

Registered number: 02584687

CIFAS
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

CIFAS
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	J J Browett (Chairman) A Wagner (Senior Independent Director) (reappointed as director for a further 3 years on 1 February 2023) R C F Fraser (reappointed as director for a further 3 years on 5 September 2022) M D Haley S-J Lennard Z Wimborne
Company secretary	R J Freedman
Registered number	02584687
Registered office	6th Floor Lynton House 7-12 Tavistock Square London WC1H 9LT
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors 24 Old Bond Street London W1S 4AP
Bankers	Lloyds TSB Bank Plc PO Box 1000 Andover BX1 1LT

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CIFAS
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Overview

Cifas is the UK's leading fraud prevention service, managing the largest database of instances of fraudulent conduct in the UK. Our members – who represent a wide variety of sectors - saved around £1.3bn in fraud losses between 31st March 2022-1st April 2023 by using the data shared through the Cifas National Fraud Database.

2022 was a challenging year for many of our members. The combination of the cost-of-living crisis and inflation in the UK hitting a ten-year high brought about new and challenging fraud threats, resulting in our members recording 409,000 cases of fraudulent conduct to the National Fraud Database – the highest volume of cases ever recorded.

Over 277,000 of these cases related to identity fraud - a rise of nearly a quarter on the previous year and now accounting for 68% of all cases on the National Fraud Database. This is the highest number of identity fraud cases ever recorded in a year and demonstrates why we continue to prioritise the development of our identity protection solution which will empower consumers to protect their own identities.

Our banking members losses to Authorised Push Payment (APP) fraud topped £250m in 2022, and so our priority is to urgently establish a service to help prevent repeat victimisation through these scams. Misuse of facility was the second highest recorded case type with many of these filings related to bank accounts used to launder the proceeds of scams and other criminality.

The trends that we have identified in 2022 have continued into 2023, and we continue to see an increased risk of identity fraud, first party fraud and internal fraud. As a result, our role in protecting our members, the public, and the wider UK economy from fraud and financial crime remains as important as ever.

We therefore remain focussed on the commitment made in the Cifas 2020-25 Business Strategy to take the fight to fraud through more effective sharing of data, intelligence and learning. Over the last 12 months we have made a significant investment in creating new products and solutions to ensure our members are able to keep pace with the ever-evolving methods of fraudsters.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Financial performance

2022-2023 saw economic uncertainty leading to the cost-of-living crisis and rising inflation and subsequent interest rate increases. Against this background, Cifas performed well from a financial perspective, with turnover for the year up to £11,527,418 from £10,220,397 in 2022. As of 31 March 2023 a healthy level of reserves were maintained of £4,232,873 held predominately in cash. Reserves were down by £442,880 from 2022 (£4,675,753) due to continued investment in new products. This represents an accumulated operating surplus to fund working capital requirements, reserves created to meet ongoing contractual financial obligations, funds for investment in future developments and a general reserve.

Overall, the year to March 2023 saw a strong financial performance, minimising financial risk to the Company.

Going concern and key performance indicators

The directors consider that Cifas continues to be a going concern. Retention of our existing membership base (from which we obtain just under 90% of our income) is extremely strong with 98% of existing members renewing into 2023 and continued strong growth in new members. Overall, in the last financial year we achieved 12% growth (2022: 12%) in income in line with our plans and met our member growth targets. Furthermore, in October 2022 we successfully launched Vision, our Customer Monitoring product, and in January 2023, Apollo, our innovative digital fraud training offer.

As a not-for-profit organisation, we use our reserves built up over a number of years to invest in new products to help our members detect even more fraudulent activity and further increase the billions of pounds saved. We plan to continue to deliver further innovations, both within the existing products and through new initiatives, funded from the development reserve. Therefore, we expect a further deficit but anticipate that with the growth in membership and new income streams we will return to operational surplus within 12 months which will be used to replenish our reserves.

Supporting our members

Our Digital Fraud Check (DFC) service continues to help our members make fast, secure, and transparent queries to each other to aid their fraud investigations, while reducing the overheads that are associated with phone calls.

