Sheet, and will not correspond with the actual premiums received at head office. The interest and rents also are returned not as received but as they were earned. The unpaid, due or accrued items in the assets of the company thus appear as receipts in the revenue account. Expenditures, including unpaid items of commissions or management expenses, are treated in the same principle, unpaid claims being included.

In Canadian returns only the premiums, interest and rents actually received are entered as cash receipts, not amounts earned or due. Such receipts will include what was collected of the amounts due at end of previous year. The claims paid item includes payment of claims arising in previous year, and claims arising during the year which were settled before its close.

The American schedules for fire companies include premiums received and those outstanding at end of the year. This does not extend to their interest receipts which do not enter into their income until the year they are collected. Outstanding premiums of American fire companies are included with the agents' balances of the ledger assets. Outstanding premiums in the life and miscellaneous statements are found among the non-ledger assets and, therefore, have not passed through the income account.

In the annual balance sheets of the British Board of Trade returns, the reserve of unearned premiums in the case of fire and miscellaneous companies and the reinsurance reserve in the case of life companies are not asked for in the liability items. These reserves, together with the surplus, go to make up the various assurance and other funds which form the balance of the assets and liability account. Actuarial calculations of the reserves of life companies are to be made every five years, or at other periodic intervals. No computation is required of the liability in respect to unexpired contracts. The Canadian schedules, however, require these various reserves to be calculated, or estimated and to be entered as liabilities.

The calculation of the Reserves of a life company is made by the company's actuary according to well-known actuarial principles, and an independent valuation of each company's liabilities is made once in every five years, sometimes oftener, by the actuaries of the Insurance Department according to the standard of valuation laid down in the Insurance Act.

When reading Mr. Blackadar's statement as to the various methods adopted in Canada, Great Britain and the United States in preparing the annual returns of the insurance companies, we cannot but regret that such various systems of account keeping and publishing are in vogue. The British plan of including premiums due but unpaid, also interest and rents due and unpaid in the year's income is objectionable. A portion of such income may never be paid, and to this extent the return of that year is incorrect and misleading. The next year's income is also misrepresented when amounts due and uncollected have been included in the previous year's income receipts and are not paid in due course in the year to which they have been transferred.

The adoption of this plan to some extent by American fire companies has the appearance of eccentricity for it is not based on any sound principle of accountancy and is not adopted by the American life companies. It is desirable to have the accounts and returns of both classes of companies kept and compiled on a uniform plan.

The Canadian system of making returns is decidedly more rational and in accordance with sound principles, than the system of the British Board of Trade and that of the American Schedules. Now that the companies, both fire and life, of all three countries, are operating in each country, it would be a great improvement on the present system, or lack of system, were all the companies to adopt some uniform plan and phraseology in their annual statements, the variations in which are not only confusing, but very liable to cause a misinterpretation of the figures presented.

Mr. Blackadar points out that the statements of revenue and balance sheets of the Canadian companies placed before the shareholders or the public differ in form among the various companies, but they can be compared with the Government return and so any lack of clearness can be corrected. This is not possible with the annual statements of British companies, which, in some cases, are more intelligible than the returns issued by the British Board of Trade.

In regard to the "Account or Ledger value of Investments," Mr. Blackadar says:

"The account value of a security should not be changed from year to year in accordance with the ordinary fluctuations in market values. The difference between the aggregate market values and account values is to be given in a separate item in the non-ledger assets. It occasionally happens, however, that there has been a well established and reasonably certain gain or loss in the *actual* value of some ledger asset. In such cases the account value may be written up, or down, and the details given in connection with items 3 or 5 of the "Synopsis of Ledger Accounts."

A section on "Income and Expenditure Items," shows how these are to be treated, the idea being to give clear, business-like statements. So of "Interest and Rents received," these items are only to include "the actual receipts during the year," the method being shown of recording "overdue or accrued interest or rents at the end of the year."

In regard to a policy-holder discontinuing paying his premiums who receives a paid-up policy for a