

Chapter VITHE ACCOUNTANT'S DEPARTMENT DURING THE WAR

In 1938, under the threat of war, the Treasury and the Bank discussed the question of evacuating the Accountant's Department from London in order to safeguard the Stock Registers and the machines used in the preparation of dividends. In that year plans were made to use the Record Office at Roehampton for the purpose, but it was decided that the locality was too close to London for safety. The eventual choice of locations for the various offices was determined partly by convenience and partly by their need for close proximity to other offices or departments of the Bank on whose functions they predominantly depended. Thus, the Dividend Preparation Office went to Overton, where the Printing Office had established itself close to Messrs. Portals' paper mills; and the Dividend Accounts Office to Barlaston, where they were in close touch with the Dividend Pay Office and the Central Clearing House at Trenton. Those offices dealing directly with Stock Registration were accommodated at Whitchurch, a few miles from Overton and within a reasonable distance of London.

CHIEF ACCOUNTANT'S OFFICE (HEAD OFFICE)

In the evacuation plans for the Department provision was made for the Deputy Chief Accountant to remain in London together with a small staff. On the 4th September 1939, therefore, a small Office which was given the title of "Chief Accountant's Office (Head Office)" was opened on the 3rd Floor of the Head Office building, under the charge of an Assistant Principal directly responsible to the Deputy Chief Accountant.

Initially the duties of the Office were as follows:-

- (1) To deal with enquiries made in person by stockholders, stockbrokers, the Discount market, the Banks and the general public.
- (2) To serve as a liaison between the Department and the rest of the Bank, the various markets and the Treasury and other Government Departments.
- (3) To act as forwarding agent for documents lodged by hand.
- (4) To receive bonds, including 4% Victory Bonds, for registration.
- (5) To take charge of the Department's records left in London and to make references thereto on the request of the Whitchurch offices.
- (6) To deal with legal matters necessitating reference to the Bank's (or the Treasury's) lawyers.
- (7) To carry out certain duties of the Dividend Accounts Office in regard to interest payments and the registration of bonds.

Within a short time the Office was called upon to undertake the following additional responsibilities:-

- (8) To keep the records of dealers' balances in Government Stocks and certify transfers against them.
- (9) To deal with the inscription of new Government issues.
- (10) To examine the draft instructions to Registrars issued by the Exchange Control under the Defence (Finance) Regulations.

These varied activities are briefly described below.

In the early days of the war the new Office was besieged by partners and clerks of stockbroking and Discount market firms seeking information as to the fate of transfers, powers of attorney, etc., which they had lodged immediately before the evacuation and enquiring as to future procedure. Members of the Staff coped with the situation by giving mass lectures covering the more general enquiries and dealing afterwards with particular points.

It immediately became apparent that the Share & Loan Department of the Stock Exchange would not be able to carry out their part of the pre-arranged plan whereby (under (8) above) they were to certify transfers of Government Stocks for dealers against figures furnished to them by the Offices at Whitchurch. Consequently it was arranged at a hurriedly convened meeting between Bank and Stock Exchange representatives that the C.A.O. (H.O.) should undertake this work. Space was obtained, additional Staff were called up from those still at home and the dealers' balance books recovered from Whitchurch. Operations began on the 11th September when over 1,200 transfers were dealt with. (The peak wartime figure was 5,650 in February 1940, during the conversion of $4\frac{1}{2}\%$ Conversion Loan). These arrangements worked well and contributed to the smooth functioning of the market throughout the war. In January 1944 certain Discount Houses were given similar facilities in respect of short-dated Government issues.

Prior to May 1940 it had been the practice of dealers requiring overnight accommodation from the Banks to deposit security in bearer form. The ban on the issue of bearer bonds placed the market in a difficulty, substantially overcome by issuing to dealers each afternoon signed statements showing the state of their "certifiable balances". The statements, which had to be returned to the Office before certification against the balance was allowed, were accepted by the Banks as cover for their advances.

Two measures which turned a trickle of daily bond registration (say, 90) into a flood of over 2,000, representing many thousands of bonds, were (a) the publicity given to the

desirability of registering existing bearer bonds in view of the risk of destruction and (b) the repatriation of India sterling loans. The danger of enemy forgeries meant that every bond had to be carefully examined.

In September 1939 registration facilities were introduced for 1% Treasury Bonds, which until then had been a purely bearer issue. The following year registration of interest on 4% Victory, 4½% Guaranteed and 2½% National Defence Bonds (Bearer), the principal of which it had always been possible to register, was also allowed in order that payment might be made by warrant instead of by coupon. During the course of these operations some ^{one} million bonds representing £450 mn. (nominal) were dealt with by the Office.

Bond registration forms, transfers lodged by dealers and other documents handed in by the public were despatched, at first by post and later by car, to Whitchurch to be passed through the Stock registers there. It was also the custom for the Deputy Chief Accountant to send a daily letter to the Chief Accountant at Whitchurch dealing with the day's activities with particular reference to the carrying out at Whitchurch of decisions necessarily taken in London.

The Office was intimately concerned with the conversion and redemption operation on 4½% Conversion Loan 1940/44; and when in March 1940 3% War Loan 1955/59 was issued the inscription work was undertaken by the Office in space made available on the 6th Floor. This occupied a Staff of about 150, mostly new entrants. Again, in June 1940, the inscription of the first of the wartime "Tap" issues (2½% National War Bonds 1945/47) was similarly undertaken. When, in the following September, the Bank was struck by a bomb which put the upper floors out of action, the inscription work was transferred to Whitchurch. Thereafter the Office was only responsible for receiving the subscription forms from the Loans Office, examining them cursorily, agreeing totals and forwarding to Whitchurch.

The war gave rise to new legal problems on existing legislation affecting the Department's work, and these with the many difficulties which arose from the wartime legislation caused many references to Freshfields, the lawyers of Government Departments and the Custodian of Enemy Property. This work fell principally on the Deputy Chief Accountant, who was also intimately concerned in 1942 with the preparation of the Government Stock Regulations 1943 under which inscribed stock was abolished for National Debt Securities. The Deputy Chief Accountant and his principal assistants also gave advice to Exchange Control on the drafting of instructions to Registrars and Company Secretaries under the Defence (Finance) Regulations.

In the closing months of the war the Office ^{in connection} ~~had the~~ ^{had later responsibility} ~~was~~ ^{at the London end} ~~responsible for~~ ^{connection with making} ~~arrangements~~ for moving the Department from Whitchurch back to Finsbury Circus.

~~20th February 1950.~~

As soon as decisions were reached the problem arose, how to carry out the work of Stock registration away from the City. Transfer Deeds could be lodged by post, but the transfer of Inscribed Stock in books demanded the personal attendance of the stockholder or his Attorney. Moreover, the whole process of transfer of Inscribed Stock depended on daily contact between the Bank and the Stock Exchange.

Abolition of transfer by entry in books

It became clear that an entirely new mode of transfer of Inscribed Stock would have to be devised, and in April 1939 the Treasury were approached with a view to the preparation of a Bill for such Stock to be transferable in law by instrument in writing in any usual or common form and in no other manner.

Government & other Stocks (Emergency Provisions) Act 1939

Immediately after the outbreak of war the Bill became law as the Government and other Stocks (Emergency Provisions) Act 1939, on the 7th September 1939. This Act (which did not extend to Northern Ireland) was to continue in force until "such date as His Majesty may by Order in Council declare to be the date on which the emergency that was the occasion of the passing of this Act came to an end". The Bank were indemnified in a letter from the Treasury against anticipating the provisions of the Act from the day when the Stock Transfer Offices in London were closed (4th September 1939).

At this stage there was no intention to interfere with the principle of Inscribed Stock, and a clause in the Act provided that no register certificate should be issued on the completion of a transfer of such Stock.

The form

The form of Inscribed Stock was thus preserved; in practice, a certificate of inscription was issued virtually taking the place of the stock receipt as a memorandum of the transaction.

The War Book

Knowing that the Bill would be introduced into Parliament immediately on the outbreak of war, the Department had prepared a manual of procedure (called the "War Book") to ensure that the change of practice would be put into operation smoothly. This book remained the basis of transfer procedure throughout the war; and the Stock Exchange were able to conduct business with no more inconvenience than war conditions and a postal service imposed.

Before passing on to describe the many wartime alterations of practice and arrangements which had to be made for the management of Stocks at Whitechurch, it will be convenient to give here a compact account of the abolition of Inscribed Stock for British Government Securities, although this ^{the coming into force of} did not occur until ^{the Stock} (made under the National Loans Act referred to below). Regulations of 1943. Regulations in 1941 had paved the way for this abolition by providing for the creation of Government Stocks in certificated form only.

