

Annual Report and Financial Statements

For the year ended 31 December 2016

Contents

03

Directors' Report

04

Independent
auditor's report

05

Income and
expenditure account

05

Balance sheet

06

Notes to the financial
statements

09

Management page

*This page does not form part
of the statutory accounts*

Company Information

Directors Lady B S T Judge
M D O'Neil
(Senior Independent Director)
S A Dukes
R C F Fraser

Secretary M D Haley

Company number 02584687

Registered office 6th Floor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Auditor Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers Lloyds TSB Bank Plc
PO Box 1000
Andover
BX1 1LT

Director's Report

– For the year ended 31 December 2016

The directors present their Annual Report and Financial Statements for the year ended 31 December 2016.

Principal activities

The company is principally engaged in the provision of an information exchange between its members in order to limit fraud.

Review of the business

During 2016, the company continued to operate two fraud data sharing schemes, the National Fraud Database and the Internal Fraud Database.

At 31 December 2016 there were reserves of £9,348,452 (2015: £8,886,374). This represents an accumulated operating surplus to fund new database facilities and replacement of hardware, working capital requirements, reserves created to meet any possible contractual financial obligations under existing service contracts and a general reserve. The directors are committed to maintaining unallocated reserves of at least nine months of operating costs, to ensure the future financial security of the company.

Directors

The directors who served during the year were as follows:

Lady B S T Judge (Appointed 6th September 2016)
M D O'Neill (Senior Independent Director)
S A Dukes
R C Fraser (Appointed 6th September 2016)
K W G Cherrett (Chair) (Resigned 6th September 2016)
G Isle (Resigned 21st March 2016)
H M Rawstron (Resigned 21st March 2016)
R Beavis (Resigned 21st March 2016)
H R Laing (Resigned 21st March 2016)
J M Earl (Resigned 14th June 2016)
U Jallow (Resigned 21st March 2016)
I Walker (Resigned 21st March 2016)
C McKee (Resigned 14th June 2016)
D J Springer (Resigned 6th September 2016)

No directors had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business, except as disclosed in note 13 to the financial statements.

Auditor

Crowe Clark Whitehill LLP, appointed as auditor on 6th September 2016 has expressed its willingness to be reappointed as statutory auditor in accordance with Section 485 of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

M D Haley
Secretary

Independent Auditor's Report

– To the members of Cifas (Limited by Guarantee)

We have audited the financial statements of Cifas for the year ended 31 December 2016 which comprise the Income and Expenditure Account, Balance Sheet and the related notes numbered 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, applicable to smaller entities.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Mike Hicks

Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Income and expenditure account

– For the year ended 31st December 2016

	Notes	2016 £	2015 £
Income	2	6,565,654	6,108,235
Administrative expenses		(6,209,395)	(5,677,622)
Operating surplus	3	356,259	430,613
Interest receivable and similar income		132,274	152,217
Surplus before taxation		488,533	582,830
Taxation		(26,455)	(30,443)
Surplus for the financial year	10	462,078	552,387

Balance sheet

– As at 31st December 2016

	Notes	2016 £	2015 £
Fixed assets	6		
Tangible assets		5,661	8,825
Current assets	7		
Debtors		539,779	327,606
Cash at bank and in hand		13,462,130	12,781,670
Creditors: amounts falling due within one year	8	14,001,909 (4,659,118)	13,109,276 (4,231,727)
Net current assets		9,342,791	8,877,549
Total assets less current liabilities		9,348,452	8,886,374
Reserves			
Other reserves	10	3,263,887	2,976,617
Income and expenditure account	10	6,084,565	5,909,757
Members' funds		9,348,452	8,886,374

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 8th June 2017 and are signed on its behalf by:

S A Dukes
Director

Company Registration No. 02584687

Notes to the financial statements

– For the year ended 31 December 2016

1 ACCOUNTING POLICIES

Company information

Cifas (Limited by Guarantee) is a private company limited by guarantee incorporated in England and Wales. The registered office is 6th Floor, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT.

1.1 ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Cifas (Limited by Guarantee) prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

After reviewing the company’s forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.2 INCOME AND EXPENDITURE

Turnover is the amount receivable for subscriptions due from members and income from other activities such as forums and training courses, excluding VAT.

Expenses are included in the financial statements as they become receivable or due.

Expenses include VAT where applicable as the company cannot reclaim it.

1.3 TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office furniture	50% per annum of cost
Equipment, fixtures and fittings	50% per annum of cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

1.4 FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost when the company becomes party to the contractual provisions of the instrument.

Financial assets held at amortised cost comprise cash at bank and in hand, together with total debtors excluding prepayments.

Financial liabilities held at amortised cost comprise all creditors except social security and other taxes, deferred income and provisions.

1.5 RETIREMENT BENEFITS

The pension costs charged against the profits represent the amount of the contributions payable to pension plans in respect of the accounting period.