Building on the success of the Cifas Portal in helping members share intelligence on methods being used to target organisations and consumers, we have now established a single sign-in for access to Cifas data, intelligence, and other services.

These improvements have helped to deliver greater engagement, with 75% of our members telling us they now use the Portal at least once a week.

The creation of our Member Experience Hub has also improved the way we support members by providing them with a single point of contact to help them tackle and prevent fraud more quickly and efficiently.

In addition, we continue to make progress in the digital transformation of our core business processes, modernising delivery and improving our communication with members.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Tackling first party fraud

Recognising that the continued squeeze on living standards is likely to lead to a growth in first party fraud, our customer monitoring service – Vision – is helping our members to better understand the fraud risk profile of existing customers and provides real-time alerts to a change in risk within their customer book.

Launched at the end of 2022, users have informed us that they have already identified and prevented potential fraud losses by using the service, and we continue to develop the solution to make it accessible to all members through the development of an 'on-premise' offering.

Money Mules

Mule recruitment continues to be a challenge for our members, with many younger people being targeted by criminals – mostly through social media.

To help youngsters recognise the devastating effect that muling can have on their lives and on others, at the end of 2022, we refreshed our online money mule and other secondary school lesson plans with the PSHE Association, to provide a valuable resource for teachers and parents.

In addition, we have also collaborated with Parentzone and UK Finance to create plans to educate younger children to help them recognise and understand money muling before they become a target.

The Insider Threat

The rise in hybrid and homeworking has provided an opportunity for criminals to exploit the reduced oversight of staff activity. This, coupled with the ongoing cost-of-living crisis, has created greater incentive for employees to commit fraud and steal business information and customer details.

Cifas research has revealed that addictions such as gambling or drugs are often being funded by the proceeds of internal fraud.

We have therefore created Insider Threat Protect to help our members prevent, detect, and defend themselves against the insider threat, as well as the fraud and security risks that originate from within their organisation.

Combining cutting-edge data, intelligence and learning into a package of tools, services and resources, members will be better placed to tackle and prevent the insider threat in all areas of their organisation.

Extending our influence

Over the last twelve months, we have collaborated and shared expertise with a wide range of key strategic partners, including the Home Office, National Economic Crime Centre, City of London Police, RUSI, the Fraud Advisory Panel, UK Finance and Stop Scams, as well as continuing to support the work of the Joint Fraud Taskforce.

Through this we have continued to strengthen our relationships with organisations across the private and public sectors, as well as law enforcement, and pool our collective insights and resources in the fight against economic crime.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Cifas Learning

The Cifas Fraud & Cyber Academy continues to build on the success of previous years and is now recognised as a centre of expertise on fraud and wider economic crime such as bribery and corruption. More recently, the academy has secured contracts to deliver fraud training to – amongst others - the Regional Organised Crime Units, City of London Police, the National Crime Agency, and the newly formed Public Sector Fraud Authority.

At the end of 2022, we launched our digital learning proposition to complement our traditional classroom and online training. Using state-of-the-art video and graphics, these lessons have the potential to equip entire workforces to protect themselves and their organisations against fraud and financial crime.

Membership renewals

Members remain confident in the value for money we provide, with a 98% member retention figure achieved.

This report was approved by the board on 12th September 2023 and signed on its behalf.



R J Freedman
Secretary

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Principal activity

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

Directors

The directors who served during the year were:

J J Browett (Chairman)
A Wagner (Senior Independent Director) (reappointed as director for a further 3 years on 1 February 2023)
R C F Fraser (reappointed as director for a further 3 years on 5 September 2022)
M D Haley
S-J Lennard
Z Wimborne

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.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditors

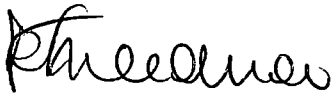
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12th September 2023 and signed on its behalf.



