

Annual Report and Statement of Accounts 2014



cifas
Leaders in fraud prevention

CIFAS (LIMITED BY GUARANTEE) Company Information



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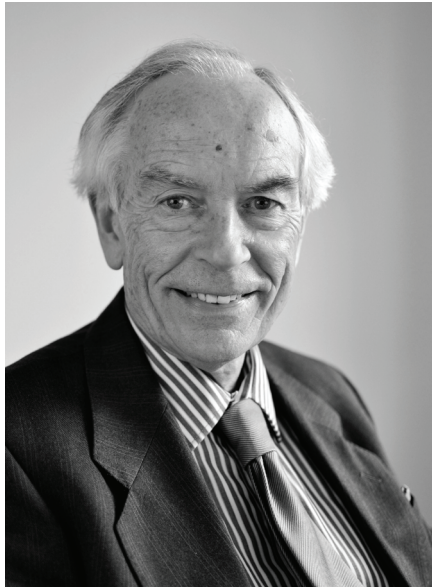
Governance

Guiding and delivering

Our vision

Our vision is to be the voice of cross-sector fraud prevention in the UK: providing fraud prevention solutions of choice for organisations and a central point for fraud protection and advice. With the innovative use of data and technology, we want to work collaboratively across the private, public, charity and academic sectors and with law enforcement to help make fraud unacceptable in society.





Ken Cherrett
Cifas Chairman

Against an improving economic backdrop, Cifas had another very busy year with many significant achievements. The Board, the Senior Management team and I are united in our wish to deliver the best possible fraud prevention solutions for our Members. With this in mind, contact with and support for Members has increased, and a strategy of continuous improvement of our products and services is our touchstone.

The collaborative nature of Cifas is its strength, and Member organisations achieved remarkable results in 2014 by reporting prevented fraud losses of over £1 billion through the use of Cifas data.

Other highlights during the year included:

- delivering by December, on time and to budget, the Cifas Immigration Portal and an associated e-learning package to support new users. The Portal was set up at the request of the Home Office to enable banks and building societies offering current account facilities to perform a check, as required under the Immigration Act 2014, on any new applicant for a current account
- making available deceased data, provided weekly by the General Register Office, as an additional dataset to help Members to prevent the impersonation of the deceased
- initiating collaboration with local authorities to offer protection against identity fraud to vulnerable individuals under their care
- enhancing CaseLink to simplify the charts generated, enabling users to understand more quickly even the most complex fraud rings
- seeing continued growth in the number of Member organisations joining Cifas (with 21 joining the National Fraud Database and 28 joining the Internal Fraud Database)
- producing more, and more timely, intelligence products for Members about new and existing fraud threats
- adding new fraud types to the Internal Fraud Database to include bribery offences
- undertaking and publishing a range of collaborative research reports
- achieving widespread media coverage, particularly in relation to a new series of helpful consumer guides such as *Don't finish your career before it starts*, *Beware what you share*, and *Protecting your online information*.
- helping to form the Joint Money Laundering Intelligence Taskforce and providing a permanent secondment alongside banks and law enforcement.

Review of the year

My first full year as Chief Executive has been exceptionally busy and enjoyable in equal measure. Leading the work of Cifas is a real privilege. Three vital aspects of our work that reflect my own passions have been paramount this year, and you will find many examples throughout the text of this report:

Data is our business and we pride ourselves on the quality and integrity of the databases we have run successfully for 26 years. In 2014 we worked hard at improving even further the usefulness and functionality of the datasets that we hold, and continue to work to reduce unproductive matches.

Technology underpins everything that we do, and we recognise that for us, and for our Members, it is the future. In 2014 we invested in new technology to improve the benefits to Members both in terms of ease of ingestion of data, and also in ways to help Members to analyse the data on the system and get the most from their membership.

Collaboration is vital because preventing fraud depends not only on high quality data being shared, but also on the expertise and willingness of individuals and organisations to work together in the fight. Cifas has long realised that fraud needs to be seen as a non-competitive issue so this year we have actively sought out new relationships and refreshed old ones. These collaborations have huge potential, and some have already borne fruit with joint projects, research and more.

One final aspect of our work that I should like to single out is our new brand refresh, which has been very well-received within the membership and beyond, giving us a new, clean and modern look. First impressions count, and this will help immeasurably with ours as our profile continues to grow.

I am grateful to all of you who have made me so welcome this year. I look forward to building on all of the above initiatives, and to working with you on other areas of our activity in the year ahead.



Simon Dukes
Cifas Chief Executive

The Chairman, the Vice Chairman and three independent directors receive fees for their services. Apart from the Executive Director, the remainder of the Board comprises elected representatives of the membership who receive no payment for their services. There is one Board committee, namely the Resources, Risk and Audit Committee.

2014 was, as always, a busy year for the Cifas Board. In addition to the wide range of matters that it considers regularly, attention was given to:

- monitoring the implementation of Cifas technology to support the delivery of Home Office 'disqualified persons' as required by the Immigration Act 2014
- the review of Cifas' stance on offshoring, following the Member consultation
- agreeing new formats for the strategic oversight of Cifas' activities.

