

**JOINT ACCOUNT – THE FACULTY OF ACTUARIES AND THE
INSTITUTE OF ACTUARIES**

CONTINUOUS MORTALITY INVESTIGATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009

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CHAIRMAN’S STATEMENT

I am pleased to present the financial results of the CMI for the year to 28 February 2009. The year has been a very busy one for the CMI and the high level of activity is expected to continue in 2009/10. More details are contained in the CMI’s Annual Review, as sent to the Management Board of the Actuarial Profession and to all CMI members.

I wish to thank all Committee members who served during the year for their invaluable work and input. The Executive Committee met three times during the year. Members and meeting attendance are set out below.

Executive Committee	Attendance*
Peter Banthorpe	1(1)
Mike Bolton	1(3)
Ronnie Bowie	1(1)
Graham Clark	0(3)
Deborah Cooper	1(1)
<i>Seamus Creedon</i>	<i>0(2)</i>
<i>Nick Dumbreck</i>	<i>1(2)</i>
<i>Ralph Garden</i>	<i>2(2)</i>
Robert Hails	1(1)
David Heeney	2(3)
Angus Macdonald (Deputy Chairman)	3(3)
Nigel Masters	1(1)
<i>Brian Ridsdale (Chairman prior to July 2008)</i>	<i>2(2)</i>
<i>Stewart Ritchie</i>	<i>1(2)</i>
George Russell	3(3)
Gordon Sharp (Chairman from 1 July 2008)	2(3)
<i>Mike Urmston</i>	<i>0(2)</i>
Richard Willets	2(3)
Brian Wilson	3(3)

* Figures in brackets relate to the number of Executive Committee meetings it was possible for a member to attend.
Those shown in italics ceased to be members of the Executive Committee during the year.

Results

Expenditure was around £94,000 (8.4%) higher than in 2007/08, and around £53,000 higher than the budgeted figure.

Income was around £156,000 (13.7%) higher than in 2007/08, despite a reduction in the Life Office contribution rate. This increase is mainly accounted for by funding received from the Actuarial Profession towards the CMI's work on the Mortality Projections Model (this work had not been included in the budget and also explains the increased expenditure).

The financial result for the year was a surplus of £75,720, compared to a surplus of £13,951 in 2007/08.

Reserves

The CMI has traditionally adopted a policy of maintaining reserves at each year-end of 50% of income. The reserves as at 28 February 2009 (£730,068) exceeded 50% of the actual income in 2008/09 by around £80,000.

Signed on behalf of the CMI Executive Committee:

..... **A G Sharp**
Chairman

..... Date

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**STATEMENT OF THE RESPONSIBILITIES OF THE
CMI EXECUTIVE COMMITTEE**

The Constitution of the Continuous Mortality Investigation (“CMI”) requires financial statements for each financial period to be prepared, which give a true and fair view of the state of affairs of the CMI as at the end of the financial period and of the net result for that period. The CMI Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the CMI will continue in business.

The CMI Executive Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the CMI. It is also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the CMI Executive Committee is aware at the time the report is approved:

- there is no relevant audit information of which the CMI’s auditors are unaware;
- the CMI Executive Committee has taken all steps that it ought to have taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.

..... **R T G Hails**
Treasurer of the Institute of Actuaries,
on behalf of the CMI Executive Committee

..... Date

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**INDEPENDENT AUDITOR’S REPORT TO THE MANAGEMENT BOARD OF THE
ACTUARIAL PROFESSION**

We have audited the financial statements of the Continuous Mortality Investigation for the year ended 28 February 2009 which comprise the balance sheet and the income and expenditure account and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Management Board of the Actuarial Profession. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board’s members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the CMI Executive Committee and auditors

The CMI Executive Committee’s responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Responsibilities of the CMI Executive Committee.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Byelaws of the Institute and United Kingdom Financial Reporting Standards. We also report to you if, in our opinion, the report is not consistent with the financial statements, if the CMI has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also

includes an assessment of the significant estimates and judgements made by the CMI Executive Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the CMI's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the CMI's affairs as at 28 February 2009 and of its net surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

