



CHAIRMAN'S INTRODUCTION

'Cifas exists to protect our members and wider society from fraud and financial crime. It is a community of organisations sharing insight and intelligence, meaning it can protect the livelihoods of millions of people, and make the UK a safe place to live and do business.'

Cifas members continue to be at the heart of the organisation, and it works hard to ensure that they receive a reliable, high quality service. They also want to ensure that members continue to see value in their membership, and are proud to play their part in the UK's largest fraud community.

In 2018, more than 324,000 cases of fraudulent conduct were recorded on the National Fraud database by our members – an increase of six percent compared to 2017. Using this crucial intelligence our membership reported that it had helped them prevent fraud totalling over £1.4bn, meaning that, on average, they saw a return of £234 for every £1 spent on membership.

Fraud is affecting a greater number of organisations than ever before and during the year it expanded its membership to over 400, increasing the reach of our protective services to more sectors of the economy.

Fraudsters increasingly view individuals as the weakest link in fraud defence, so the need for more far reaching consumer protection has never been greater. Cifas recognises that it is well placed to provide a range of cost-effective protective options to organisations and individuals. With this in mind, it has just undertaken an extensive restructure that will ensure that it continues to be relevant and in a strong position to tackle the ever-changing nature of fraud.

In addition, Cifas continues to be a compelling thought leader in the field of fraud and continues to look for opportunities to influence the thinking and major decisions around fraud prevention.

Following on from our appointment as Secretariat of the All-Party Parliamentary Group on Financial Crime and Scamming last year, we are delighted that our CEO, Mike Haley, has been appointed Chair of the Joint Fraud Task Force. This group plays an important role in improving collaboration between government, industry and law enforcement to tackle fraud. This appointment is an important compliment to Cifas, and to Mike personally.

This report focuses on just a selection of important achievements Cifas has made in 2018, and I encourage you to read more about our work on our website.

Finally, I would like to finish by thanking everyone who has worked so hard on our behalf in 2018, including our members, our Board and Advisory Board colleagues, and our dedicated and hard-working staff, all of whom have played an important role in making Cifas the leaders in fraud prevention in the UK.

Lady Barbara Judge CBE

Chairman, Cifas



2018 – PREPARING FOR THE FUTURE...

‘Cifas leads the way in fraud prevention, protecting our members and wider society from fraud and financial crime. 2018 was a pivotal year for Cifas with a number of significant changes introduced to prepare the organisation for the next 30 years.’



Since taking over as CEO of Cifas in May 2018, my priority has been to lay the groundwork to ensure that we are well prepared to tackle the ever-changing threat of fraud both now and in the future.

With that in mind, we carried out a radical review of the organisation to ensure that Cifas is better prepared to take on the challenges of a fast moving technological environment where organised crime and fraudsters increasingly use advanced technology to scam consumers and businesses out of millions of pounds every year.

Our new business model is centred around three strategic priorities: providing a great experience for members and consumers; running a successful organisation; and shaping our future fraud prevention solutions. Grouping our activities under three Corporate Services, Operations, and New Product Development divisions will ensure we can deliver on these priorities.

‘Underpinning everything we do is a set of values that influence the way we deliver our core business, our projects and how we work with each other and with partners’

We have also invested this year in additional capabilities and more staff to make sure that we have the right skills, knowledge and expertise in place to deliver the next phase of our growth. I am confident that these changes will help us deliver a great member and consumer experience, and cutting-edge fraud prevention products.

Underpinning everything we do is a set of values that influence the way we deliver our core business, our projects and how we work with each other and with partners. Our restructure has stayed true to those values of innovation, integrity, expertise and collaboration.

But this was more than just an exercise in reorganising our team structures. We wanted to use this opportunity to review our processes and technology and introduce more agile ways of working, whilst developing a high performing culture that encourages more entrepreneurial flair.

Throughout this period of change, we have continued to ensure that our members receive a high quality service and increase their value for money from their membership.