The end of Inscribed Stock

In December 1939, the Governor, writing to the Treasury about the prospective conversion of the 4½% Conversion Loan, suggested that the time had arrived - after four months' experience of the Government and Other Stocks (Emergency Provision) Act - to consider the possibility of permanently abolishing Inscribed Stock and substituting Deed Stock which provides for the issue of certificates of title, a feature lacking in Inscribed Stock where the title consists solely of the entry in the Registrar's books.

It was at one time hoped that a short one-clause Bill would suffice to cover all Stocks of whatever class, Government, Dominion and Colonial, Local Authorities etc.,

~~The War Book~~

~~The end of Inscribed Stock~~

but the view taken by Parliamentary Counsel was that, in the absence of complete knowledge of all the Acts affected, a Bill in such a form would be undesirable. It was therefore decided that for the moment the project should be confined to British Government Securities (where there had of recent years been a noticeable trend from Inscribed to Deed Stock); but in view of various difficulties which arose, e.g., the complexities of the annual Finance Bills, it was found necessary to limit the proposal at first to Stocks to be issued in the future and to leave existing Stocks untouched until a more favourable opportunity occurred.

National Loans Act 1941

~~National Loans Act 1941~~

Accordingly, provision was made in the National Loans Act 1941 that Securities issued under the National Loans Act 1939 after the passing of the 1941 Act (30th April 1941) should be transferable by such instrument as might be prescribed by regulations made by the Treasury. These regulations - the Government Stock (Transfer) Regulations 1941 - were made on the 8th October 1941 and provided that Government Stock issued on or after that date should be transferable by instrument in writing in any usual or common form and in no other manner. The first Security to be affected - 2½% National War Bonds 1949/51 - was issued on the day following that on which the Regulations were made.

Finance Act 1942

~~Finance Act 1942~~

The provisions relating to existing Inscribed and Deed Stocks contained in the National Debt Act 1870, the Government Stock (Transfer by Deed) Regulations 1918, the Belfast Register Order 1923 and the Government Stock Regulations 1929, 1930 and 1939, and other Acts, remained in force. But in 1942 Section 47 of the Finance Act enabled the Treasury to make regulations for the transfer of all Government Stock by instrument in writing; the preparatory work on this section involved considerable research and resulted in amendments for the whole or

partial repeal of no less than twenty-two Acts of Parliament including the provisions of the National Debt Act 1870 relating to transfer in books.

Government Stock Regulations 1943

Government Stock Regulations 1943

The Government Stock Regulations made by the Treasury, dated the 1st January 1943, superseded all the previous regulations mentioned above and became the sole authority governing the transfer of British Government Stocks domiciled in the United Kingdom; they also applied to the Belfast Register of the Bank of Ireland.

In 1942 the opportunity of the conversion of London Transport T.F.A. Stock into London Transport 3% Guaranteed Stock 1967/72 had already been taken to abolish transfers in the books of London Transport Stocks by personal attendance, and by the 1st October 1944 Inscribed Stock had also been abolished for -

- London County Council Stocks
- Corporation of London Stocks
- Metropolitan Water Board Stocks
- Newfoundland Guaranteed Stocks
- Nyasaland Government Stocks
- Tanganyika Guaranteed Stocks
- Mauritius Government Stock

Main Effects

Main Effects

The main effects of the Government Stock Regulations 1943 on the Department were that -

- (1) A certificate, being prima facie evidence of title, would in future be issued for all Stock acquired by purchase or otherwise;
- (2) Transfer by instrument in writing, introduced as a wartime measure by the Government and Other Stocks (Emergency Provisions) Act 1939 became the permanent mode.
- (3) The work of those Transfer Offices which before the war dealt solely with transfer on personal attendance having of course already been changed by the suspension of this mode of transfer, both Registered

and Inscribed accounts could now be managed in the same office: the Inscribed accounts became merely "uncertificated", and had no other distinctive characteristic. Offices to manage Inscribed Stock were no longer required and the close relations that existed between the brokers and ^{those} ~~the Inscribed~~ Offices, such as the introduction of new members of the Stock Exchange to a Principal, and of course the making of transfers by brokers or their ^{were} attorneys, /permanently ended.

- (4) The facilities for transfer by "demand" between the two categories provided for in the 1918 regulations being no longer applicable, the staffs dealing with such demands were disbanded.

Immediate Effect of Regulations

Immediate Effect
of Regulations

Although the ultimate result of the abolition of Inscribed Stock meant a considerable departmental economy, the immediate result was an increase in work because -

- (1) Instead of certificates of inscription, certificates of title containing additional particulars had to be prepared.
- (2) So long as uncertificated Stock remains in any bulk, considerable time will be spent in clearing up all inconsistencies arising from the holding of accounts in the same names in the two sub-registers, which immediately became one in theory but not in practice.
- (3) Certificates for uncertificated Stock were issuable when applications for them were made.
- (4) Since it was no longer possible to add to uncertificated Stocks there was a continuous flow of correspondence dealing solely with the amalgamation, designation or description of sums of Stock which, before the war, would have been automatically consolidated or whose designation would have been decided on at the time of purchase. The Bank

assisted the public by informing them of the existence of an uncertificated holding when fresh Stock was acquired; although this was not done if there was an existing certificated holding to which the new Stock could be added.

The inability to add to uncertificated accounts ^{disturbed} ~~upon~~ the existing arrangements of many big holders, e.g., Bank Trustee and Nominee Companies, who thereupon took advantage of the Regulations to apply for certificates of title, each to represent a particular Trust or Fund and, by means of the great variety of designations permitted by the Bank, to open a large number of separate accounts. Thousands of such certificates were issued. The effect of this development was that the Bank Registers were used to assist in the bookkeeping of the companies concerned, particularly in the case of certain banks who had carried out a decentralisation of their trustee business.

Main Changes in Procedure

The Agreement of Signatures to Transfers

~~The Agreement of Signatures to Transfers~~

The records against which signatures to transfers were checked were too bulky to be taken to Whitchurch. The necessity of agreeing signatures had for some long time before the war been questioned and Counsel's opinion, given in June 1939, based on decisions of the Courts that the responsibility for the validity of the signature to a Power of Attorney (and, by extension, to a transfer) rests on the Agent submitting the document, stated that "the Bank will not appreciably add to its risks by not agreeing signatures". The separation of the Department from its records made the agreement of signatures to transfers a physical impossibility, and the practice was immediately discontinued.*

The Stock Exchange

~~The Stock Exchange~~

It will be realised that the new mode of transfer affected Stockbrokers and Jobbers only less than the Bank; and the location of the Transfer Offices at Whitchurch called for the most efficient liaison arrangements.

* The estimated cost of agreeing signatures was about £6,000 a year.

Before the outbreak of war the Committee of the Stock Exchange had expressed the wish that some amendment should be made, in the event of an emergency, to the Bank's ten day clearance rule, based on the Government Stock (Transfer by Deed) Regulations 1918, by which "Deed" or "Registered" Stock was not at the disposal of the transferee until the expiry of ten days after the lodgment of a transfer deed or upon the receipt of the transferor's approval of the transfer in answer to the Bank's notice of lodgment. *Inscribed stock was, of course, "clear" on the making of the transfer in the books.*

At one time a seller did not receive payment until ~~such time as~~ the Stock was at the transferee's disposal, i.e., had become "clear", but in 1935 the dealers in the Consols market decided to pay on delivery. It followed that immediate approval no longer conferred any advantage on the seller, but merely gave him the opportunity of objecting to the transfer; the Bank's notice of lodgment, containing a space for "Approval", therefore became an anachronism.

When war broke out, stock was registered in the name of the transferee on the third day after the lodgment of the transfer and the transferor was given simply the opportunity to object. ~~In this connection~~ The term "third day after lodgment" was in February 1940 interpreted, by agreement with the Stock Exchange, as the third business day after lodgment, Sundays and Bank Holidays thus being excluded; and in April it was ruled that Saturday also should be regarded as a "dies non".

Transfers from Companies

The expedition of registration did not ~~initially~~ apply to transfers from Corporate Bodies, registration being ~~usually~~ delayed until the receipt of a reply to a letter asking for confirmation from the Chairman of the company.*

transfers from
companies

*The practice of sending such a letter originated as a protection following the case of the Merchants of the Staple of England in 1886, in respect of the lodgment of Powers of Attorney for the transfer of Stock.