..... **for haysmacintyre**
Chartered Accountants and Registered Auditors
London

..... Date

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009

**INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 28 FEBRUARY 2009**

	2008/09	2007/08
	£	£
<u>INCOME</u>		
Interest	13,901	26,501
Member Contributions: Life Offices	999,264	967,763
Member Contributions: Pensions Consultancies	145,945	141,625
Sales of CMI Tables Programs	5,940	3,560
Funding from Actuarial Profession	130,435	-
Consultancy fees	3,000	2,750
	1,298,485	1,142,199
 <u>EXPENDITURE</u>		
Executive & General Secretariat	201,381	236,599
“Per Policy” Project and Data Processing	95,127	135,436
Critical Illness	170,777	204,065
Life Office Mortality	131,991	111,453
Income Protection	124,504	91,845
Self Administered Pension Schemes Mortality	190,305	132,091
Mortality Projections	154,011	108,606
Technical Working Party	18,094	3,808
Life Office User Group	46	11,555
Quality Audit – Barnett Waddingham LLP	22,428	-
Quality Audit – Other consultancies	32,491	-
Grants to Universities	65,000	65,000
Printing and stationery	1,290	3,719
Office expenses	454	825
Legal and Professional costs	5,900	3,850
Secretarial fees (Actuarial Profession)	2,700	5,182
Bank charges	124	118
Travel and Meeting expenses	2,141	6,168
Hotels, Entertainment & Seminars	1,064	2,654
Corporation Tax	2,937	5,274
	1,222,765	1,128,248
Excess of Income	75,720	13,951

Notes: Income & expenditure is shown net of VAT.

Some areas of expenditure have been grouped differently from previous years. The prior year comparatives have been amended to reflect this. There are no differences to the overall values.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009

BALANCE SHEET AS AT 28 FEBRUARY 2009

	2008/09	2007/08
	£	£
Debtors (<i>Note 7</i>)	109,046	163,038
Cash at bank	271,972	79,579
Investments on deposit	490,000	545,000
	871,018	787,617
Deduct: Creditors and accruals (<i>Note 8</i>)	(140,950)	(133,269)
	730,068	654,348
Represented by:-		
General Fund		
Balance at 1 March 2008 / 2007	654,348	640,397
excess of income for the year	75,720	13,951
	730,068	654,348

The accounts on pages 7 to 9 were approved and authorised for issue by the CMI Executive Committee on 10 June 2009 and signed on its behalf by:

.....

.....

R T G Hails
Treasurer of the Institute of Actuaries,
on behalf of the CMI Executive Committee

Date

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2009

1. The Accounts have been prepared in accordance with applicable accounting standards in the United Kingdom and on the historical cost basis of accounting. Income and expenditure are stated net of VAT where relevant.
2. All recognised gains and losses are included in the Income and Expenditure Account.
3. All items in the Income and Expenditure Account relate to continuing operations.
4. No value is placed on publications in stock or software development costs for the purposes of these Accounts. The CMI owns the software systems written and operated by Barnett Waddingham LLP and used to process data collected by the CMI.
5. Contributions from Life Offices and Pensions Consultancies are made on a voluntary basis and are therefore accounted for upon the receipt of an undertaking as to the amount to be paid, which generally coincides with the receipt of cash.
6. **Taxation liability:** As the CMI is a mutual trading organisation, the CMI is only liable to corporation tax in respect of income arising from transactions with parties other than its members. The estimated liability for the year under review is £2,944.

7. **Debtors:**

	2008/09 (£)	2007/08 (£)
VAT Recoverable	-	2,685
Bank Interest	318	1,490
Members' Contributions – Life Offices	91,278	153,363
Members' Contributions – Pension Consultancies	14,450	2,750
Fees due	3,000	2,750
	109,046	163,038

8. **Creditors & Accruals:**

	2008/09 (£)	2007/08 (£)
Grants to Universities	16,250	16,250
Legal and Professional costs	6,645	5,438
Consultancy Services	5,640	5,640
Barnett Waddingham LLP fees	94,997	100,662
Corporation tax payable	2,944	5,279
VAT Payable	14,474	-
	140,950	133,269