In 2018 we began work to develop cutting-edge facial-matching technology to help our members – particularly those in the banking and financial sectors – to recognise fraudsters and fraudulent activity more effectively.

Despite being launched only a few months ago, it has already proved to be successful in the fight against fraud with HSBC recently using it to detect and break up a previously unidentified fraud ring.

In 2018 we also introduced proactive alerts when information is loaded on to our databases by one member that is relevant to another. These real-time updates are helping to take the fight to the fraudsters and assist our members to tackle instances of fraud more quickly and effectively.

Fraud continues to evolve and intensify, and we recognise the relentless ingenuity of fraudsters and so we are continually raising our game to help our members respond to new threats.

To effectively tackle fraud, we understand the importance of communicating its impact to as wide an audience as possible is crucial.

Last year alone, our Sponsor a Child Trafficker campaign highlighting the dangers of becoming a money mule reached over a million viewers, and our lesson plans which are designed to raise awareness of fraud amongst 11-16 years olds has been downloaded over 2000 times.

2018 was also the year that we worked more closely with the anti-fraud community to share our knowledge and experience with a wider audience, and we were delighted to welcome local authorities into the Cifas network for the very first time.

Cifas celebrated its landmark 30th birthday in 2018, and I want to ensure that it remains relevant for the next 30 years. I believe that we have never been in a stronger position to create more value through new services and innovation, and be the leading voice and effective influencer in future fraud protection.

I look forward to working with you all to build on these successes in the future.

Mike Haley

CEO, Cifas

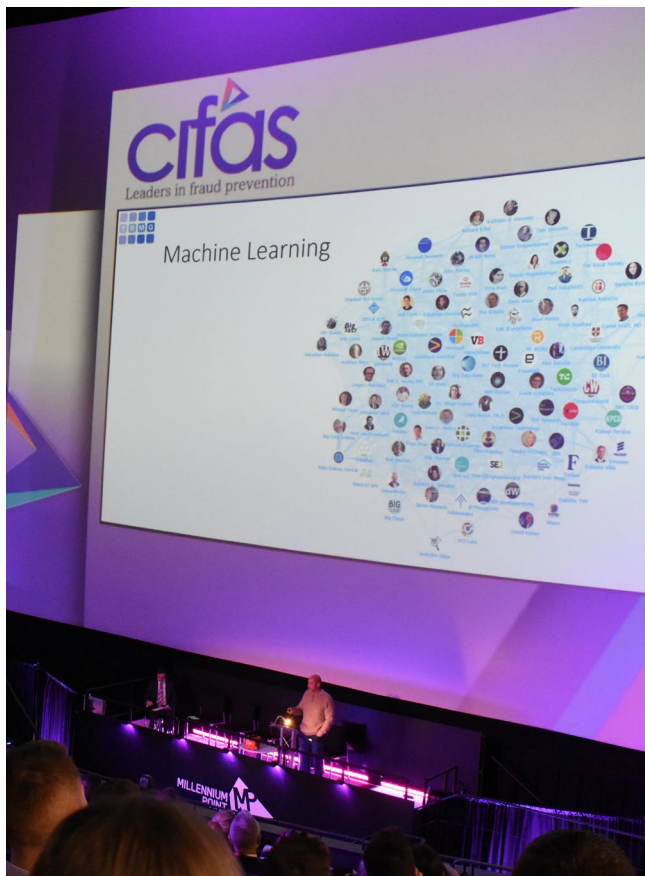
INNOVATION

We recognise the important role that innovation plays in the future success of Cifas, and are committed to exploring new ways to help our members respond in a fast-moving technological environment where organised crime and fraudsters increasingly use advanced technology to scam consumers and businesses.

As part of our recent restructure, we have expanded our technology team and appointed a Chief Product Officer to develop our existing product suite and build future propositions for new and existing markets.

Facial-matching technology

In 2018 we began important work to develop cutting-edge facial-matching technology across our document image data to help our members – particularly those in the banking and financial sectors – recognise fraudsters and fraudulent activity more effectively.