The position was reviewed in 1910, but no change was recommended. In July 1941, the Chairman's confirmation not having brought to light any case of misuse of the Seal for more than fifty years, it was agreed that the practice might be discontinued. Accordingly, from 11th July 1941, a "Chairman's letter" was sent only as a precaution in special cases or where a Seal could not be agreed. The files of specimen Seals had been moved to Whitchurch and the agreement of Seals, which had been discontinued at the beginning of the war, was re-introduced. An ordinary notice of lodgment was now sent to the Chairman of the transferor company and the transfer registered on the third day after lodgment. This change was welcomed by the Stock Exchange.

As a further assistance in expediting transfers from companies the Bank, in April 1944, acceded to a request from the Secretary of the Share & Loan Department of the Stock Exchange to mark transfers lodged for certification with an indication that they were satisfied with the execution by a company, provided the broker asked for such confirmation when sending in the transfer.

Inscribed Stock and Jobbers' accounts

Inscribed Stock
& Jobbers'
accounts

Under the new mode of transfer Inscribed Stock became subject to the same rule ("clear" on the third day after lodgment) and was thus no longer at the disposal of the purchaser immediately on transfer in the books. This stopped facilities for transferring Inscribed Stock to Bonds to Bearer and obtaining Bonds on the same day for use by dealers.

for reasons connected with Exchange Control, (Later, the issue of Bearer Bonds was abolished by an Order made under the Defence (Finance) Regulations.) To meet the needs of dealers, the pre-war practice of issuing, for use as Security overnight or longer, a statement of a Jobber's balance available for the certification of transfers was greatly extended. ~~such statements were not issued~~

~~xxxxxx~~

Following the move to Whitchurch all Stock held by Jobbers in Inscribed form was transferred to the Deed Register, where such a Register existed, since no advantage remained in retaining accounts in both categories, nor would it have been practicable, with one mode of transfer only, to maintain separate balances; the result was that a sale of Inscribed

Stock to a dealer automatically placed the Stock on the Deed Register. Thus the certified statement referred to above was sufficient for the dealer for both classes of Stock.

Liaison arrangements with the Stock Exchange

In addition to these technical alterations, an efficient system of communication with Stockbrokers and Jobbers, in place of the "over-counter" contacts, had to be instituted. Before the war it had been proposed that the certification of transfers of British and Indian Government Securities out of the names of Jobbers (Purchases of Stock by the public) should be carried out by the Share & Loan Department of the Stock Exchange against advices of the Jobbers' balances available for certification, sent daily from Whitchurch, and that transfers into the names of Jobbers (Sales of Stock by the public) originally sent, if necessary, for certification to Whitchurch by the Selling Broker, should be subsequently re-lodged there by the Jobber and credited to his balance available for certification. But this procedure was found to be impracticable and was never put into operation, the Jobbers' Balance Books being returned to London in the first week of the war where over-counter certification and entry of transfers for registration were resumed by the staff remaining at Head Office. This system continued to operate throughout the war without friction. So far as the dealers themselves were concerned it was only a sale of Stock to them by a non-dealer that took extra time to complete, owing to the necessity of forwarding a transfer requiring certification to Whitchurch; the dealer's part in purchases of Stock by the public was dealt with over-counter in London in one day as before.

Transfers lodged by dealers for registration into their names were for the first year sent daily to Whitchurch by registered post; but in September 1940 it was decided to run a daily car service between London and Whitchurch, since the postal services were at that time in danger of becoming dislocated by air attacks. In November 1940, as a further assistance to Stockbrokers, arrangements were made for a mail bag to pass daily between the Stock Exchange

~~Liaison
arrangements
with the Stock
Exchange~~

and Whitchurch by means of the car.

A fortnight after the move took place a motor-van service to run twice a week had been instituted to convey heavy articles and documents.

Changes during the War

General Course of Development

General Course of Development

The initial problems had been satisfactorily solved. The subsequent adoption of new practices or simplification of existing methods can be attributed to the evacuation itself; to the need for economy in staff and material, air raid precautions and the war-time difficulties of stockholders; to legislation affecting Stock registration, whether as part of specific war measures such as the Trading with the Enemy Act 1939 or the Defence (Finance) Regulations 1939, or solely concerned with Stock Transfer, in particular the Regulations which led the way towards the complete abolition of Inscribed Stock; and finally to the need to employ temporary labour.

Thus, necessary war measures brought about simplifications that might have been spread over a long period but were concentrated within the space of a few years. Conditions of work during the war led to a searching examination of methods and created possibilities of development that might not otherwise have occurred. Suggestions from the Staff were invited, and many were adopted and proved their value.

Effect of the housing of the Department on a single floor

Effect of the housing of the Department on a single floor

There can be little doubt that the disposition of the Department on one floor at Whitchurch influenced very greatly the course of development of Stock management.

~~proximity of offices facilitated experiments which would probably not otherwise have been made~~

Although it is impossible to compute the time saved ~~thereby~~ by the elimination of journeys from one floor to another, it is true to

say that without this arrangement the reduced staff would have been unable to cope with the work. This, though showing a decrease of 40% if measured by the average number of transfers lodged, increased in many other ways, especially in the management of new Loans. By 1945 there had been a growth of 68% in the capital of Stocks managed, which reached a total of over £12,300 millions. The number of accounts did not show a proportionate rise ^{and} ~~as~~ the average holding ~~had~~ increased from about £2,150 to £3,900. (The average holding in Bank Stock, however, decreased from £912 to £849.)

A consequence of the suspension of "book" transfer was the introduction ^{for Incribed Stocks} of the "Fanfold" system ~~XXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~ - the simultaneous typing of receipts, notices of lodgment, and vouchers used in registration procedure - which had for some years been operated by both Transfer by Deed Offices. It was now possible for one central section of typists to deal with all this work.

Temporary Clerks

Temporary Clerks
 Another instance of centralisation made possible by the single floor was the Central Balance Section which was created when it was found that Balance work provided the best field for Temporary Clerks (see page 12) who had to be recruited in large numbers in 1940. This Section was disbanded after the war and the work returned to each Transfer Office.

Staff at
 Whitchurch

The Staff at Whitchurch
 At the end of June 1939 the Staff employed in the Department at Finsbury Circus* had been 1,377 (Men 892). By October, 445 Permanent Men, 128 Permanent Women and a few Temporary Clerks were at Whitchurch - a total of 588. In the early months work began at 8 a.m. and finished, owing to the absence of any black-out in the Work Hut, at dusk. On Saturdays and Sundays the Offices were open until 4 and 5 p.m. respectively, but towards the end of the month it was decided to stop work at 1 p.m. on Saturdays. Sunday work continued until May 1940. From December 1939 to

* For staff of Dividend Preparation and Dividend Accounts Office see pages 42 and 43.

August 1940 there was overtime until 9 p.m. on weekdays, chiefly owing to conversion and repayment of 4½% ^{when there was much incidental market activity.} Conversion Stock 1940/44, ~~because this, it was sporadic.~~

By March 1945 work on the most important operations carried out during the war (including part done by the Dividend Preparation Office at Overton and the Chief Accountant's Office in London) had absorbed 2,124,000 hours, of which New Loans had occupied more than half. Following are some details:-

Alterations in standard rate of Income Tax	155,000
Registration principal and interest of 4% Victory Bonds	103,000
Redemptions and Conversions	640,000
Vesting Operations	76,000
New Loans	<u>1,150,000</u>
	<u>2,124,000</u>

Temporary Labour

Temporary Labour

In December 1939, the recruiting of temporary clerks began. By June 1940 their numbers were 124, and by September in the same year 238, at which time the Staff at Whitchurch totalled 990. At the end of 1940 it was estimated that if the work were to be completed in a nine hour day, a Staff of 1,050 would be required - a figure reached between March and June 1941.

Release of Staff for H.M. Forces

Release of Staff for H.M. Forces

In April 1941 arrangements were made to release 125 men for H.M. Forces at the rate of 10 every two weeks from June 1941 to February 1942. The released Staff were not called-up as quickly as expected; the number of transfers, which had fallen suddenly in September 1940, showed no signs of increasing, and the issue of new loans on tap had enabled a more economical organisation of Staff to be made. The intake of temporary labour was suspended

from September. During 1942 there were further releases of male staff and by March 1943 of about 80 women clerks. A year later the Whitchurch Staff had been reduced to 937, of which nearly a third were permanent men.