R J Freedman
Secretary

CIFAS
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIFAS

Opinion

We have audited the financial statements of CIFAS (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIFAS (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIFAS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the sector in which it operates and considered the risk of the Company not complying with the applicable laws and regulations including fraud; in particular those that could have a material impact on the financial statements. In relation to the operations of the Company this included employment legislation, tax legislation, health and safety legislation and General Data Protection Regulation (GDPR).

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- Review of legal fees incurred;
- Review of director board minutes;
- Review of Company risk management procedures;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Enquiring of management including those responsible for the key regulations;
- Reviewing the key authorisation policies and estimates for management bias.

We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates. To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIFAS (CONTINUED)

Use of our report

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 Auditors' 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.



Helena Wilkinson (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 15 September 2023

CIFAS
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STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	3	11,527,418	10,220,397
Administrative expenses		(12,093,691)	(10,874,883)
Other operating income		25,091	-
Operating deficit	5	<u>(541,182)</u>	<u>(654,486)</u>
Interest receivable and similar income		121,360	33,393
Loss before tax		<u>(419,822)</u>	<u>(621,093)</u>
Tax on deficit	9	(23,058)	(6,345)
Deficit after tax		<u><u>(442,880)</u></u>	<u><u>(627,438)</u></u>
Retained earnings brought forward		4,675,753	5,303,191
Deficit for the year		(442,880)	(627,438)
Retained earnings carried forward		<u><u>4,232,873</u></u>	<u><u>4,675,753</u></u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of income and retained earnings.


The notes on pages 15 to 27 form part of these financial statements.

CIFAS
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REGISTERED NUMBER: 02584687

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	2,166,669	1,318,771
Tangible assets	11	307,451	300,497
		<u>2,474,120</u>	<u>1,619,268</u>
Current assets			
Debtors: amounts falling due within one year	12	1,314,037	1,411,144
Cash at bank and in hand	13	10,241,673	10,933,954
		<u>11,555,710</u>	<u>12,345,098</u>
Creditors: amounts falling due within one year	14	(9,646,572)	(9,157,217)
		<u>1,909,138</u>	<u>3,187,881</u>
Net current assets			
		<u>4,383,258</u>	<u>4,807,149</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	(15,013)	(45,817)
Provisions for liabilities			
Other provisions	18	(135,372)	(85,579)
		<u>4,232,873</u>	<u>4,675,753</u>
Net assets			
Reserves			
Income and expenditure account		4,232,873	4,675,753
		<u>4,232,873</u>	<u>4,675,753</u>
Members' funds			
		<u>4,232,873</u>	<u>4,675,753</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12th September 2023



M D Haley
Director

The notes on pages 15 to 27 form part of these financial statements.

CIFAS
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(442,880)	(627,438)
Adjustments for:		
Amortisation of intangible assets	183,379	69,269
Depreciation of tangible assets	108,446	105,394
Interest received	(121,360)	(33,393)
Taxation charge	23,058	6,345
Decrease/(increase) in debtors	97,107	(353,628)
Increase in creditors	441,838	1,310,963
Increase in provisions	49,793	-
Corporation tax (paid)	(6,345)	(15,078)
Net cash generated from operating activities	<u>333,036</u>	<u>462,434</u>
Purchase of intangible fixed assets	(1,031,277)	(875,783)
Purchase of tangible fixed assets	(119,689)	(18,558)
Loss on sale of tangible fixed assets	4,289	-
Interest received	121,360	33,393
Net cash from investing activities	<u>(1,025,317)</u>	<u>(860,948)</u>
Net (decrease) in cash and cash equivalents	<u>(692,281)</u>	<u>(398,514)</u>
Cash and cash equivalents at beginning of year	10,933,954	11,332,468
Cash and cash equivalents at the end of year	<u><u>10,241,673</u></u>	<u><u>10,933,954</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>10,241,673</u></u>	<u><u>10,933,954</u></u>

The notes on pages 15 to 27 form part of these financial statements.

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ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	10,933,954	(692,281)	10,241,673
Finance leases	(69,789)	32,624	(37,165)
	<u>10,864,165</u>	<u>(659,657)</u>	<u>10,204,508</u>

The notes on pages 15 to 27 form part of these financial statements.