Despite being launched only a few months ago, it has already proved to be successful in the fight against fraud, recently being used by HSBC to detect and break up a fraud ring which would have otherwise gone undetected.

Proactive alerts

To effectively tackle fraud, we understand the importance of the receipt of timely intelligence.

In 2018, we introduced proactive alerts that would automatically alert members whenever there were changes to the National Fraud Database. These real-time alerts give our members the opportunity to take swift action to prevent fraud, as well as help them to manage their risk and money laundering obligations more quickly and effectively.

Identity fraud

Figures from our recent edition of Fraudscape show that in 2018 identity fraud increased eight percent on the last year, with more than 33,000 of these cases having victims who are over the age of 60 – an increase of 34% on 2017. To help Cifas members, we recognise it is crucial that we have clear and concise guidelines on how we can help them better tackle this growing threat.

‘For identity fraudsters, one size certainly does not fit all. We must all be alert to this ever changing crime’ - Fraudscape

In 2018, we carried out a full review of our rules of usage for the National Fraud Database and Internal Fraud Database. As a result of this, we created new guidance that would eliminate the rules that unnecessarily constrain the use of national fraud data to prevent fraud, and give members the flexibility to respond to changing fraud threats, with reductions in the constraints on data usage and operational overheads imposed by the previous rules. The new guidance also addressed how members could use Cifas data under the General Data Protection Regulation (GDPR) – also introduced in 2018.

Training

In 2018, we carried out 50 training courses attracting 430 individuals – a substantial increase on the previous year. We understand that it is crucial that our learning solutions recognise our increasingly diverse and growing membership, and that we help organisations develop standards which will enable them to become leaders in their field.



Our vision is to become an accredited and recognised centre for fraud learning where members can achieve an industry-recognised set of qualifications around fraud, and in 2019 we appointed a Head of Learning and Counter Fraud Studies to further enhance our capabilities in this area.

INTEGRITY

Cifas continues to be a key contact point for consumers with fraud related issues, and our focus remains on providing a first-time query resolution and effective signposting response to all our consumer contact.



The number of calls to Cifas from consumers rose in 2018, and the introduction of GDPR led to a significant rise in Data Subject Access Requests (DSARs). The introduction of our Customer Relationship Management system and associated online ID & Verification service both improved the consumer experience, and enabled us to more effectively manage the increased volume of requests.

Identity fraud-related enquiries continued to account for the majority of contact by consumers with us, with cybercrime and phishing scams driving much of the volume of calls.

Protecting individuals

Cifas helps almost 50,000 individuals who are at risk of identity fraud, offering extra protection against fraudulent applications through our Protective Registration service. In addition, Bulk Protective Registration is available to organisations that wish to protect the identities of customers where there has been a data breach, and 38 organisations used this service in 2017.

In 2017, we conducted a full review of Protective Registration, with proposals for a new, updated consumer protection offering being developed. These proposals are currently being progressed.

Looking ahead, our Consumer Experience team continue to focus on improving how we signpost and support consumers through what can be a challenging time for them. Alongside our current range of consumer contact channels, we are working to enhance our website offer by taking into account the large percentage of people who are visual learners, as well as a focus on audio and visual solutions for consumers, bringing concepts to life that text simply can't.

EXPERTISE

Growing our membership

In the continuing fight against fraud we recognise that there is strength in numbers. The more members we have increases the pool of intelligence that can be used to prevent fraudulent activity. In 2018, we attracted a further 81 organisations to join Cifas, bringing the total membership to 447.



As part of our ongoing growth strategy, we have concentrated on adding companies that can add value to the existing fraud data sharing community, and in 2018 we were proud to attract organisations including Goldman Sachs, Cap Gemini, Admiral Financial Services, National Heritage Memorial Fund and DVLA.