Date	<u>Men</u>		<u>Women</u>		Total
	<u>Permanent</u>	<u>Temporary</u>	<u>Permanent</u>	<u>Temporary</u>	
1st Jan. 1940	464	33	213		710
" " 1941	452	135	307	144	1,038
" " 1942	400	200	274	271	1,145
" " 1943	322	192	238	253	1,005
" " 1944	297	179	256	205	937
" Dec. 1944	290	175	239	196	900

Effects of the new mode of transfer for Inscribed Stock

~~Effects of the new mode of transfer for Inscribed Stock~~

The pre-war methods of certification and registration were continued unchanged in the Transfer by Deed Offices except for the modification of minor processes for the sake of economy. But the new mode of transfer for Inscribed Stock at once entailed the discarding of most of the machinery of the Book Stock Offices and extinguished the work of the Power of Attorney Office so far as the preparation of Bank Powers of Attorney was concerned. Although the Power of Attorney Office lost this work, the transfer of Stock by instrument in writing required the signature of the transferee or that of his Attorney in acceptance of the Stock, so that the abolition of transfer in books caused a marked increase in the number of acceptances executed by Attorney and hence in the number of Powers of Attorney exhibited to the Bank: as compared with the pre-war figure of about 2,000 transfers a year so executed, there were 10,000 in 1944. A part of the increase was of course due to the large number of Powers of Attorney given by persons on war service, on which more will be said below under "Powers of Attorney". A minor consequence of the introduction of transfer by instrument in writing was that the Bank lost the income derived from the charge made for the preparation of Powers of Attorney for the transfer of non-British Government Stocks liable to Stamp Duty: the

Until the 1st January 1943 it remained possible for a purchaser of British Government Securities to obtain Inscribed Stock, but it followed from the transfer of Jobbers' balances in this category to Registered Stock that a sale of Inscribed Stock to a Dealer automatically placed the Stock on the Deed Register; ~~so that the amount of Inscribed Stock tended to decrease.~~

Transfers lodged for certification & registration

Transfers lodged for certification and registration

Considerable fluctuations in the number of transfers lodged in London by Dealers occurred in the first year of the war. The highest total, 5,650 (1,540 certifications and 4,110 registrations) was reached on the 6th February 1940, following a week with a daily average exceeding 3,000. The record number of transfers received on one day at Whitchurch (including those lodged in London) was 7,777 during the week ~~just~~ preceding the balance on 3½% War Stock in April 1940. After this early period of activity the number of Dealers' transfers lodged in London dropped to a daily total of approximately 750 in the autumn of 1940 and remained at about that level for some years. But by 1944 the number of transfers received daily at Whitchurch averaged about 2,000 and this figure remained fairly constant until the Department returned to London.

In January 1944 facilities were granted to Discount Houses for the certification and registration at Head Office of their transfers in certain specified British Government Stocks.

Transfers of Bank Stock

Transfers of Bank Stock

In a statement to the Press dated the 14th September 1939 the Bank announced that they had resolved to waive the normal registration fees for transfers of Bank Stock until further notice.

charge had been $\frac{1}{6}$ ^{s d} per Power (about £2,500 a year).

In the Book Stock Offices, a system modelled on Deed Transfer work was introduced. Appropriate methods for certification (transfers certified against entry in the Stock Registers), the issue of notices of lodgment (by the "Fanfold" typing system) and certificates of inscription to take the place of the stock receipt, and daily agreement of figures, were devised.

Until

Registration of Bonds

Registration of Bonds

In the opening months of the war there was no marked tendency to write in Bonds, though representations in September 1939 by the Money Market had led to registration of 1% Treasury Bonds - the only ~~existing~~ ^{existing} British Government Security ~~issued~~ issued solely in Bearer form. ~~xxxSeptemberxxx1939~~

By October 1939 the possibility of forged Bonds emanating from Enemy sources became a serious consideration and any indication of the countries through which Bonds had passed was noted. All engaged on Bond work were given special instruction, under the Bank Chemist at St. Luke's, in the nature of Bond paper and watermarks.

In April 1940 the repatriation of Indian Government Sterling Loans brought in many Stock certificates from India.

On the 13th May 1940 an Order made under the Defence (Finance) Regulations restricted the issue of Bearer Bonds and at the same time the public were urged to register Securities held in this form. As a result, and owing to the expiry of coupon sheets, there was a great influx of Bonds; the highest amount surrendered in one day was £29,606,900 (3rd June 1940). Large numbers of 4% Victory Bonds were also registered; and an announcement in the Press on 14th October 1940 that as from the 1st November the interest on 4% Victory Bonds, 4½% Guaranteed Bonds and 2½% National Defence Bonds could in future be paid by warrant, led to a further heavy inrush.

Increases in the work: New Loans

Increases in the work:

Work on 2½% National War Bonds 1945/47, the first tap issue, was begun in London, but owing to bomb damage to the Bank on the night of the 8th September 1940, the work in hand was transferred to Whitchurch where all later issues were handled.

As opposed to issue by allotment, issue "on tap" naturally resulted in an easier flow of work, manageable by a smaller staff. The average weekly intake of subscription

New Loans

~~still~~
~~still~~
forms was about 2,000 during the quieter months, but during the "Weeks" on one occasion it reached a total of over 15,000.

One of the difficulties in dealing with a tap loan, the terms of which provide for the first interest payment from the day of subscription, is that ^{for the 1st dividend} the normal method of dividend preparation cannot be followed. In the two months preceding the day of payment arbitrary dates have to be selected in order that all forms received by then may be sent to the Dividend Preparation Office for the writing of warrants, and in the case of payments in favour of Bankers for lists to be prepared.

Considerable trouble was taken at this stage to ensure that one interest warrant only was issued in respect of two or more subscriptions received from the same person.

Destruction of Records & Certificates

Letters in the Press agitated for the replacement of certificates without indemnity, many of which were destroyed in air raids; but in view of the risk of fraud arising from false claims of destruction the Bank continued to ask for indemnities, as provided for in the Government Stock Regulations, unless the remains of a certificate could be produced in a sufficiently good state to be identifiable. The indemnity required the participation of the stockholder's Banker and at one time the London Clearing Bankers were considering the discontinuance of their practice of joining in such indemnities, but in the event they agreed to continue. The Bank made a concession to the public by waiving their fee of 2/6d. for a duplicate certificate and accepting, instead of an indemnity, a guarantee that the remains of a certificate, identifiable merely as having been issued by the Bank, related to a specific account.

struction of
Records and
Certificates

Gifts to the Nation

Gifts to the Nation

A number of stockholders gave instructions for interest on certain holdings to be paid to H.M.Treasury as a gift to the Nation for the duration of the war, or for some other period. By May 1945, 1,200 donors had made such gifts, with annual interest amounting to almost £60,000 on a total capital of rather over £2 million. To avoid any question of liability to Income or Sur Tax arising, in the case of British Government Securities the stockholder was asked to complete a form releasing H.M.Treasury from the payment of interest. For other Stocks, the holder was asked to complete a dividend mandate in favour of H.M.Treasury.

Unclaimed Stock & Dividends

Unclaimed Stock and Dividends

Under the Finance Act 1921 dividends on British Government Securities which remain unclaimed for five years are payable to the Commissioners for the Reduction of the National Debt.

At the beginning of the war, after discussion with the National Debt Office, it was decided that, in view of the shortage of staff "unclaimed" work on British Government Stocks should be suspended. But in November 1941 the National Debt Office asked the Bank if they would endeavour to pay over to them the arrears, and by June 1942 the work on the Section generally had been brought up to pre-war standard.

As might be expected, the number of unpaid items increased enormously as a result of the War; in the previous war this problem was a comparatively small one owing to the small number of Government Loans managed before 1914. The following comparative figures for certain British Government Securities show how the work increased -

	<u>4% Funding Loan</u>		<u>3½% War Loan</u>		<u>2½% Consolidated Loan</u>	
	Stock Dividends unpaid after 4 years	Coupons paid over	Stock Dividends unpaid after 4 years	Coupons paid over	Stock Dividends unpaid after 4 years	Coupons paid over
1939	47	62	1,726	216	494	263
1943	102	367	2,646	1,029	669	6,302
1944	282	738	3,534	2,472	911	15,066
1945	368	2,648	5,790	12,396	980	47,918

The following are the probable reasons for the increase -

- (1) Warrants lost or contact with stockholders lost as a result of an increase in the number of changes of address (evacuation, demolition of houses, war service, etc.). The destruction of warrants in air raids and loss in transit overseas.
- (2) The restrictions of the Trading with the Enemy Act and the Defence (Finance) Regulations.
- (3) Delay in taking out Grants to the Estates of deceased stockholders (e.g. beneficiaries or Executors abroad or in Enemy territory).
- (4) Coupons not presented owing to the Bonds being held by Enemies.

The growing severity of exchange controls in the years before 1939, and the expectation of war itself (which inclined holders of bearer security to conceal their holdings in order to avoid requisition when war came) were no doubt also contributory factors.

