

**THE INSTITUTE AND FACULTY OF ACTUARIES**

**CONTINUOUS MORTALITY INVESTIGATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011**

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# THE INSTITUTE AND FACULTY OF ACTUARIES

## CONTINUOUS MORTALITY INVESTIGATION

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

#### CHAIRMAN'S STATEMENT

I am pleased to present the financial results of the CMI for the year to 28 February 2011. The year has been a very busy one for the CMI and the high level of activity is expected to continue in 2011/12. More details are contained in the CMI's Annual Review, as sent to the Management Board of the Institute and Faculty of Actuaries 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.

<b>Executive Committee</b>	<b>Attendance*</b>
Peter Banthorpe	3(3)
<i>Mike Bolton</i>	0(2)
Ronnie Bowie	2(3)
Deborah Cooper	2(3)
Robert Hails	2(3)
David Heeney	3(3)
Angus Macdonald (Deputy Chairman)	3(3)
Nigel Masters	2(3)
Keith Miller	1(1)
<i>Paul Murray</i>	1(2)
David Richardson	1(1)
<i>George Russell</i>	2(2)
Gordon Sharp (Chairman)	3(3)
Richard Willets	1(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 nearly £380,000 (29%) lower than in 2009/10, and around £122,000 lower than the budgeted figure.

Income was around £76,000 (7%) lower than in 2009/10. Much of this decrease was anticipated, as a result of consolidation amongst life insurers and actuarial consultancies.

The financial result for the year was a surplus of £64,458, compared to a deficit of £238,453 in 2009/10. The Executive Committee had set the contributions expecting a deficit so the positive outcome is significantly better than anticipated. The financial position of the CMI was and is monitored throughout each year.

**Reserves**

The CMI has traditionally adopted a policy of maintaining reserves at each year-end of around 50% of income. The reserves as at 28 February 2011 (£556,073) exceeded 50% of the actual income in 2010/11 by around £65,000.

Signed on behalf of the CMI Executive Committee:

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

..... Date

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**CONTINUOUS MORTALITY INVESTIGATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011**

**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 and Faculty of Actuaries,  
on behalf of the CMI Executive Committee

..... Date

# **THE INSTITUTE AND FACULTY OF ACTUARIES**

## **CONTINUOUS MORTALITY INVESTIGATION**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011**

#### **INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT BOARD OF THE INSTITUTE AND FACULTY OF ACTUARIES**

We have audited the financial statements of the Continuous Mortality Investigation for the year ended 28 February 2011 which comprise the Income and Expenditure Account, the Balance Sheet and the related Notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Management Board of the Institute and Faculty of Actuaries, as a body. 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**

As explained more fully in the Statement of the Responsibilities of the CMI Executive Committee, the Executive Committee is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the CMI's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Committee; and the overall presentation of 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 2011 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

**THE INSTITUTE AND FACULTY OF ACTUARIES**

**CONTINUOUS MORTALITY INVESTIGATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011**

**INCOME AND EXPENDITURE ACCOUNT FOR THE  
YEAR ENDED 28 FEBRUARY 2011**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
<b><u>INCOME</u></b>		
Interest	1,313	1,880
Member Contributions: Life Offices	840,427	917,335
Member Contributions: Pensions Consultancies	135,867	137,275
Sales of CMI Tables Programs	4,000	1,000
	<hr/>	<hr/>
	981,607	1,057,490
<b><u>EXPENDITURE</u></b>		
Executive & General Secretariat	139,480	180,148
“Per Policy” Project and Data Processing	93,422	122,452
Critical Illness	161,973	182,416
Life Office Mortality	79,672	131,326
Income Protection	175,752	188,739
Self Administered Pension Schemes Mortality	123,782	145,666
Mortality Projections	71,481	220,428
Technical Committee	13,142	21,003
Quality Audit – Barnett Waddingham LLP	3,825	23,050
Grants and Sponsorship to Universities	49,750	71,706
Printing and stationery	-	672
Office expenses	65	419
Legal and Professional costs	3,225	6,052
Bank charges	64	99
Travel, Meetings, Entertainment & Seminars	1,186	1,420
Corporation Tax	330	347
	<hr/>	<hr/>
	917,149	1,295,943
	<hr/>	<hr/>
Excess / (Deficit) of Income	64,458	(238,453)
	<hr/>	<hr/>

Notes: Income & expenditure is shown net of VAT.

**THE INSTITUTE AND FACULTY OF ACTUARIES**  
**CONTINUOUS MORTALITY INVESTIGATION**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011**

**BALANCE SHEET AS AT 28 FEBRUARY 2011**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£</b>	<b>£</b>
Debtors ( <i>Note 7</i> )	31,452	30,038
Cash at bank	544,485	146,820
Investments on deposit	120,000	400,000
	695,937	576,858
Deduct: Creditors and accruals ( <i>Note 8</i> )	(139,864)	(85,243)
	556,073	491,615
Represented by:-		
General Fund		
Balance at 1 March 2009 / 2008	491,615	730,068
excess / (deficit) of income for the year	64,458	(238,453)
	556,073	491,615

The accounts on pages 7 to 9 were approved and authorised for issue by the CMI Executive Committee on 15 June 2011 and signed on its behalf by:

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

..... Date



# THE INSTITUTE AND FACULTY OF ACTUARIES

## CONTINUOUS MORTALITY INVESTIGATION

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

#### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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 £330.

7. **Debtors:**

	2010/11 (£)	2009/10 (£)
VAT Recoverable	25,123	30,001
Bank Interest	62	37
Members' Contributions – Pension Consultancies	6,267	-
	<hr/>	<hr/>
	31,452	30,038

8. **Creditors & Accruals:**

	2010/11 (£)	2009/10 (£)
Grants to Universities	11,000	16,750
Legal and Professional costs	3,200	3,150
Consultancy Services	5,640	5,640
Barnett Waddingham LLP fees	119,694	59,356
Corporation tax payable	330	347
	<hr/>	<hr/>
	139,864	85,243