CIFAS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

Company information

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

1.1 Basis of preparation of financial statements

The 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.

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.

1.2 Going concern

Financial performance continues to be monitored closely by the senior management team and Board, with budgets and cash flow forecasts prepared which consider sensitivities around key assumptions. Over the past few years, deficits were planned to use reserves to fund significant investment in existing and new products and services for our members. In view of these forecasts, our present performance and the current level of free reserves which are predominantly represented by cash assets, the Board has concluded that there are no material uncertainties surrounding Cifas' ability to continue as a going concern. It is therefore appropriate to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income and Expenditure

Membership income is recognised on the subscription period start date. Any income invoiced in advance of the subscription period start date is deferred and recognised in the relevant accounting year. Other income is recognised when Cifas is entitled to the funds, receipt is probable and income can be measured reliably. Expenses are included in their financial statements on an accruals basis and are stated exclusive of VAT.

1.4 Provisions for liabilities

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

1.5 Employee benefits

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.6 Operating leases: the Company as lessor

Rental income from operating leases is credited to the statement of income and retained earnings on a straight-line basis over the lease term.

1.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.8 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of income and retained earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 5 to 7 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.10 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

1.11 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.12 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.

1.13 Taxation

Tax is recognised in the statement of income and retained earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

1.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Intangible fixed assets	-	Over 5 or 7 years
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1.15 Fund Accounting

Designated funds are sums set aside out of subscriptions received to continue with the investment in future developments and to meet any possible contractual financial obligations under existing service contracts.

1.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.16 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over the term of the lease - 10 years
Office furniture	- Over 5 or 10 years
Equipment, fixtures and fittings	- Over 3 or 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

1.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In application of the accounting policies described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates, judgements and assumptions are made based on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstance. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in either the period of revision and/or future periods if relevant.

The areas in the financial statements where estimates have been made include:

- Tangible assets - the useful economic life of assets used in calculating depreciation.
- Intangible assets - the predicted life of the technology before a significant rebuild would be required with reference to existing technology lifespan and the decision as to that proportion of development costs incurred which should be capitalised.
- Provision for dilapidation costs - the estimated costs to revert the property to its original, pre-let state.

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date, are likely to result in material adjustment to their carrying amounts in the next financial year.

3. Income

The whole of the turnover is attributable to the provision of an information exchange between the company's members, including training, in order to limit fraud.

All turnover arose within the United Kingdom.

4. Other operating income

	2023	2022
	£	£
Other operating income	25,091	-
	<u>25,091</u>	<u>-</u>

5. Operating Deficit

The operating deficit is stated after charging:

	2023	2022
	£	£
Auditors Remuneration	15,165	12,580
Loss on sale of tangible fixed assets	2,730	-
Depreciation and amortisation of owned fixed assets	291,825	174,664
Other operating lease rentals	745,874	658,926
	<u>745,874</u>	<u>658,926</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	6,366,046	5,847,587
Social security costs	642,302	622,839
Pension costs	857,963	667,692
	<u>7,866,311</u>	<u>7,138,118</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Average number of employees	<u>91</u>	<u>85</u>

7. Directors' remuneration

	2023 £	2022 £
Remunerations for qualifying services	445,769	428,636
Company pension contributions to defined contribution schemes	22,349	30,137
	<u>468,118</u>	<u>458,773</u>

The directors are considered to be the key management and their emoluments are disclosed above.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022: 1). The highest paid director for the 12 months was paid £275,309 (2022: £264,363) of which £22,349 (2022: £30,137) related to contributions to the defined contribution pension scheme.

8. Interest receivable

	2023 £	2022 £
Other interest receivable	121,360	33,393
	<u>121,360</u>	<u>33,393</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Taxation

	2023 £	2022 £
Corporation tax		
UK Corporation tax on profits for the current period	23,058	6,345

Factors affecting tax charge for the year

The company's primary activities do not give rise to a tax charge. Non-primary activity tax incurred by the company is charged at the standard rate of corporation tax in the UK of 19% (2022 - 19%).