2½% Consolidated Stock was traditionally the most popular British Government security on the Continent, and nationals of countries which demanded disclosure were doubtless prepared to refrain from encashing coupons for fear of discovery.

During the Spanish Civil War the Franco Government had called on Spanish holders to surrender their foreign securities; it was known that many banks in London held security deposits for Spanish customers who

communications received by post fell from 125,600 in 1939 to 103,000 in 1945. Signed letters for the corresponding quarters were 30,000 and 17,400, but ^{where} ~~it~~ ~~was~~ ~~compared~~ with an increase in the number of multigraph letters sent (about 42,000 as against 32,000).

The number of dividend mandates recorded showed no increase (except in 1940 and 1943).

1937	146,000	1941	140,000
1938	138,000	1942	122,000
1939	149,000	1943	152,000
1940	240,000	1944	127,000

The large increase in 1940 was due to the 3% War Loan ~~and provides a further illustration of~~ ^{and illustrates} the value of the subsequent practice of incorporating dividend instructions in subscription forms. The increase in 1943 came in the months following the appeal made to holders of 3½% War Loan (see below).

Several not very successful pre-war attempts to persuade stockholders whose dividends were paid by warrant through the post to make arrangements for payments to their bankers were followed by others during the war - by the Department, by another ^{from the} ~~firm~~ of London bankers ~~in~~ the Press and by letters to the Press. More direct appeal was also made by the enclosure of the following notice with warrants to about 120,000 holders of 3½% War Stock in June 1943 - "IMPORTANT: Paper and labour would be saved if this interest were paid direct to your Bank or Savings Bank Account. Please ask for the necessary form of request when paying in this warrant." This appeal was reinforced by broad casting and wide publicity in the Press. It was hoped that the latter measures would influence holders not circularised, but only 20,000 holders in all responded. Further circularisation of holders resident abroad had rather more success but only brought in ~~about~~ (rather less than) a quarter of the 5,600 holders to whom request forms were sent.

An effect of the abolition of Inscribed Stock for British Government and other Stocks can be seen from comparative figures of the issue of certificates of title and certificates of inscription:-

	Quarter ending 30th Sept.1942	Quarter ending 30th Sept.1944	Quarter ending 31st March 1945
Certificates of inscription	17,820	2,731	2,294
Certificates of title	67,908	98,347	106,822

Other Changes - Minor Relaxations in Practice

Stockholders abroad

Stockholders
abroad

Dividend instructions in favour of a banker were accepted when the manager of the branch concerned undertook to account to the stockholder for the proceeds and to obtain confirmatory instructions when possible. In the case of a joint account, with one of the stockholders abroad, a dividend mandate signed by the remaining stockholders and embodying an undertaking to obtain confirmation was accepted.

To obviate the delay in payment of redemption money where stockholders were abroad, an offer of payment to bankers against their indemnity was made: this was adopted as a recognised method during the redemption of India $3\frac{1}{2}\%$ Stock in 1943. Stockholders abroad or moved to another part of the country often found considerable difficulty in obtaining the certificates for holdings due for redemption, and in many such cases the Bank allowed repayment against an undertaking to surrender the certificate at the earliest opportunity.

Indemnities
for lost
warrants

Indemnities for lost warrants

The treatment of indemnities was modified in the following respects:-

- (1) In May 1944 the Bank decided that bankers liable under indemnities for duplicate dividend ^{and redemption} warrants should be released from their liabilities after the expiry of one year from the date of the indemnity.

(2) Regulations approved by the Court on the 1st June 1944 gave the Chief Accountant authority to issue duplicate warrants under the indemnity of the stockholder or other legal owner or under other guarantee. This superseded the previous regulations which made it necessary for a Banker's indemnity to be obtained for duplicate warrants amounting to £50 or more.

Expedition of certificates for the Discount Market

Expedition of certificates for the Discount Market

In April 1940 the Discount Market requested the Bank to expedite the issue of certificates in respect of Stock purchased by Discount Houses from dealers since, during the normal period of ten days, they had nothing to show for use as collateral security. The Bank agreed, and certificates were issued four days after the lodgment of transfers; the issue of certificates arising from subscriptions to tap loans was also expedited. Furthermore, the Bank agreed to issue on application a number of certificates covered by one transfer, without fee.

Request for local representation of the Accountant's Dept. in Glasgow

Request for local representation of the Accountant's Department in Glasgow

In the summer of 1944 the Committee of the Glasgow Stock Exchange approached the Bank on the subject of local representation of the Accountant's Department in Glasgow. In October a Deputy Chief Accountant went to Glasgow to meet a sub-committee from the Glasgow and Edinburgh Stock Exchanges when various aspects of the Department's responsibilities were discussed. It was not possible to agree to requests that certain documents, e.g., Powers of Attorney, Grants of Confirmation, death certificates, be examined in Glasgow since the Stock Registers had to be consulted; the Exchange Control Office in Glasgow was authorised to act as "liaison" with the Accountant's Department in emergency, but little use was made of this facility.

Payment of Dividends

Payment of Dividends

Previously, instructions not given on the Bank's own form were usually unacceptable; during the war, instructions contained in a letter from the stockholder, identifying the account, were sufficient.

Applications for duplicate Income Tax vouchers were accepted from any Agent on behalf of a stockholder, instead of only from the stockholder himself or the nominee in receipt of the dividends.

Notification of Marriage

Notification of Marriage

A marriage certificate, if forwarded by the stockholder or a responsible Agent, and a claim of accounts made, was accepted; before the war, a form completed under the stockholder's former and present signatures was required.*

Powers of Attorney

Powers of Attorney

Owing to the destruction in air raids of original Powers of Attorney, in a few cases the Bank allowed action under a certified copy of the Power, not having seen the original document.

Statutory Declarations

Statutory Declarations

Both in the registration of death and in allowing action under Powers of Attorney, the Bank took a less hard and fast line as regards declarations of identity; in many cases evidence contained in a letter from a Solicitor was accepted.

Unusual Designations

Unusual Designations

Provided that it was not at variance with Government regulations, the Bank allowed an account to be opened with a designation in a form previously considered unorthodox. This was particularly the case in subscriptions to new Loans where such designations as "Partnership Account" or "Company Account" may be found. Furthermore, banks in dealing with trustee business were allowed to make use of designations describing an account more clearly for their own purposes: e.g., an Executor Bank could transfer stock from John Edward Smith, deceased, into its own name designated "J.E.S.Account".

*Pre-war practice now reinstated.

(p. 24 has now become last p. } p. 21)

The effect of certain Acts and Regulations during the War

A list of wartime Acts and Regulations affecting the Department is given in Appendix "A". ~~The following xxxxxxxx~~ ~~particulars xxxxxxxx~~ (Reference has been made elsewhere to the Government and Other Stocks (Emergency Provisions) Act, the Finance Act 1942 and subsequent Regulations and the abolition of Bearer Security under the Defence (Finance) Regulations).

Trading with the Enemy Act 1939

Trading with the Enemy Act 1939

At the "outbreak" of war the Bank stopped the despatch of dividend and redemption warrants to Germany and territory then occupied by that country. In accordance with the Trading with the Enemy (Custodian) Order 1939, particulars of the relative holdings were submitted to the Custodian of Enemy Property and the warrants held to his order. In due course a receivable warrant was furnished by the Custodian and the dividends or redemption money placed to his credit at the Law Courts Branch. There were at the beginning of the war just over one hundred accounts affected.

The Bank had of course no knowledge of beneficial ownership of Stock in their books and there was usually no means of ascertaining any Enemy interest when Stock was held by Trustees or nominees, although in the case of Bank Stock it was incumbent on them to search the Stock Register and report to the Custodian the existence of any holding in respect of which there appeared to be an "Enemy" interest. After September 1939, however, the Enemy declarations required for all transfers of Stock helped to establish Enemy interest in respect of Stock acquired since that date. There were also many accounts in the Bank books in the names of Enemies or giving Enemy addresses or accommodation addresses, on which dividend mandates were recorded in favour of Banks or other Agents not resident in Enemy territory. The Custodian from early days expressed his wish that existing mandates in favour of approved Banks should remain undisturbed as such Banks

would be aware of their obligation to account to him on behalf of Enemy customers. From time to time, ^{after} ~~since~~ the middle of 1942, the Trading with the Enemy Department circulated to Banks and Registrars various notices empowering the former to receive and the latter to pay dividends and redemption money on behalf of Enemies.

When in 1940 Germany occupied neutral and Allied Territories and Italy entered the war, the Custodian was asked to revise the method of reporting so that the initial statement only should give full particulars; thereafter merely a reference would suffice for subsequent payments. When it was pointed out that there were something like 1,200 Channel Island and 600 French cases together with about 700 holdings belonging to residents of the remaining occupied countries, the Custodian agreed to this procedure.