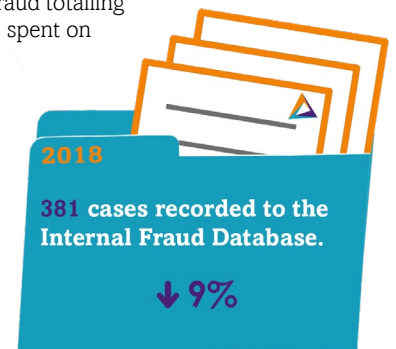
The National Fraud Database

Every day, around 835 new frauds are placed on the National Fraud Database - one every two minutes.

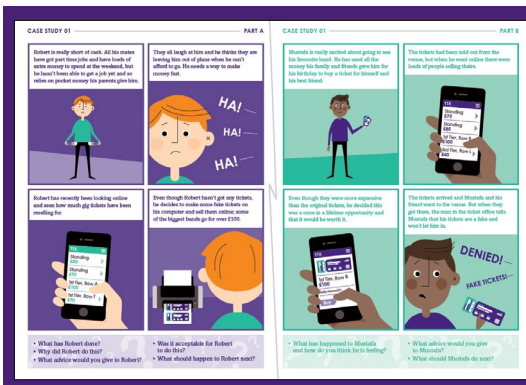
In 2018, Cifas members identified and recorded almost 324,000 cases of fraud to the National Fraud Database - a six percent rise when compared to 2017. As a result, our members prevented fraud totalling £1.4bn, meaning that, on average, our members saw a return of £234 for every £1 spent on membership.

The Internal Fraud Database

The Cifas Internal Fraud Database provides an invaluable service to our members in helping to prevent them unknowingly taking on staff who have previously committed fraud. In 2018 there were 381 cases recorded on this database - a slight reduction on the number recorded the previous year - with 21% of these cases reported to law enforcement. Despite a 13% reduction in dishonest action by staff to obtain a benefit by theft or deception, this type of fraud still remains the most common type of internal fraud.



Educating young people



‘As the rise in money mules demonstrates, many young people seem unaware of the risks they’re running and the consequences this crime can have, not only for the individual concerned but for society as a whole. Therefore more needs to be done to raise awareness about the harm of fraud and financial crime’

- Mike Haley, CEO, Cifas

Fraud can have a lasting impact on young people, and we understand that they are more at risk of becoming victims of fraud, as well as being drawn into financial crime as perpetrators. Cifas research shows that, in 2018, the number of people under the age of 21 becoming victims of identity fraud increased by 26%, and the number of money mule perpetrators rose to just under 10,000. This highlights the real need for education on the risks of fraud.

In response to this, we created four Anti-Fraud Education lessons plans in collaboration with the PSHE Association, the national body for Personal, Social, Health and Economic education in schools. The lessons were specifically targeted at 11-16 year olds to raise awareness of fraud, scams, identity fraud and money mules, and have been downloaded over 2,000 times from the Cifas website.

‘The alarming increase in identity fraud and money mule crimes highlights the urgency of educating young people to meet the challenges of an increasingly complex world. The PSHE curriculum provides such opportunities and we were delighted to work with Cifas on lessons dedicated to helping young people to avoid fraud and understand the significant risks associated with becoming a money mule.’

- Jonathan Baggaley, Chief Executive, PSHE Association

We also work closely with organisations to raise awareness of the risks of fraud amongst young people, recently collaborating with UK Finance on the ‘Don’t Be Fooled’ campaign which is designed to educate youngsters about the risks of fraud and deter them from becoming money mules.

Wolves of the Internet

We recognise the opportunity we have to educate and inform using our unique position as one of the most trusted aggregators of data. Working closely with digital forensics organisation Forensic Pathways, we compiled a report revealing where people’s personal data is being compromised online.



‘This report not only demonstrates the vulnerabilities of personal data held on surface web platforms, but also highlights the pressing need to monitor these with more vigour. It also reminds us that although illegal activity occurs on the dark web, it is also prevalent on the surface web, where the selling of personal data through forums and online shops is clearly evident.’