The Board was sorry to lose the services of Carwyn Jones at the end of the year as he moved on from Legal & General, but pleased in June to welcome Richard Beavis of Hitachi Capital (UK) plc and Heather Laing from the Student Loans Company Ltd.



Services to Members

*Working together
to fight fraud*

Innovation

We use the best technology available to deliver practical, creative and timely solutions to prevent fraud. We are positive and agile, take calculated risks, and are not afraid to admit when we fail.





As a membership organisation, close and active engagement with Members is vital. Throughout 2014, Cifas worked with its Members in a wide variety of ways.

Working with new Members

The Business Engagement team provides comprehensive support to organisations joining Cifas. This includes bespoke on-site New Member training and a New Member visit after three to four months to review progress.

One to one meetings and other regular contacts

The Cifas Member Relationship team visits and keeps in contact with Members in order to ensure that they are aware of all the ways in which they can benefit from the use of Cifas data in their account opening and customer management decisions. They do so also to provide support and guidance in more general fraud prevention techniques and processes.

The team provides support to Members who call or email seeking advice or with specific queries. These enquiries are occasionally referred to other specialist teams but in the main are dealt with by the Member Relationship Manager in the interests of maintaining the relationship and providing a seamless service.

Business Sector Working Parties

Cifas organises Business Sector Working Party meetings for Members in the following sectors: banking, mortgage, insurance, asset finance, peer-to-peer and factoring. The purpose of the meetings is to provide a forum for key operational managers in each sector to

exchange information on sectoral trends and best practice. Each meeting typically includes a 'deep dive' topic and many will provide guest presenters from external organisations of particular interest.

Themed meetings

As the year drew to a close, the team put in place plans for two themed meetings early in 2015:

- Company Fraud – to provide Members with more confidence to file business fraud cases, to identify frauds that cannot currently be filed, and to remove any obstacles.
- Data – to reach out to Members' fraud strategy and data specialists with a view to increasing awareness of Cifas data and how it can be used in account management, data matching rules and products and services.

Regional Meetings

These meetings were launched in 2013 to provide a forum for Members who, for reasons of time and/or cost, were not able to attend Business Sector Working Parties (although some individuals do attend both). They are cross-sector and attendees have commented on the value of this aspect as complementary to any sector-specific meetings they attend, whether organised by Cifas or by their trade associations. Two meetings were held in a number of locations during the year, often

kindly hosted by Members, with support from Cifas where required. In 2014, these were held in Scotland, Ireland and Wales. Meetings in Leeds and the Midlands will be added in 2015.

Senior Executive Focus Group

The Senior Executive Focus Group met twice during the year, in April and November, each time attracting 50 or so Senior Executives from across the membership. The objective of such meetings is to provide Senior Executives with access to the Cifas Chief Executive, Board and Senior Management team, to enable them to feed into the strategic development of Cifas, to receive updates on progress, and to learn more about various initiatives and work streams.

Consultations

Cifas consults its membership on key issues, both formally and informally. Formal consultations include those in relation to draft legislation affecting Members' professional interests. Internal consultations are also held on existing Cifas operating procedures and, in 2014, one example was on offshoring. Informal consultations included representatives from Data Services visiting Members to discuss potential new technology or data developments, or the group investigating the feasibility of a new database for disputed transactions.

Visits by the Cifas Chief Executive

Since joining in September last year, the Cifas Chief Executive has embarked on an extensive programme of external meetings with Members, non-Members and key stakeholders in the public, private and not-for-profit/charity sectors. In addition, he meets less formally, or is in regular telephone contact with, several Member organisations, typically at a senior level.

Director attendance at Member visits

Member and Independent Board Directors each continued to accompany a Relationship Manager on one visit during the year, in order to assess and underpin the Cifas relationship and the Member's level of satisfaction with the services they receive.

Webinars

The implementation of WebEx conferencing applications has allowed Cifas teams to reach up to seven individuals simultaneously (using current technology) to offer informal updates and refreshers on a variety of topics with no travel necessary.

During the year, the Relationship Management team introduced a series of *Max your Membership* webinars, attended by 105 individuals representing 42 Members. Further sessions are planned. The WebEx channel will also be used in future to support the launch of new products and services.

Police Partnerships and Law Enforcement Liaison

Cifas works in partnership with police and law enforcement in a number of ways. These include major criminal investigations, participation in national police working groups and helping officers with their investigations and day-to-day enquiries. The focus of all of this work is firmly on preventing fraud and disrupting fraudsters who attack Cifas Member organisations.

Law Enforcement Alerts

Cifas works closely with the Metropolitan Police Service Amberhill team to share with Members details of false and Fraudulently Obtained Genuine (FOG) documents, to enable them to prevent and detect frauds in which such documentation is used. During 2014, Amberhill shared 76 alerts with Cifas containing nearly 30,000 false and FOG document records, and these were all made available to Members. As a direct result of sharing this information, Members prevented frauds worth an estimated value of over £1.05 million in 2014.