It was the Custodian's practice to collect payments due to residents of Germany, Italy and certain occupied countries (France holding by far the greatest number of accounts so far as the Bank were concerned), and to allow outstanding sums in respect of other Enemy or Enemy-occupied countries to remain with the Registrars at his disposal. Up to and including dividends due the 1st June 1945, there were well over 18,500 warrants retained at the Bank, but of these about 15,000 were due to Channel Island owners.

For Bank Stock, mandates were furnished by the Custodian to enable dividends to be paid direct to his account with the Law Courts Branch: this made it unnecessary to submit each dividend as it fell due. It was obvious that if this arrangement could be applied to all Stocks managed by the Bank a large amount of work would be saved. In August 1943, after considerable discussion, the Custodian agreed. Furthermore, an arrangement was made whereby holdings for which dividends were to be retained at the Bank to the Custodian's order would be reported once only.

During the course of the war certain territory at one time occupied by the Enemy ceased to be regarded as Enemy territory for the purposes of the Trading with the Enemy Act. Although in 1943 about thirty accounts were released in these circumstances, only half had been cleared up by October 1944 owing to failure to get into touch with the holders. When on the 25th May 1945 the Trading with the Enemy Department consented to release the Channel Island holdings, the Bank communicated with each holder at his registered address to obtain instructions for the disposal of the retained and future dividends; this necessitated writing to about 850 people.

It was necessary to ask for declarations under the Act before redemption money could be paid, and though for the most part the stockholders were in a position to make the declarations Enemy interest in a holding usually caused considerable correspondence.

Defence (Finance) Regulations 1939

The transfer of Stock, and at one time the payment of redemption money, were subject to declarations made under these Regulations and these considerably increased the work of the Department.

Defence (Finance)
Regulation
1939

From 1940

From 1940 onwards permission had to be obtained from the Exchange Control before altering the address of a holder of Stock in the Bank books from one in the Sterling Area to one outside, or from an address in one currency area to one in another currency area outside the Area, and before recording dividend mandates on a "resident" account in favour of a "non-resident" nominee.

It was not, however, until May 1940, in consequence of the Currency and Securities Restriction Exemptions (No.1) Order 1940 (S.R. & O. 1940 No.710) that the Bank were obliged to subject to enquiry the payment of dividends under an existing mandate given in favour of a non-resident nominee by a resident stockholder in either a sole or joint account, or by a non-resident stockholder in favour of a non-resident nominee in some other currency area. It thus became necessary to examine approximately 3,500 accounts; it was found that the Exchange Control required certain particulars of about 400 of these accounts and, until satisfactory explanations were furnished to the Control, the relative dividend warrants were retained by the Bank.

The National Loans (No.2) Act 1940

As a result of this Act, which released the Government from contractual obligations to issue Bearer Bonds or Bond Certificates in relation to securities issued under the National Loans Act 1939, holders of 3% War Loan 1955/59 Bond Certificates already issued had to exchange the Certificates for Stock in order to obtain interest; any unissued dividends would rank (after five years) for payment to the National Debt Commissioners under the Finance Act 1921 and the Stock itself would be transferable to the Commissioners after ten years. The Bank communicated with the agents through whom the investments were effected with a view to having the outstanding Bond Certificates exchanged for Stock. Most of the Certificates were exchanged by December 1944.

The National
Loans (No.2)
Act 1940

The Finance Act 1942 (Section 48)

~~The Finance Act
1942 (Section
48)~~

This Act gives the Assistant "Accountant General" of the Bank authority to sign transfers of unclaimed funds to and from the National Debt Commissioners.

S.R.O. 1940 No. 1983/L/36

~~S.R.O. 1940
No. 1983/L/36~~

This Order, made under the Administration of Justice (Emergency Provisions) Act 1939, provided that a Company shall not, in consequence of the service of a notice, refuse to permit a transfer to be registered for more than twelve days after the date of the request to transfer, unless ordered by the Court. The Order amended Rule 10 of Order 46 of the Supreme Court by increasing the specified time from eight days.

Scottish Trusts

~~Scottish Trusts~~

The Scottish legal profession had for many years expressed dissatisfaction that the Law of Scotland concerning Trusts and Trustees had no application to holdings of British Government Securities, and contended that the Common Law and Custom of Scotland should be recognised by the Bank as regards Scottish holders. The matter was raised in a definite form by the Scottish Law Agents Society in 1937. The Bank maintained that an essential preliminary to any discussion would be definite recognition by the Scottish legal profession that British Government Securities are situate in England and therefore subject to English Law, and on this basis lengthy discussions took place in 1937 and 1938 on the possibility of drafting regulations to meet some at least of the expressed grievances; finally, the discussion narrowed down to an examination of the request that the statutory law regarding Trusts in Scotland, i.e. the Trusts (Scotland) Act 1921, should be recognised.

After consultation between the Bank and representatives of the Joint Committee of Legal Societies in Scotland, it was agreed with the Treasury in March 1939 to ask for a clause to be inserted in the Finance Bill amending

Section 37 of the Finance Act 1917. Section 35 (1) of the Finance Act 1939 states:-

"At the end of Sub-section 1 of Section 37 of the Finance Act 1917 (which enables regulations to be made for facilitating dealings with Government Stock) there shall be inserted the following paragraph -

(j) for enabling, in the case of Government Stock shown in the prescribed manner to be subject to a Trust to which the Law of Scotland applies, anything required to be done in connection with the transference of the Stock or the payment or accumulation of dividends thereon or the receipt or reinvestment of money payable on the redemption thereof to be done in accordance with the Law of Scotland, and appointments, resignations and removals of Trustees to be evidenced in any manner which would be sufficient under the Law of Scotland."

The Government Stock Regulations 1939, dated 31st October 1939, superseded in due course by Regulation 15 of the 1943 Regulations, though with no substantial alteration, made provision for the transfer of British Government securities in the names of three or more persons, held or transferred to them as Trustees of a Scottish Trust, by a quorum of such persons. They further empowered the Bank to act on Deeds of Assumption, Minutes of Resignation, or certified copies of Interlocutors of the Court. The furnishing of a statutory declaration as evidence that a sum of Stock is held by a Scottish Trust and that the Trustees are not expressly precluded by the Trust instrument from exercising any of the powers and provisions contained in Section 3 of the Trusts (Scotland) Act 1921 is in all cases a prerequisite to acceptance by the Bank; though, Regulation 3(2) of the 1939 Regulations, providing that the declaration shall be made by the persons concerned, was not re-enacted:

The 1943 Regulations did not explicitly state by whom the declaration should be made, *nor the exact form in which it should be made.* ~~because no such form was specified in the old, but not in the new Regulations.~~

These Regulations had no application to non-

British Government securities.

The Execution of Trusts (Emergency Provisions) Act 1939

~~The Execution of Trusts (Emergency Provisions) Act 1939~~

This Act empowered a Trustee or personal representative on war service or out of the United Kingdom and unable to return for reasons connected with the war, to appoint an Attorney to manage the Trust. The Act was an improvement on the Execution of Trusts (War Facilities) Act 1914 and, largely on account of the prior consultation with the banks, delegations made under its authority presented less difficulty to Registrars than those made under the Trustee Act, 1925.

The Evidence & Powers of Attorney Act 1940

~~The Evidence and Powers of Attorney Act 1940~~

Section 3 of this Act imposed on Registrars the duty of ensuring that any Power of Attorney executed outside the United Kingdom by a member of H.M. Forces or by a British subject in Enemy-occupied territory should be filed in England or Northern Ireland, or registered in Scotland, before action was permitted.

At the request of the Institute of Secretaries, Counsel expressed the opinion that Section 3 covered the whole of H.M. Forces, whether raised in this country or in the Dominions, and that consequently filing was necessary for any Power of Attorney executed in a Dominion by a member of the Forces of that Dominion, if the Power was to be exercised in this country.

Exemption from U.K. Income Tax ("E" Arrangement)

~~Exemption from U.K. Income Tax ("E" Arrangement)~~

This is an arrangement under which the Inland Revenue authorised the payment without deduction of Income Tax of the interest on stocks in the names of the nominees of banks in the United Kingdom acting on behalf of persons not resident in the United Kingdom. The arrangement was formerly restricted to Foreign and Colonial Securities, but in June 1940 the Inspector of Foreign Dividends informed the Bank that it should be extended to those United Kingdom

Government Stocks issued with the special condition of exemption from taxation mentioned in Section 46 of the Income Tax Act 1918. At that time the Loans affected were 3% War Loan 1955/59 and 4% Funding Loan 1960/90; later, 2½% National War Bonds (except the 1954/56 issue), 3% Savings Bonds and, when facilities were granted for it to be registered as to principal and interest, 4% Victory Bonds, were brought under the arrangements, which was to apply to any further issues of United Kingdom Government Stocks carrying the same conditions of exemption from Income Tax.

