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have the liability shown at least by a reserve to at least approximate the expense of the audit, carrying the expense into the operations of the period reviewed.

(m) Liability insurance:

In taking out liability insurance (as the premium is based on the amount of the payroll, computed at different rates according to the classes of employment and its relative dangers), the practice is to estimate the amount of the payroll for each class for the ensuing year and compute the premium to be paid accordingly. Usually also these initial premium payments are on an under-estimated payroll and the actual premium is only determined at the close of the insured period as the result of an audit made by a representative of the insurance company.

While at the beginning of such an insurance period it is obvious that there would be a substantial prepayment, it is equally obvious that such payment could not be divided into twelve equal parts (as in fire and other insurance), for the purpose of charging into operations, but that the

charges for each month's liability insurance cost should be predicated on the actual payrolls for that month.

Accordingly, dependent on the measure of accuracy with which the initial premium has been computed, this account ordinarily changes, sooner or later, from an asset to a liability, usually after from six to eight months have elapsed.

It becomes necessary, therefore, in auditing this account, to tabulate the payrolls from the date of taking out the insurance to date of audit and work out the accrued premium in accordance with the rates indicated on the policy. That being done, any adjustments necessary should be applied and the resultant balance carried to the balance sheet.

It is very important to verify the fact that any liability arising from the previous insurance period has been properly taken into the operating accounts.

Should the account for liability insurance stand closed in the ledger, it is necessary to verify the fact that no asset or liability actually exists at the time of audit.

The Echo

ATTORNEY-General Daugherty in asking for an injunction against the striking railway shopmen:

"The underlying principle involved in this action is the survival and supremacy of the Government of the United States.

"No union or combination of unions can, under our law, dictate to the American Union. When the union claims the right to dictate to the Government and to dominate the American people and deprive the . . . people of the necessities of life, then the Government will destroy the unions, for the Government of the United States is supreme and must endure."

Inscription on monument to the forefathers erected on hill at Provincetown, Massachusetts (tip of Cape Cod where the Pilgrims first reached land):

"On November 21, 1620, the *Mayflower*,

carrying 102 passengers, men, women, and children, cast anchor in this harbor 67 days from Plymouth, England.

"The same day 41 adult males in the company solemnly covenanted and combined themselves together 'into a civill body politic.'

"This body politic established and maintained on the bleak and barren edge of a vast wilderness a state without a king or a noble, a church without a bishop or a priest, a democratic commonwealth, the members of which were 'straightly tied to all care of each other's good and of the whole by everyone.'

"For the first time in history they illustrated with long suffering devotion and sober resolution the principles of civil and religious liberty in the practices of a genuine democracy.

"Therefore the remembrances of them shall be perpetual in the great republic that has inherited their ideals."