10. Intangible assets

	Computer software £
Cost	
At 1 April 2022	1,426,272
Additions	1,031,277
At 31 March 2023	2,457,549
Amortisation	
At 1 April 2022	107,501
Charge for the year on owned assets	183,379
At 31 March 2023	290,880
Net book value	
At 31 March 2023	2,166,669
At 31 March 2022	1,318,771

Intangible assets includes capital costs of information systems, product development and intelligence tools.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Tangible fixed assets

	Leasehold improvements £	Office furniture £	Equipment, fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2022	85,579	182,305	258,543	526,427
Additions	107,371	-	12,318	119,689
Disposals	-	(22,010)	(3,382)	(25,392)
At 31 March 2023	<u>192,950</u>	<u>160,295</u>	<u>267,479</u>	<u>620,724</u>
Depreciation				
At 1 April 2022	30,309	79,939	115,682	225,930
Charge for the year on owned assets	8,558	19,571	80,317	108,446
Disposals	-	(17,721)	(3,382)	(21,103)
At 31 March 2023	<u>38,867</u>	<u>81,789</u>	<u>192,617</u>	<u>313,273</u>
Net book value				
At 31 March 2023	<u>154,083</u>	<u>78,506</u>	<u>74,862</u>	<u>307,451</u>
At 31 March 2022	<u>55,270</u>	<u>102,366</u>	<u>142,861</u>	<u>300,497</u>

The net book value of plant and machinery held under finance leases or hire purchase contract, included above, totals £70,229 (2022: £88,371).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Debtors

	2023 £	2022 £
Trade debtors	260,961	245,451
Other debtors	9,141	88,025
Prepayments and accrued income	1,043,935	1,077,668
	<u>1,314,037</u>	<u>1,411,144</u>

13. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>10,241,673</u>	<u>10,933,954</u>

14. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	239,428	504,500
Corporation tax	23,058	6,345
Other taxation and social security	182,718	161,672
Obligations under finance lease and hire purchase contracts	22,152	23,972
Other creditors	204,178	164,918
Accruals and deferred income	8,975,038	8,295,810
	<u>9,646,572</u>	<u>9,157,217</u>

15. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	<u>15,013</u>	<u>45,817</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Commitments Under Finance Leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	23,764	37,499
Between 1-5 years	21,303	44,327
	<u>45,067</u>	<u>81,826</u>

17. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	10,241,673	10,933,954
Financial assets measured at amortised cost	396,945	302,551
	<u>10,638,618</u>	<u>11,236,505</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,813,603)</u>	<u>(2,233,255)</u>

Financial assets measured at fair value through profit or loss comprise cash and bank balances.

Financial assets that are debt instruments measured at amortised cost comprise accrued income, trade and other debtors

Financial liabilities measured at fair value through profit or loss comprise trade creditors, obligations under finance leases, accruals and other creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Provisions

Provisions includes amounts required to meet obligations under operating leases.

	£
At 1 April 2022	85,579
Charged to Statement of income and retained earnings	49,793
At 31 March 2023	<u><u>135,372</u></u>

19. Members' liability

The Company is limited by guarantee, not having 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.

20. Income and expenditure account

	2023 £	2022 £
At the beginning of the year	4,675,753	5,303,191
Deficit for the year	(442,880)	(627,438)
At the end of the year	<u><u>4,232,873</u></u>	<u><u>4,675,753</u></u>

Analysis of reserves

Cifas maintains a number of Reserves to cover a variety of situations. These reserves fall into 2 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: Cifas holds at least 20% of annual turnover in Unallocated Reserves to cover strategic contingencies.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Surplus / Deficit for the financial year £	Transfer of funds £	At 31 March 2023 £
Allocated reserves				
Premises reserve	138,355	-	(138,355)	-
Compliance reserve	500,000	-	-	500,000
Development reserve	1,537,398	(442,880)	138,355	1,232,873
	<u>2,175,753</u>	<u>(442,880)</u>	<u>-</u>	<u>1,732,873</u>
Unallocated reserve				
General accumulated fund	2,500,000	-	-	2,500,000
	<u>4,675,753</u>	<u>(442,880)</u>	<u>-</u>	<u>4,232,873</u>