Economies

Economies may be grouped under three heads:-

- (1) Saving of labour.
- (2) Saving of material and paper.
- (3) Improvements in procedure and extension of mechanisation.

Saving of Labour
 Labour-saving devices chiefly took the form of the elimination of two kinds of processes: first~~ly~~, checks and safeguards, and secondly, departure from the normal standard of keeping records up to date. Many checks were discarded, and it became the practice for work done by the permanent staff not to be checked. As a result it was possible to make a more economical use of senior permanent men.

Notification of change of address
 Signatures were not agreed except in special cases requiring caution. A considerable immediate saving was effected by the discontinuance of changing addresses on all accounts where a notification of change had been given in a document such as a transfer or redemption request affecting one account only, and by the practice only to alter addresses on the accounts (unless others were specified) on which a common former address was recorded; this practice modified the more or less rigid objection previously held by the Bank to registering a stockholder as of more than one address. The records became less accurate and up to date because of these economies.

Payment of Dividends
 The practice of sending warrants forwarded to the Bank for verification to the Dividend Accounts Office for checking against the record of paid warrants was discontinued; instead, such warrants were merely compared with the dividend book, marked "Verified" and returned.

The inclusion of interest instructions in subscription forms for new Loans saved an immense amount of work and paper. By June 1945 there had been over 670,000 new accounts opened, approximately 70% of the subscribers furnishing instructions in favour of bankers or other agents.

ing of labour

ification change of address

ment of dividends

1491

Conversion at ³³ RedemptionConversion and
Redemption

A considerable economy was effected by using the account page as a record of Redemption Warrants instead of compiling a separate journal. In some Conversions, by over stamping, the existing account page was used for the new Security and the old certificate was re-issued marked with a note of the Conversion. The attestation of signatures to payment instruments was dispensed with.

Registration of DeathRegistration
of Death

Procedure for the registration of a stockholder's death in the Bank books continued, in the main, the methods in use before the war. The most important change was the abolition in April 1940 of the form for completion by Executors and Administrators, giving specimen signatures and addresses. This was a staff suggestion and obviated an immense amount of correspondence, both between the Bank and the agents acting in the Estate and between the agents and their clients. ^{Registration} ~~The process~~ was further accelerated by dispensing, in many cases, with a statutory declaration of identity called for, in accordance with the Bank's pre-war practice, when there was a discrepancy in the name or address of the deceased in the Grant and on the account.

It had always been the practice of the Bank to bring to the notice of any interested person or agent the fact that the death of a stockholder had not been registered on certain accounts which might have been overlooked when the death was notified; this practice was discontinued for the first three years of the war but was reinstated in April 1943. Other economies were effected by shortening the various processes leading to the registration of death on an account and by the practice of enfacing a certificate instead of issuing a new one in such cases as the removal of the name of a deceased stockholder from an account.

Saving of paper

aving of
paper

A very large saving, estimated at one million foolscap sheets annually, was made chiefly through suggestions by the staff and, in particular, by the Machine Control Section who were responsible for stationery and the application of the Ministry of Supply Paper Control regulations. Further, the use of over 750 different forms was discontinued, thus releasing the type for other purposes. Printing bills show that £15,350 was spent in 1939, but only £12,361 in 1944; the latter figure becomes more significant when it is borne in mind that most orders were subject to Purchase Tax.

The general public were not backward in writing to the Bank if they considered that an opportunity to economise in the use of paper had been overlooked; in nearly every case the suggested economy would have entailed the use of extra staff, who were not, of course, available. In fact, most documents used or issued by the Bank was reduced in size. But when the Control of Paper (No.59) Order 1943 limiting the size of warrants plus Income Tax certificates to 42 square inches was made, the Bank were authorised in June 1943 under licence from the Minister of Supply to exceed the permitted size "having regard to the mechanised means whereby the warrants in question are produced".

A reduction in size of certificates of title (cut by one-third) was of particular value in view of the obligation to issue certificates for nearly all holdings. Of more effect on the public was the discontinuance of the practice of asking for acknowledgment when certificates were issued.

Reduction of Records

struction
Records

The Salvage Campaign of 1941 was made the occasion of a re-examination of the length of time for which records were kept. A new table was drawn up in

March 1942

March 1942 which shortened considerably, in many cases, the period before destruction, thus releasing a large quantity of paper for pulping - about 120 tons. The destruction of transfers was deferred as Statutory authority (probably of the nature of S.R. & O.No.1778 made under the Defence (Companies) Act 1940) would have been required.

A reduction to seven years of the period for which dividend books were kept meant that a larger number of duplicate Income Tax vouchers had to be completed from circumstantial evidence supplied by the Stock account itself.

correspondence

Correspondence
The chief development was the extended use of multigraph forms containing set replies and space for remarks of a simple character and not requiring signature; new multigraphs were devised throughout the war as required. In 1943 more replies were made for the first time by means of multigraph forms than by signed letters. Such forms, about 30,000 annually, were also issued by various offices not previously dealing with correspondence work.

Full use was made of reconditioned envelopes, some 150,000 being prepared each year. Multigraph forms not requiring an envelope to contain enclosures were sealed by means of a crimping machine, and franked envelopes replaced embossed. The pre-war practice of taking a second copy of each letter sent was discontinued.

Except for the longest letters, octavo paper replaced quarto and ink alterations were allowed. Single spaced typing was tried, but not adopted since it made such alterations impossible and reading more difficult.

Bank Stock Proprietors List
The number of copies printed of the list of Bank Stock proprietors was reduced from nine to three and a print was taken once a year only.

Bank Stock
Proprietors
List

Improvements in method

Improvements
in method

Following are the more outstanding of many improvements in method.

Payment of Redemption money to Bankers

Payment of
Redemption
Money to
Bankers

Owing to the evacuation of the Central Clearing House from London, redemption warrants became subject to a country clearance, a delay naturally inconvenient where large amounts were awaited. To meet this difficulty the Bank introduced, on the occasion of the repayment of 4½% Conversion Stock 1940/44 in July 1940 the system of payment of redemption money in bulk to bankers (a modification of the method of "list" payment for dividends) thus making the proceeds available in London on the redemption date.

Drawings of Stock for Repayment

Drawings of
Stock for
Repayment

Drawings of Trade Facilities Act and other Stocks were conducted at Hurstbourne and there was little change of practice where the disc system was already in operation*. In 1941 the practice of notifying each holder of the numbers of drawn Victory Bonds was discontinued, bankers being expected to examine the published lists themselves. Certain new Stocks, with annual drawings, were issued without the allocation of distinctive share numbers, thus saving the laborious processes of recording numbers on account pages and certificates and eliminating the Share Register.

Registration
of New Issues

Registration of New Issues When subscription forms were registered by the Chief Accountant's Office in London (i.e., for 2½% National War Bonds 1945/47) account pages were sent daily to Whitchurch and it was therefore impracticable for a subsequent subscription made by the same person during the six months' period of issue to be added to an earlier subscription. After the first interest payment on the 1st January 1941, for which separate warrants were issued for each subscription, it was found necessary to carry out a large number of amalgamations of accounts - ~~withheld~~ ^{no order} and 15% of the total. Preparation for this payment was made by means of a Journal in which particulars of each subscription and the amount of interest payable were kept.

*For a full account of Bond Drawings see Inspector of Offices and Branches files 242.11.

The principal features of the new procedure introduced for 3% Savings Bonds 1955/65 and 2½% National War Bonds 1946/48, and applied to all later Loans, were:-

1. The abolition of the Journal and the use of the subscription form itself for all purposes necessary to opening the account and making the first interest payment.
2. The issue of a composite warrant for subscriptions bearing interest from different dates, giving particulars of each subscription and the date from which interest was payable on the back of the Income Tax voucher.
3. The provision of a space in the subscription form for the subscriber to give instructions for the payment of interest.
4. The taking of a copy of the account page for use as an advice to bankers of interest instructions in their favour.

Abolition of alphabetical divisions

An inevitable result of having one class of stock only is an increase in the number of accounts in certificated stock and, to avoid the alphabetical divisions of the register becoming unwieldy, the practice of allotting accounts to divisions in alphabetical sequence dependent on the stockholder's surname was discontinued in favour of a numerical division based upon the most suitable number of accounts. This method was applied to all stocks managed by the Bank.

