

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

**CONTINUOUS MORTALITY INVESTIGATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

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**CHAIRMAN’S STATEMENT**

I am pleased to present the financial results of the CMI for the year to 28 February 2010. The year has been a very busy one for the CMI and the high level of activity is expected to continue in 2010/11. 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.

<b>Executive Committee</b>	<b>Attendance*</b>
Peter Banthorpe	<b>2(3)</b>
Mike Bolton	<b>0(3)</b>
Ronnie Bowie	<b>1(3)</b>
<i>Graham Clark</i>	<b>0(1)</b>
Deborah Cooper	<b>2(3)</b>
Robert Hails	<b>2(3)</b>
David Heeney	<b>3(3)</b>
Angus Macdonald (Deputy Chairman)	<b>2(3)</b>
Nigel Masters	<b>1(3)</b>
Paul Murray	<b>1(2)</b>
George Russell	<b>1(3)</b>
Gordon Sharp (Chairman)	<b>3(3)</b>
Richard Willets	<b>3(3)</b>
<i>Brian Wilson</i>	<b>3(3)</b>

\* 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 £73,000 (6%) higher than in 2008/09, and around £30,000 higher than the budgeted figure.

Income was around £241,000 (18.6%) lower than in 2008/09. Much of this decrease was anticipated, given the reduction in the Life Office contribution rate and that income in 2008/09 included funding received in 2008/09 from the Actuarial Profession towards the CMI's work on the Mortality Projections Model.

The financial result for the year was a deficit of £238,453, compared to a surplus of £75,720 in 2008/09. The Executive Committee had set the contribution rates expecting a deficit but the outcome slightly exceeded that 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 2010 (£491,615) fell below 50% of the actual income in 2009/10 by around £37,000.

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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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

**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 2010 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 2010 and of its net deficit 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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**CONTINUOUS MORTALITY INVESTIGATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

**INCOME AND EXPENDITURE ACCOUNT FOR THE  
YEAR ENDED 28 FEBRUARY 2010**

	<b>2009/10</b>	<b>2008/09</b>
	<b>£</b>	<b>£</b>
<b><u>INCOME</u></b>		
Interest	1,880	13,901
Member Contributions: Life Offices	917,335	999,264
Member Contributions: Pensions Consultancies	137,275	145,945
Sales of CMI Tables Programs	1,000	5,940
Funding from Actuarial Profession	-	130,435
Consultancy fees	-	3,000
	1,057,490	1,298,485
<b><u>EXPENDITURE</u></b>		
Executive & General Secretariat	180,148	201,427
“Per Policy” Project and Data Processing	122,452	95,127
Critical Illness	182,416	170,777
Life Office Mortality	131,326	131,991
Income Protection	188,739	124,504
Self Administered Pension Schemes Mortality	145,666	190,305
Mortality Projections	220,428	154,011
Technical Committee	21,003	18,094
Quality Audit – Barnett Waddingham LLP	23,050	22,428
Quality Audit – Other consultancies	-	32,491
Grants and Sponsorship to Universities	71,706	65,000
Printing and stationery	672	1,290
Office expenses	419	454
Legal and Professional costs	6,052	5,900
Secretarial fees (Actuarial Profession)	-	2,700
Bank charges	99	124
Travel, Meetings, Entertainment & Seminars	1,420	3,205
Corporation Tax	347	2,937
	1,295,943	1,222,765
(Deficit) / Excess of Income	(238,453)	75,720

**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 2010**

**BALANCE SHEET AS AT 28 FEBRUARY 2010**

	<b>2009/10</b>	<b>2008/09</b>
	<b>£</b>	<b>£</b>
Debtors ( <i>Note 7</i> )	30,038	109,046
Cash at bank	146,820	271,972
Investments on deposit	<u>400,000</u>	<u>490,000</u>
	576,858	871,018
Deduct: Creditors and accruals ( <i>Note 8</i> )	(85,243)	(140,950)
	<u>491,615</u>	<u>730,068</u>
Represented by:-		
General Fund		
Balance at 1 March 2009 / 2008	730,068	654,348
(deficit) / excess of income for the year	<u>(238,453)</u>	<u>75,720</u>
	<u>491,615</u>	<u>730,068</u>

The accounts on pages 7 to 9 were approved and authorised for issue by the CMI Executive Committee on 8 June 2010 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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**FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2010**

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 £347.

7. **Debtors:**

	<b>2009/10 (£)</b>	<b>2008/09 (£)</b>
VAT Recoverable	30,001	-
Bank Interest	37	318
Members' Contributions – Life Offices	-	91,278
Members' Contributions – Pension Consultancies	-	14,450
Fees due	-	3,000
	30,038	109,046

8. **Creditors & Accruals:**

	<b>2009/10 (£)</b>	<b>2008/09 (£)</b>
Grants to Universities	16,750	16,250
Legal and Professional costs	3,150	6,645
Consultancy Services	5,640	5,640
Barnett Waddingham LLP fees	59,356	94,997
Corporation tax payable	347	2,944
VAT Payable	-	14,474
	85,243	140,950