	At 1 April 2021 £	Surplus / Deficit for the financial year £	Transfer of funds £	At 31 March 2022 £
Allocated reserves				
Projects reserve	811,770	-	(811,770)	-
Premises reserve	28,355	-	110,000	138,355
Compliance reserve	500,000	-	-	500,000
Consumer reserve	71,542	-	(71,542)	-
Development reserve	622,951	-	914,447	1,537,398
	<u>2,034,618</u>	<u>-</u>	<u>141,135</u>	<u>2,175,753</u>
Unallocated reserves				
General accumulated fund	3,268,573	(627,438)	(141,135)	2,500,000
	<u>5,303,191</u>	<u>(627,438)</u>	<u>-</u>	<u>4,675,753</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	745,874	745,874
Later than 1 year and not later than 5 years	2,983,496	2,983,496
Later than 5 years	257,424	1,003,298
	<u>3,986,794</u>	<u>4,732,668</u>

22. Operating lease lessor

	2023 £	2022 £
Not later than 1 year	248,196	-
Later than 1 year and not later than 5 years	990,748	-
Later than 5 years	92,226	-
	<u>1,331,170</u>	<u>-</u>

23. Related party transactions

During the year, the Company received £68,544 in membership fees from an entity whereby one the Company directors is a Non-Executive Chairperson (2022: £nil). The transaction was made at arm's length.

No advances, credits or guarantees have been made to or on behalf of any director or related party (2022: none) and no other related party transactions have occurred (2022: none).

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £856,622 (2022: £653,470). Contributions totalling £70,104 (2022: £62,249) were payable to the fund at the balance sheet date and are included in creditors.

25. 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.

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DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Turnover	11,527,418	10,220,397
Other operating income	25,091	-
Less: overheads		
Administration expenses	(12,093,691)	(10,874,883)
Operating loss	(541,182)	(654,486)
Interest receivable	121,360	33,393
Tax on loss on ordinary activities	(23,058)	(6,345)
Loss for the year	<u>(442,880)</u>	<u>(627,438)</u>

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SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Turnover		
Subscriptions	10,307,105	9,384,241
Other income	1,220,313	836,156
	<u>11,527,418</u>	<u>10,220,397</u>
	2023 £	2022 £
Other operating income		
Other operating income	25,091	-
	<u>25,091</u>	<u>-</u>

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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
Administration expenses		
Staff salaries	6,366,046	5,847,587
Staff benefits and welfare	7,572	12,008
Staff national insurance	642,302	622,839
Staff pension costs	857,963	667,692
Training courses delivery costs	214,585	138,557
Entertaining	8,447	7,841
Travel and subsistence	100,166	28,740
Office, IT and telecommunications	367,105	325,959
Projects and research	180,061	192,876
Staff recruitment and development	180,544	159,581
Corporate fees and subscriptions	104,692	171,508
Bad debts	(4,220)	9,895
Public affairs	57,465	8,145
Board costs	35,226	49,018
Fixed office costs	1,141,365	1,054,152
Ancillary office costs	87,858	8,482
Office maintenance and equipment	111,202	64,201
Meetings, events and partnerships	18,980	7,175
Depreciation - office equipment	80,317	76,310
Depreciation - leasehold improvements	8,558	8,558
Depreciation - fixtures and fittings	19,571	20,526
Amortisation	183,379	69,270
Loss on sale of tangible assets	2,730	-
PR and marketing	177,738	109,997
FIND maintenance and development	1,312,553	1,299,500
Public telephone handling	113,761	263,582
Capitalised salary costs	(282,275)	(349,116)
	<u>12,093,691</u>	<u>10,874,883</u>
	2023 £	2022 £
Interest receivable		
Bank interest receivable	121,360	33,393
	<u>121,360</u>	<u>33,393</u>