kind.

C. Undertakings and Syndicate Participations

Underwritings and syndicate participations when stated on schedule "A-13," which is similar to "A-12," may reflect the profits or losses resulting from closed transactions, accounts carrying money balances and securities, and payments or subscriptions applicable to certain transactions in which securities are not involved, the results of such transactions not having been definitely determined. Therefore, in preparing the questionnaire the items reflecting actual profits or losses should be applied to group VI, profit-and-loss accounts; the accounts carrying money balances and securities should be shown as required by the questionnaire; the third section, involving payments made for which securities have not been involved, should be shown separately, otherwise the total amount of the third group would be included with that of the second group and only such securities as affect the second group would be shown against the total of both groups. This would give the impression in certain instances that the securities' values are perhaps less than the ledger accounts. The segregation suggested should fairly set forth the facts and overcome the possibility of an incorrect impression.

The application to the financial statements of the three groups of items should be as follows:

1. Profits or losses on closed transactions, not previously transferred from the original accounts, should be included on the profit-and-loss account, exhibit "B."
2. Profits or losses, resulting from the theoretical purchase or sale of securities at market values, should also be included on the profit-and-loss account, exhibit "B."
3. Accounts representing payments or subscriptions for which securities have not been received or delivered, should be included on the balance-sheet, exhibit "A," as either assets or liabilities under the general groups provided thereon for firm accounts of the kind.

D. Capital Accounts

The second section of schedule "A-14" is intended to reflect the ledger balances as well as the securities or other property such as exchange seats contributed by partners as capital. The questionnaire requires only the value of each item. The amounts for the balance-sheet, however, should include the total book amounts, plus the liquidated value of securities and other prop-

erty contributed by the partners as capital. Reference should be made to the second paragraph of the text under the caption "partners' individual accounts."

Exchange Seats, etc.

The questionnaire provides that the book value of seats, office furniture and other fixed assets shall be included separately under the general heading "exchange seats, etc." The same data should also be employed for the balance-sheet. It may be advisable to add that the discussion of items of this nature under the caption "partners' capital," related to the credits resulting from contributions of the kind as capital, whereas the reference under this caption is to debit or asset values. It is assumed that at the time of grouping the items from the trial balance provision was made to classify under one heading all the items applicable to this group; consequently the working papers should afford all the data necessary for preparation of the questionnaire and the balance-sheet. Obviously, reserve for depreciation at adequate rates should be considered for furniture, fixtures, etc.

VI. PROFIT-AND-LOSS ACCOUNTS

The requirements of the questionnaire, as to profit-and-loss accounts, are very simple. The question may be answered by giving one net amount, specifying whether it is debit or credit. Therefore, if at the time of extending the trial balance items all recalled, however, that in discussing the application of certain accounts of this nature were properly scheduled, it should be possible to determine readily the required answer. It may be items, such as investment, joint and trading accounts, it was noted that accounts of the kind in all probability included profits and losses resulting from completed transactions; consequently amounts of the kind should be added to the items previously scheduled from the trial balance, and the combined total should be shown on the questionnaire, as well as on the balance-sheet. In the latter instance, all profit-and-loss accounts should be included on exhibit "B."

Reference should be made to the third paragraph under the caption "partners' individual accounts."

VII. OTHER ACCOUNTS

The questionnaire requires the inclusion of all accounts and securities, not included previously in any of the foregoing groups,

under a heading "other accounts." It is this point, noted in the introduction, that restricts the present form of questionnaire to the purposes of a stock-exchange business, as no provision is made for the accounts of a diversified business. However, by segregating the debit from the credit accounts, it should not be a difficult matter to prepare an answer suitable for the questionnaire. In some houses, a rather large number of accounts must be reported under this heading and problems are certain to present themselves as to the method of handling details and whether or not items involving, say foreign exchange, should also be priced at market values. At any rate, reference to the items shown on exhibit "A," numbered as applicable to this group of accounts, should serve to indicate the nature of the accounts that will ordinarily be found in the average stockbroker's records.

IX. CONCLUSION

The condensed statement of the profit-and-loss accounts, exhibit "B," submitted herewith, serves the purposes of the statements under consideration, but it is not satisfactory for an executive who requires the facts concerning the recorded history of his business affairs. Experience actually indicates a surprising amount of indifference on the part of principals of stock-brokerage concerns, not only as to the manner of classifying items affecting the nominal accounts, but also as to the grouping of such items in periodical financial statements. Comparative statements or simplified costs are not considered and are practically unknown.

EXHIBIT "A"

BALANCE-SHEET

Prepared upon a liquidated basis; employing as concerns the securities and options involved, closing market prices.

