

THE INSTITUTE AND FACULTY OF ACTUARIES

CONTINUOUS MORTALITY INVESTIGATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

CHAIRMAN'S STATEMENT

I am pleased to present the financial results of the CMI for the year to 29 February 2012. The year has been a very busy one for the CMI and the high level of activity is expected to continue in 2012/13. 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 four times during the year. Members and meeting attendance are set out below.

Executive Committee	Attendance*
Kevin Armstrong	2(2)
Peter Banthorpe	4(4)
Ronnie Bowie	3(4)
Deborah Cooper	2(4)
Joan Coverson	2(3)
Robert Hails	3(4)
<i>David Heeney</i>	4(4)
Angus Macdonald (Deputy Chairman)	3(4)
Nigel Masters	3(4)
Keith Miller	2(4)
David Richardson	2(4)
Gordon Sharp (Chairman)	4(4)
<i>Richard Willets</i>	-(2)

* 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 £8,000 (less than 1%) lower than in 2010/11, and around £110,000 lower than the budgeted figure.

Income was around £20,000 (2%) lower than in 2010/11, principally due to consolidation amongst financial contributors.

The financial result for the year was a surplus of £51,138, compared to a surplus of £64,458 in 2010/11. The Executive Committee had set the contributions anticipating a deficit so the positive outcome is 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, however for simplicity, target reserves of £500,000 were agreed for 2011/12. The actual reserves as at 29 February 2012 (£607,211) exceeded both the target (by £107,000) and the traditional target of 50% of the actual income in 2011/12 (by around £127,000), since the lower expenditure more than offset the lower income. The reserves were £50,000 higher than as at the end of 2010/11.

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 CMI,
on behalf of the CMI Executive Committee

..... Date

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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 29 February 2012 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 29 February 2012 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 2012

**INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 29 FEBRUARY 2012**

	2011/12	2010/11
	£	£
<u>INCOME</u>		
Interest	1,715	1,313
Member Contributions: Life Offices	806,622	840,427
Member Contributions: Pensions Consultancies	146,500	135,867
Sales of CMI Tables Programs	6,000	4,000
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	960,837	981,607
<u>EXPENDITURE</u>		
Executive & General Secretariat	149,630	139,480
“Per Policy” Project and Data Processing	124,670	93,422
Critical Illness	148,491	161,973
Life Office Mortality	83,288	79,672
Income Protection	168,380	175,752
Self Administered Pension Schemes Mortality	119,149	123,782
Mortality Projections	63,385	71,481
Technical Committee	24,296	13,142
Quality Audit – Barnett Waddingham LLP	9,336	3,825
Grants and Sponsorship to Universities	11,000	49,750
Office expenses	80	65
Legal and Professional costs	6,410	3,225
Bank charges	47	64
Travel, Meetings, Entertainment & Seminars	1,130	1,186
Corporation Tax	407	330
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	909,699	917,149
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Excess of Income	51,138	64,458
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Notes: Income & expenditure is shown net of VAT.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

BALANCE SHEET AS AT 29 FEBRUARY 2012

	2011/12	2010/11
	£	£
Debtors (<i>Note 7</i>)	41,610	31,452
Cash at bank	140,113	544,485
Investments on deposit	600,000	120,000
	781,723	695,937
Deduct: Creditors and accruals (<i>Note 8</i>)	(174,512)	(139,864)
	607,211	556,073
Represented by:-		
General Fund		
Balance at 1 March 2011 / 2010	556,073	491,615
excess of income for the year	51,138	64,458
	607,211	556,073

The accounts on pages 7 to 9 were approved and authorised for issue by the CMI Executive Committee on 20 June 2012 and signed on its behalf by:

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

..... Date

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2012

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29 FEBRUARY 2012

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 £407.

7. **Debtors:**

	2011/12 (£)	2010/11 (£)
VAT Recoverable	40,938	25,123
Bank Interest	672	62
Members' Contributions – Pension Consultancies	-	6,267
	<hr/>	<hr/>
	41,610	31,452

8. **Creditors & Accruals:**

	2011/12 (£)	2010/11 (£)
Grants to Universities	-	11,000
Legal and Professional costs	3,290	3,200
Consultancy Services	9,384	5,640
Barnett Waddingham LLP fees	161,431	119,694
Corporation tax payable	407	330
	<hr/>	<hr/>
	174,512	139,864