Progress of mechanisation

The pre-war mechanisation programme was carried through to a conclusion and by July 1940 the payment of all dividends was made by the new method. During the war 425,000 accounts were brought under this system and the work of replacing bound ledgers by looseleaf pages was finally completed; had this system not been in

Abolition of
alphabetical
divisions

Progress of
mechanisation

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operation much additional space would have been required at Whitchurch.

A scheme for the application of a Hollerith installation to accounting work and the preparation of dividends was put forward in 1944, but was not adopted.*

Air Raid

*Other methods and their possible application are discussed in the report on the work of the Accountant's Department (Abell Report) 29.6.49.

Air Raid Precautions at Whitchurch

The photography of account pages, formerly a precaution against the risk of fire, was adapted as an A.R.P.measure. The nature of this may be judged from the following brief summary sent to H.M.Treasury (in February 1944):-

"Reliance is principally placed on measures taken to ensure that, in the event of the destruction of the primary records, the registers containing the names, addresses, etc., of stockholders and the amounts to which they are entitled may be reconstructed within a reasonable time.

For this purpose, once in every year the primary records are photographed by the micro-film method and on the same day the films are removed into a building separate from that in which the primary records are kept.

The films are then "processed" without delay and stored in the vaults until the next annual photography is completed when they are replaced by the up-to-date films.

All documents leading to the primary records, i.e., transfers, etc., are photographed daily and the films similarly stored with those resulting from the annual photography.

Recently a trial reconstruction was carried through when it was demonstrated that, given sufficient time, the measures adopted by the Bank could be regarded as satisfactory."

A further safeguard to assist reconstruction was that final balance and daily amount of Stock transferred figures were sent to London to provide a basis for agreement. A reserve of machines required at Whitchurch was held in London as an Air Raid Precaution.

Important documents, e.g., transfers, were photographed before being despatched either from London or Whitchurch.

THE MOVE TO OVERTON

DIVIDEND PREPARATION OFFICE

Preliminary Arrangements

~~Preliminary Arrangements~~

The removal of this Office to Hampshire, in the event of war, was first discussed in 1938^{*} as the protection of the stencils and machinery used in the preparation of dividends would be essential. At that time two methods of preparation were employed, the new mechanised system of dividends prepared from stencils and Burroughs calculating and figuring machines, and the old system where the figures as well as details of the stock account were set up in type by the Printing Department. It was considered advisable to expedite the change from the old system to the new.

The evacuation to Overton, where two brick buildings had been built adjacent to Messrs. Portals Paper Mills - one for the Printers and the other for the Dividend Preparation Office - was commenced in August 1939. The majority of the machinery used in the Office was of American origin and the precaution was taken in September 1939 of purchasing additional machines and stores.

The location of the Office at Overton necessitated new measures for the despatch of postal warrants and bankers statements. At St. Luke's the postal warrants for the 3 $\frac{1}{2}$ % War Loan payment were ready for collection by the General Post Office Sorting Office at Mount Pleasant four days before the dividend was due and the post was spread over three days. On the outbreak of war this Sorting Office was split up over various parts of the country and it became necessary to utilise the limited sorting capacity of Reading Post Office. Collections for this payment had therefore to be made as early as eleven days before the due date and to be spread over seven days. Bankers statements were despatched at least ten days before the due date instead of three days as in London.

* Proposals: see minutes of Court 29.12.1938

Alterations in the standard rate of Income Tax

Alterations
in the
standard rate
of Income
Tax

On the 27th September 1939 the standard rate of ^{s d} Income Tax for the year was raised from 5/6 to 7/-. This change was announced too late to be applied to the dividends due the 1st and 5th October, but the Court decided that the Bank Stock dividend must be sent out at the new rate. It was necessary to scrap warrants already completed and to ^{recalculate} reprint and examine 17,000 fresh warrants; the Bankers' vouchers were despatched on the 4th October and the warrants on the 5th.

The immensity of the task of carrying out alterations due to changes in the rate of Income Tax is shown by the fact that there were approximately 1,500,000 accounts in respect of which the Bank deducted Income Tax from dividends. The difficulty in effecting the changes was increased by the fact that the Second Finance Acts provided that the new rate should apply from the beginning of the financial year, thus necessitating the deduction of Tax at varying rates. The following figures (for 2½% Consols) show the number of changes involved:-

			s	d
5th October 1939	Tax at	5/6		
5th January 1940	" "	10/-		
5th April 1940	" "	7/-		
5th July 1940	" "	7/6		
5th October 1940	" "	9/6		
5th January 1941	" "	8/6		
5th July 1941	" "	10/-		

As some 63,000 accounts were affected, it will be seen that about 378,000 alterations were necessary in 1940 and 1941. ^{in one stock only}

The new system of dividend preparation made it possible to tackle this work: had the figures still to be set up in type the Printers would have been unable to keep pace with the work.

additional work

Additional
Work

New Loans led to the setting up of approximately 500,000 new stencils. This was achieved by the use of six extra graphotype machines, bringing the total of these machines to 32, and by the adoption from time to time of a shift system which enabled embossing machines to be manned throughout a ten hour day. One of the major difficulties in

Additional
Work
(contd.)

organising the work of this Office in the past was the variation in the number of dividends due each month; the position was improved by adding the new Loans, so far as possible, to the lighter months.

The Bank on one occasion assisted the Ministry of Production by setting up some 13,000 stencils for their Regional records.

Economy

Economy

Substantial economy in paper was achieved by the reduction in size of documents and memoranda and by dispensing with the second copy of the Dividend Book, except for the Bankers' copy, which was reduced in size by half.

Air Raid
Precautions

Air Raid Precautions

In March 1941, a single aircraft, flying low across the building, dropped a number of bombs, hitting the adjacent paper mill, the station and some bungalows near the camp.

It was decided that to keep so many vital machines and stencils in an unprotected Office was too dangerous, and in 1942 an underground room was built to house nearly all the stencils and a proportion of the machines. The reserve of frames and plates was equally distributed between London and the Record Offices at Roehampton and St. Luke's.

Staff & Hours of Work

Staff and
Hours of
Work

The establishment in London before the war was 374 men and women; at Overton this was reduced to 314. A large number of trained operators left the Office owing to marriage, transfer to other Offices or to joining one of the Services. The replacements were mainly girls of 16 and 17, many of whom found the work difficult and were slow in qualification. The number of permanent men was reduced to a minimum and many tasks were under the control of senior women.

In the early days of the war a seven day week was worked but, on the completion of the mechanisation in January 1941, it was possible to re-introduce the five day week with days varying from 8½ to 9 hours.

Staff and
Hours of
Work
(contd.)

Although the disposition of the Office on one floor was, as at Whitchurch, beneficial ~~XXXXXXXXXXXX~~, the cramped conditions of work increased the percentage of errors, especially on graphotyping machines. At St.Luke's these machines were in a separate room with walls specially treated to reduce noise, and a very high output of work was maintained. The arrangement at Overton, by concentrating the noise, increased fatigue and lessened output.

1.

DIVIDEND ACCOUNTS OFFICE

Evacuation
to Barlaston

The Office was evacuated to Barlaston Hall, Stoke-on-Trent, on the 26th August, 1939, about a week before the declaration of war. The prime reason for the move to Barlaston was the necessity that the Office should be in close proximity to the Dividend Pay Office, who received dividend warrants daily from the Central Clearing House at Trentham and passed them on, after payment, to the Dividend Accounts Office for sorting and filing. (See also under "Locations").

The pre-war staff numbered 60, of whom 45 only (15 men and 30 women) were evacuated to Barlaston.

1700/10
W
1700/10
W
1700/10
W

POSTSCRIPT

THE RETURN TO LONDON

More than one consideration guided the decision that it would be necessary to return to London at the earliest opportunity after the defeat of Germany. Of major importance was the conclusion reached that in view of the expected increase in work the successful management of Government Loans could not be continued at Whitechurch with the existing staff, nor would it be possible for the additional staff required to be employed there. All possible steps having been taken, unsuccessfully, to obtain accommodation in the City, the Bank were eventually compelled to make strong representations to the War Office for the release of their former Offices in Finsbury Circus, then occupied by the Royal Army Pay Corps. Agreement to the release was reached in early May, and at the end of the month the work of the Department (apart from the Dividend Preparation Office, which did not return from Overton until August) was again being conducted in London.

REDEMPTION AND CONVERSION OPERATIONS BY H.M.TREASURY

For War-time legislation and regulations affecting the Accountant's Department, see

(~~See~~ Appendices A and B.)

*Annexes
 of the whole
 Chapter is taken up
 Appendix*

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