QUESTIONNAIRE GROUP	As of	192	SUB-TOTALS	TOTALS
	ASSETS			
1	Cash			
	<i>Securities—equities in</i>			
2	Money borrowed—per schedule "A-1" ..			
2	Borrowed—per schedule "A-2"			
2	Loaned—per schedule "A-3"			
2	Failed to deliver—per schedule "A-4" ..			
2	Failed to receive—per schedule "A-5" ..			
3	Box—per schedule "A-6"			
3	Transfer—per schedule "A-7"			
	<i>Total equities</i>			

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GROUP		SUB-TOTALS	TOTALS
	<i>Accounts receivable</i>		
	<i>Stock department</i>		
4	Customers—per schedule "A-8".		
4	Customers—per schedule "A-10"	_____	
4	Wires—per schedule "A-8".....		
4	Wires—per schedule "A-10"....	_____	
		=====	
	<i>Grain department</i>		
4	Customers—per schedule "A-9".		
4	Customers—per schedule "A-11"	_____	
4	Wires—per schedule "A-9".....		
4	Wires—per schedule "A-11"....	_____	
		=====	
	<i>Brokers</i>		
7	Contracts—cotton, grain, etc.....		
7	Contracts—when issued		
7	Commissions, give-ups, etc.		
		=====	
7	Miscellaneous (enumerated)		
		=====	
	<i>Total accounts receivable</i>		
	<i>Firm</i>		
5	Investment and joint accounts—per schedule "A-12"		
5	Underwritings and syndicate participa- tions—per schedule "A-13"		

	<i>Total firm</i>		
	<i>General</i>		
7	Advances		
7	Dividends receivable		
7	Drafts receivable		
7	Interest accrued		
7	Money loaned		
7	Notes receivable		
7	Revenue stamps—federal and state		

	<i>Total general</i>		
	<i>Invested</i>		
5	Furniture, fixtures and office equipment (less depreciation)		
5	Seats (enumerated)		

	<i>Total invested</i>		
	<i>Deferred</i>		
7	Sundries (enumerated)		
			=====
			=====

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QUESTIONNAIRE GROUP	LIABILITIES	SUB-TOTALS	TOTALS
	<i>Securities—equities in</i>		
2	Borrowed—per schedule “A-2”		
2	Loaned—per schedule “A-3”		
2	Failed to deliver—per schedule “A-4”...		
2	Failed to receive—per schedule “A-5”...		
	<i>Total equities</i>		
	<i>Accounts payable</i>		
	<i>Stock department</i>		
4	Customers—per schedule “A- 8”		
4	Customers—per schedule “A-10”		
4	Wires—per schedule “A- 8” ..		
4	Wires—per schedule “A-10” ..		
	<i>Grain department</i>		
4	Customers—per schedule “A- 9”		
4	Customers—per schedule “A-11”		
4	Wires—per schedule “A- 9” ..		
4	Wires—per schedule “A-11” ..		
	<i>Brokers</i>		
7	Contracts—cotton, grain, etc.....		
7	Contracts—when issued		
7	Commissions, give-ups, etc.		
7	<i>Miscellaneous (enumerated)</i>		
	<i>Total accounts payable</i>		
	<i>Firm</i>		
5	Investment and joint accounts—per schedule “A-12”		
5	Underwritings and syndicate participa- tions—per schedule “A-13”		
	<i>Total firm</i>		
	<i>General</i>		
7	Dividends payable		
7	Interest accrued		
7	Notes payable		
	<i>Total general</i>		
	<i>Deferred</i>		
7	Sundries (enumerated)		
	<i>Partners</i>		
5	Individual—per schedule “A-14”		
5	Capital—per schedule “A-14”		
	<i>Total partners</i>		
6	<i>Profit-and-loss—per exhibit “B”</i>		

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EXHIBIT "B"

PROFIT-AND-LOSS ACCOUNT

Period of	months ended		192	
TOTALS	STOCK DEPARTMENT CUSTOMERS	WIRES	GRAIN DEPARTMENT CUSTOMERS	WIRES
<i>Earnings</i>				
Commissions				
Interest				
	=====	=====	=====	=====
	=====	=====	=====	=====
<i>Expenses</i>				
Direct overhead				
Indirect overhead				
	=====	=====	=====	=====
	=====	=====	=====	=====
<i>Net earnings</i>				
	=====	=====	=====	=====
<i>Other income</i>				
Firm investments and trading				
Error				
Investments				
Joint				
Participations—				
Syndicates, etc.				
Trading				
Sundries (enumerated)	-----			
<i>Total income</i>				
<i>Deductions from income</i>				
Sundries (enumerated)	-----			
<i>Net income per exhibit "A"</i>				
	=====	=====	=====	=====

SCHEDULE "A-8" STOCK DEPARTMENT
 CUSTOMERS AND WIRES—DEBIT BALANCES

Names CUSTOMERS	Ledger balances			Securities						
	Amounts	Partly secured	Un-secured	Long	Short	Names or symbols	Unit market values	Total market values	Classified	Partly secured
.....										
.....										
Total customers' debit balances										
Market values securities										
Accounts payable per exhibit "A"										
Accounts receivable per exhibit "A"										
WIRES										
.....										
.....										
Total Wires' debit balances										
Market values securities										
Accounts payable per exhibit "A"										
Accounts receivable per exhibit "A"										