1.6 FUND ACCOUNTING

Allocated reserves are sums set aside out of subscriptions received to continue with the phased investment in database facilities and to meet any possible contractual financial obligations under existing service contracts.

2 INCOME

The turnover and surplus on ordinary activities before taxation are attributable to the provision of an information exchange between the company's members, in order to limit fraud. Turnover is confined to the UK.

3 OPERATING SURPLUS

Operating surplus for the year is stated after charging/(crediting): Fees payable to the company's auditor for the audit of the company's financial statements:

	2016 / £	2015 / £
Crowe Clark Whitehill LLP	10,500	–
Cooper Murray	–	6,500

4 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was 50 (2015 - 49).

5 DIRECTORS' REMUNERATION

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

	2016 / £	2015 / £
Remuneration paid to directors	357,437	357,391
Pension contributions paid to directors	56,237	54,385

6 TANGIBLE FIXED ASSETS

	Plant and machinery / £
Cost	
At 1 January 2016	64,330
Additions	3,539
At 31 December 2016	67,869
Depreciation and impairment	
At 1 January 2016	55,505
Depreciation charged in the year	6,703
At 31 December 2016	62,208
Carrying amount	
At 31 December 2016	5,661
At 31 December 2015	8,825

7 DEBTORS

Amounts falling due within one year

	2016 / £	2015 / £
Service charges due	131,300	91,674
Other debtors	408,479	235,932
	539,779	327,606

8 CREDITORS

Amounts falling due within one year

	2016 / £	2015 / £
Trade creditors	131,475	345,164
Corporation tax	26,455	30,443
Other taxation and social security	1,213,161	1,114,572
Other creditors	3,288,027	2,741,548
	4,659,118	4,231,727

9 MEMBERS' LIABILITY

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

10 INCOME & EXPENDITURE ACCOUNT

	2016 / £	2015 / £
At the beginning of the year	8,886,374	8,333,987
Surplus for the year	462,078	552,387
At the end of the year	9,348,452	8,886,374

Analysis of reserves

Cifas maintains a number of reserves to cover a variety of situations. These reserves fall into two broad categories:

Allocated Reserves: Allocated Reserves are those where funds have been allocated against a specific purpose or item, and where there is an expectation that these funds will be spent in the short or medium term.

Unallocated Reserves: Unallocated Reserves are those where funds are being held in reserve for broad strategic contingencies. They have not yet been allocated for a specific purpose. Cifas aims to hold minimum of 9 months operating costs within Unallocated Reserves to cover strategic contingencies.

ANALYSIS OF RESERVES (CONTINUED)

	At 1 January 2016	Surplus for the financial year	Transfer of funds	At 31 December 2016
	£	£	£	£
Allocated Reserves				
Database facilities reserve	360,000	-	-	360,000
Projects reserve	1,136,000	-	148,223	1,284,223
Premises reserve	592,000	-	74,000	666,000
Compliance reserve	500,000	-	-	500,000
Hardware reserve	120,000	-	30,000	150,000
Protecting the vulnerable reserve	268,617	-	35,047	303,664
	2,976,617	-	287,270	3,263,887
Unallocated Reserves				
General accumulated fund	5,909,757	462,078	(287,270)	6,084,565
	8,886,374	462,078	-	9,348,452

11 OPERATING LEASE COMMITMENTS

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016 / £	2015 / £
Land and buildings:		
Under 1 year	504,404	504,404
2-5 years	356,538	860,942
Total	860,942	1,365,346

12 PRIOR PERIOD ADJUSTMENTS

These accounts have been restated to gross up balance sheet items which were netted against deferred income at 31 December 2015. In the previous period, trade debtors of £91,673 and trade creditors of £345,164 were shown as net balances in deferred income, together with prepayments of £159,344. The effect of these corrections is to increase assets by £251,017 and liabilities by £251,017, there is no effect on the income and expenditure account or net reserves position.

13 RELATED PARTY TRANSACTIONS

No advances, credits or guarantees have been made to or on behalf of any director or related party.

14 ULTIMATE CONTROLLING PARTY

In the opinion of the directors, there is no ultimate controlling party as no member holds more than 50% of the voting rights of the company.

Detailed trading and income and expenditure account

– For the year ended 31st December 2016;
this information does not form part of the statutory financial statements

	£	2016 £	£	2015 £
Income				
Subscriptions		6,206,580		5,760,567
Other income		359,074		347,668
		6,565,654		6,108,235
Administrative expenses		(6,209,395)		(5,677,622)
Operating surplus		356,259		430,613
Investment revenues				
Bank interest received	132,274		152,217	6,084,565
		132,274		152,217
Surplus before taxation		488,533		582,830

Our mission is to detect, deter and prevent fraud and fraud-related crime in society by harnessing data and technology and working in partnership.

cifas.org.uk