- Deborah Leary, CEO Forensic Pathways

Using the details of victims of impersonation recorded by Cifas member organisations, we looked at where the personal data of these victims could be found on the internet and the dark web. The results were published in our report ‘Wolves of the Internet: Where do fraudsters hunt for data online?’ alongside a number of recommendations both for organisations and individuals on how to manage and protect personal data. The report has been viewed over 2,500 times on our website, and has proved popular across social media too – with the tweet announcing the launch of the report viewed just over 21,500 times.

Sponsor a Child Trafficker video

In 2017 we collaborated with Financial Fraud Action UK to raise awareness of money mule activity. Our Sponsor a Child Trafficker video explored the disturbing consequences that this type of fraud facilitates, and in 2018 this video had reached over one million viewers.

COLLABORATION

Collaboration is at the heart of Cifas, and we understand that bringing together sectors and organisations to share intelligence and data is the most effective way to tackle financial crime.



'No one can expect to deliver an effective defence against these ever-present threats on their own as no one sees the whole picture' – Fraudscape

important pieces of work focusing on how to protect vulnerable members of the community against fraud. This first with educational charity DEMOS produced a new set of fraud protection recommendations for people with affected cognitive abilities, and the second, with the All Party Parliamentary Group on Financial Crime and Scamming to produce a report exploring the impact of fraud and scams on vulnerable people.

Organised Fraud and Intelligence Group meetings

In 2018, we worked to further our opportunities to share fraud intelligence as well as the threats and trends affecting organisations. Key to this are our Organised Fraud and Intelligence Group (OFIG) meetings which provide an opportunity for fraud intelligence and investigation professionals from the private/public sector and law enforcement to exchange information. We organised 21 OFIG meetings across the UK in 2018, with the information from these analysed and shared so that we can help to stay one step ahead of the fraudsters.

In addition to this, we welcome closer collaboration with the public sector as our local authority pilot is bringing together local authorities across the UK into Cifas network for the very first time.

Working with the anti-fraud community

In 2018, we continued to collaborate with other organisations within the anti-fraud community to share our knowledge and experience, understanding that only by working together can we better protect the livelihoods of millions of people, and make the UK a safer place to live, work and do business.

More recently we have worked to produce two



Finally, we are delighted to announce that our CEO, Mike Haley, has been appointed Chair of the Joint Fraud Task Force. This group plays an important role in improving collaboration between government, industry and law enforcement to tackle fraud.



To find out more about Cifas and our research go to www.cifas.org.uk

CIFAS (LIMITED BY GUARANTEE)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

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

Directors

The directors who are considered to be the key management, who served during the year were as follows:

Lady B S T Judge (Chairman)
A Wagner (Senior Independent Director)
P J Avis
A A Dolan
S A Dukes (Resigned 1 May 2018)
R C F Fraser
M D Haley

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 16 to the financial statements.

Auditor

Crowe U.K. LLP, 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 Strategic Report, 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 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.

CIFAS (LIMITED BY GUARANTEE)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

By order of the board

R J Freedman

Secretary

CIFAS (LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIFAS (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Cifas (Limited by Guarantee) for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows and notes to the financial statements, 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 December 2018 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 Auditor's 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 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.
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CIFAS (LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CIFAS (LIMITED BY GUARANTEE)

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 and 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 by the company, 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, 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.

Auditor's 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 auditor's 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.

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

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 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.

Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
St Bride's House, London EC4Y 8EH

CIFAS (LIMITED BY GUARANTEE)

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Income	3	7,941,079	7,196,226
Administrative expenses		<u>(8,502,205)</u>	<u>(7,932,106)</u>
Deficit before taxation		(561,126)	(735,880)
Tax on deficit	7	<u>(16,981)</u>	<u>(13,227)</u>
Deficit for the financial year	14	(578,107)	(749,107)
Retained earnings brought forward		<u>8,599,345</u>	<u>9,348,452</u>
Retained earnings carried forward		<u>8,021,238</u>	<u>8,599,345</u>

CIFAS (LIMITED BY GUARANTEE)

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	8		149,661		29,414
Current assets					
Debtors	10	527,596		449,224	
Cash at bank and in hand		13,160,142		13,332,631	
		<u>13,687,738</u>		<u>13,781,855</u>	
Creditors: amounts falling due within one year	11	<u>(5,730,582)</u>		<u>(5,211,924)</u>	
Net current assets			<u>7,957,156</u>		<u>8,569,931</u>
Total assets less current liabilities			8,106,817		8,599,345
Provisions for liabilities	12		<u>(85,579)</u>		<u>-</u>
Net assets			<u>8,021,238</u>		<u>8,599,345</u>
Reserves					
Other reserves			4,095,499		2,474,019
Income and expenditure account	14		<u>3,925,739</u>		<u>6,125,326</u>
Members' funds			<u>8,021,238</u>		<u>8,599,345</u>

The financial statements were approved by the board of directors and authorised for issue on 3rd June 2019 and were signed on its behalf by:

Lady B S T Judge (Chairman)

Director

Company Registration No. 02584687

CIFAS (LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	18	(101,663)		(131,490)	
Income taxes paid		(13,227)		(26,455)	
Net cash outflow from operating activities		(114,890)		(157,945)	
Investing activities					
Purchase of tangible fixed assets		(146,975)		(40,276)	
Interest received		89,376		68,722	
Net cash (used in)/generated from investing activities		(57,599)		28,446	
Net cash used in financing activities		-		-	
Net decrease in cash and cash equivalents		(172,489)		(129,499)	
Cash and cash equivalents at beginning of year		13,332,631		13,462,130	
Cash and cash equivalents at end of year		13,160,142		13,332,631	

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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 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 the financial statements on an accruals basis and are stated exclusive of VAT.

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:

Leasehold improvements	Over the term of the lease - 10 years
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.

Financial instruments are recognised in the company's balance sheet 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.

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.5 Provisions

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.

1.6 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.

1.7 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.

1.8 Fund accounting

Designated funds 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 Judgements and key sources of estimation uncertainty

In application of the accounting policies, the directors are required to make judgements, estimates and assumptions about carrying value of assets and liabilities that are based on historical experience and other relevant factors. 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 in future periods if relevant.

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 a material adjustment to their carrying amounts in the next financial year.

3 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.

4 Operating deficit

	2018	2017
	£	£
Operating deficit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	11,500	11,000
Depreciation of owned tangible fixed assets	26,728	16,523
	<u> </u>	<u> </u>

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
	62	53
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	3,527,497	3,086,711
Social security costs	374,014	316,129
Pension costs	531,849	466,364
	<u>4,433,360</u>	<u>3,869,204</u>

The total aggregate value of termination benefits recognised in 2018 was £27,497 (2017: £6,422).

6 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	397,756	523,374
Company pension contributions to defined contribution schemes	48,366	64,910
	<u>446,122</u>	<u>588,284</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 2 (2017: 2). The highest paid director was paid £195,536 (2017: £299,753) of which £33,043 (2017: £43,366) related to contributions to the defined contribution pension scheme.

7 Taxation

	2018	2017
	£	£
UK corporation tax on profits for the current period	16,981	13,227
	<u> </u>	<u> </u>

Factors affecting tax charge for the year

The company's primary activities do not give rise to a tax charge. Tax incurred by the company is charged at 19% of interest income (2017: 19%).

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Tangible fixed assets

	Leasehold improvements	Office furniture	Equipment, fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2018	-	29,375	59,680	89,055
Additions	85,579	60,364	1,032	146,975
At 31 December 2018	85,579	89,739	60,712	236,030
Depreciation and impairment				
At 1 January 2018	-	8,568	51,073	59,641
Depreciation charged in the year	2,496	17,682	6,550	26,728
At 31 December 2018	2,496	26,250	57,623	86,369
Carrying amount				
At 31 December 2018	83,083	63,489	3,089	149,661
At 31 December 2017	-	20,807	8,607	29,414

9 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Measured at amortised cost	13,392,286	13,462,577
Carrying amount of financial liabilities		
Measured at amortised cost	712,782	240,811

Financial assets generated interest income of £89,376 (2017: £68,722).

