

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

CONTINUOUS MORTALITY INVESTIGATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

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CHAIRMAN’S STATEMENT

I am pleased to present the financial results of the CMI for the year to 29 February 2008. The year has been a very busy one for the CMI and the high level of activity is expected to continue in 2008/09. 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.

Results

Expenditure was around £40,000 (3.7%) higher than in 2006/07; however it still fell short of the budgeted figure by £78,000. The increased expenditure reflects in part the tremendous upsurge in public and professional interest in mortality in recent years and much greater awareness of and interest in the work of the CMI.

Income was around £15,000 (1.3%) higher than in 2006/07, despite a reduction in the Life Office contribution rate. This increase is mainly accounted for by new SAPS members and by increased premium income, on which Life Office members’ contributions are based.

The financial result for the year was a surplus of £13,951, compared to a surplus of £39,447 in 2006/07.

Reserves

The CMI has traditionally adopted a policy of maintaining reserves at each year-end that are the equivalent of six months income. As a result of the variances in income and expenditure, the reserves as at 29 February 2008 (£654,348) exceeded the target level by around £83,000.

Signed on behalf of the CMI Executive Committee:

..... **B P Ridsdale**
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.

..... **G T Russell**
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 29 February 2008 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 29 February 2008 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 29 FEBRUARY 2008

**INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 29 FEBRUARY 2008**

	2007/08	2006/07
	£	£
<u>INCOME</u>		
Interest	26,501	25,758
Member Contributions: Life Offices	967,763	961,204
Member Contributions: Pensions Consultancies	141,625	118,750
Sales of CMI Tables Programs	3,560	12,500
Miscellaneous	-	106
Consultancy fees	2,750	9,349
	1,142,199	1,127,667
 <u>EXPENDITURE</u>		
Executive & General Secretariat	229,435	181,381
“Per Policy” Project and Data Processing	135,436	208,805
Critical Illness	204,116	149,044
Critical Illness – Irish	-	6,780
Life Office Mortality	109,889	213,514
Income Protection	91,962	118,090
Impaired Lives	1,632	1,286
Self Administered Pension Schemes Mortality	132,091	54,469
Mortality Projections Task Force	108,606	-
Technical Working Party	3,808	-
Life Office User Group	11,555	-
Barnett Waddingham LLP Accounting charges	10,725	10,519
Grants to Universities	65,000	61,500
Printing and stationery	3,719	1,988
Office expenses	944	3,663
Legal and Professional costs	3,850	18,700
Secretarial fees (Actuarial Profession)	6,777	4,099
Travelling expenses	775	1,451
Hotels, Entertainment & Seminars	2,654	2,062
Corporation Tax	5,274	28,990
Non-recoverable VAT	-	21,879
	1,128,248	1,088,220
 Excess of Income for the year, before exceptional items	 13,951	 39,447
 Excess of Income	 13,951	 39,447

Note: Income & expenditure is shown net of VAT.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

BALANCE SHEET AS AT 29 FEBRUARY 2008

	2007/08	2006/07
	£	£
Debtors (<i>Note 7</i>)	163,038	84,300
Cash at bank	79,579	31,327
Investments on deposit	<u>545,000</u>	<u>670,000</u>
	787,617	785,627
Deduct: Creditors and accruals (<i>Note 8</i>)	(133,269)	(145,230)
	<u>654,348</u>	<u>640,397</u>
Total Net Assets	<u>654,348</u>	<u>640,397</u>
Represented by:-		
General Fund		
Balance at 1 March 2007 / 2006	640,397	600,950
excess of income for the year	<u>13,951</u>	<u>39,447</u>
	<u>654,348</u>	<u>640,397</u>

.....

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

.....

Date

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 FEBRUARY 2008

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 £5,279.

7. **Debtors:**

	2007/08 (£)	2006/07 (£)
VAT Recoverable	2,685	24,684
Bank Interest	1,490	2,481
Members' Contributions – Life Offices	153,363	35,536
Members' Contributions – Pension Consultancies	2,750	17,500
Fees due	2,750	-
Refund due of overpaid Corporation Tax	-	4,099
	163,038	84,300

8. **Creditors & Accruals:**

	2007/08 (£)	2006/07 (£)
Grants to Universities	16,250	15,375
Legal and Professional costs	5,438	8,400
Consultancy Services	5,640	5,640
Barnett Waddingham LLP fees	100,662	83,897
Contributions received in advance	-	6,383
Corporation tax payable	5,279	25,535
	133,269	145,230