10 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Service charges due	178,270	82,637
Other debtors	26,761	28,397
Prepayments and accrued income	322,565	338,190
	527,596	449,224

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Trade creditors		274,822	75,075
Corporation tax		16,981	13,227
Other taxation and social security		1,207,198	1,344,836
Deferred income		3,793,621	3,613,050
Other creditors		156,699	149,738
Accruals		281,261	15,998
		<u>5,730,582</u>	<u>5,211,924</u>

12 Provisions for liabilities

		2018 £	2017 £
Provisions brought forward		-	-
Additional provisions in the year		85,579	-
		<u>85,579</u>	<u>-</u>
Provisions carried forward		<u>85,579</u>	<u>-</u>

In 2018, Cifas completed the refurbishment of its head office. A provision for the cost of reinstating the office to its original condition at the end of the lease term has been included within the financial statements.

13 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.

14 Income and expenditure account

	2018 £	2017 £
At the beginning of the year	8,599,345	9,348,452
Deficit for the year	(578,107)	(749,107)
	<u>8,021,238</u>	<u>8,599,345</u>

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Income and expenditure account

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: 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 6 months operating costs within Unallocated Reserves to cover strategic contingencies.

	At 1 January 2018	Surplus for the financial year	Transfer of funds	At 31 December 2018
	£	£	£	£
Allocated reserves				
Database facilities reserve	360,000	-	-	360,000
Projects reserve	975,274	(300,000)	-	675,274
Premises reserve	227,855	(227,000)	-	855
Compliance reserve	500,000	-	-	500,000
Hardware reserve	-	-	-	-
Protecting the vulnerable reserve	410,890	(111,520)	-	299,370
Development reserve	-	-	2,260,000	2,260,000
	<u>2,474,019</u>	<u>(638,520)</u>	<u>2,260,000</u>	<u>4,095,499</u>
Unallocated reserves				
General accumulated fund	<u>6,125,326</u>	<u>60,413</u>	<u>(2,260,000)</u>	<u>3,925,739</u>
	<u>8,599,345</u>	<u>(578,107)</u>	<u>-</u>	<u>8,021,238</u>

15 Operating lease commitments

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

	2018	2017
	£	£
Within one year	372,937	465,504
Between two and five years	2,347,970	1,975,033
In over five years	<u>3,508,673</u>	<u>4,254,547</u>
Operating leases	<u>6,229,580</u>	<u>6,695,084</u>

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Related party transactions

No advances, credits or guarantees have been made to or on behalf of any director or related party (2017: £Nil).

17 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.

18 Cash generated from operations

	2018 £	2017 £
Deficit for the year after tax	(578,107)	(749,107)
Adjustments for:		
Taxation charged	16,981	13,227
Investment income	(89,376)	(68,722)
Depreciation and impairment of tangible fixed assets	26,728	16,523
Increase in provisions	85,579	-
Movements in working capital:		
(Increase)/decrease in debtors	(78,372)	90,555
Increase in creditors	334,333	227,009
Increase in deferred income	180,571	339,025
Cash absorbed by operations	<u>(101,663)</u>	<u>(131,490)</u>

CIFAS (LIMITED BY GUARANTEE)

DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018 - This information does not form part of the statutory financial statements

		2018		2017
	£	£	£	£
Income				
Subscriptions		7,180,760		6,420,641
Other income		760,319		775,585
		<u>7,941,079</u>		<u>7,196,226</u>
Administrative expenses		<u>(8,502,205)</u>		<u>(7,932,106)</u>
Operating deficit		<u>(561,126)</u>		<u>(735,880)</u>