Law Enforcement Working Groups

The law enforcement working groups attended by Cifas on behalf of Members are co-ordinated by representatives of the National Police Chiefs' Council and the National Crime Agency, and cover a broad range of key fraud and economic crime issues. During the year, these included identity fraud, money laundering and payment fraud. Cifas representation at such meetings is vital in ensuring that issues important to Members are raised and properly considered.

The National Fraud Intelligence Bureau (NFIB)

The NFIB is a police intelligence system, run by the City of London Police (the National Lead Force for fraud), which unites millions of reports of fraud from both the private and public sectors – including Cifas and Action Fraud data – in one central repository. This facilitates the production of crime packages for law enforcement to investigate in the pursuit of fraudsters who are harming businesses and the general public. In addition, the NFIB produces Fraud Prevention Alerts and Intelligence Assessments. Cifas Members want to see more of the criminals who attack their organisations investigated by police and, once convicted, given longer prison sentences. Cifas therefore has a daily feed into the NFIB of Members' confirmed fraud cases.

Secondments

Cifas seconds a member of staff to provide a link between Member organisations and the NFIB, and to help to secure police investigations into crimes against Cifas Members. The Cifas secondee to the NFIB also works within the Joint Money Laundering Intelligence Taskforce (JMLIT), a 12 month pilot project sharing intelligence on money laundering to pursue financial criminals. This is being co-ordinated between banks, the National Crime Agency and the Financial Conduct Authority.

Mayor's Office for Policing and Crime (MOPAC)

Cifas collaborated with MOPAC on its first ever Business Crime Strategy to help raise the profile of fraud perpetrated against Cifas Members in the Metropolitan Police area. Cifas continues to work closely with MOPAC, NFIB and the new Metropolitan Police Falcon team to develop strategies for combating this rising economic threat to businesses and the economy.

Organised Fraud and Intelligence Group (OFIG) Meetings

OFIG is the central route offered by Cifas for intelligence and investigation professionals to share information with each other on fraud threats, trends, and techniques. Participants come from Cifas Member organisations, law enforcement and other fraud prevention partners. OFIG meetings are held regionally and include London and South East, South West, North, Midlands and Scotland, each of which meets three times a year. The OFIG Committee convenes between rounds of meetings to set the strategic direction of OFIG. The Committee comprises Cifas, the Member chairs of the regional meetings and law enforcement and trade association observers.

An Internal Fraud OFIG meeting was introduced during 2014, and this also meets three times a year, providing attendees with a forum dedicated to sharing information on insider fraud related threats and trends. The information collected is used to develop fraud prevention outputs to help tackle the reported threats, such as intelligence assessments that detail prevention measures for Members and the wider fraud prevention community. Cifas intelligence assessments informed by OFIG in 2014 included:

- *Social Engineering Techniques, Malware Threats and CyberCrime Awareness Problem Profile Bulletins*. These bulletins provide information on key fraud enablers and methodologies for particular fraud types, enabling organisations to consider how well-equipped they are to tackle the threats.
- *Fraud Threat Alerts* relating to phishing, mortgage fraud and premium rate number scams. These short alerts aim to flag an emerging fraud threat to organisations as quickly as possible to help minimise the potential harm it may cause.
- *Insider Fraud Threats Problem Profile Bulletins*.

In 2015, OFIG will continue to focus upon identifying and tackling the organised fraud threats and enablers affecting organisations and the general public. In support of this, OFIG webinars have been introduced to enable the fraud issues raised at OFIG to be tackled more dynamically between meetings.

Research and Intelligence Assessment



Cifas continues to seek out opportunities for collaborative research.

Research

Fraudscape and *Employee Fraudscape* were again released in 2014. These documents analyse the trends in – and the nature of – the frauds identified by Cifas Members. Following their success in 2013, *Fraudscape* and *Employee Fraudscape* were released at well-attended launch events. The popularity of these publications with Members, journalists and fraud prevention partners remained high, with the publication of *Fraudscape* in particular being the driver for considerable media coverage.

Cifas continued to seek out opportunities for collaborative research. One such project was conducted with Experian, examining the socio-demographic factors that have an impact on the level and nature of fraud. Research initiatives into factors affecting internal fraud were undertaken with both the National Crime Agency and De Montfort University, and with Synectics Solutions to investigate where fraud suffered by other sectors can help predict insurance fraud. Further work was commissioned by specialist charity Public Concern at Work into whistleblowing, and by research consultancy ComRes and Cardiff University into public perceptions of identity fraud. The results of both these projects will be made public in 2015.

Internal research conducted in 2014 included a now annual review of the cross-overs between those who have committed, or been involved in, fraud to obtain goods and services and those who have committed fraud against their employer or prospective employer. The findings provided valuable insights for organisations into where early indications of internal fraud might arise.

Intelligence Assessment

In addition to statistical analysis of frauds against Cifas Members, the Cifas Financial Crime and Strategic Intelligence team draws upon Member intelligence to identify the top fraud threats that they are encountering. This intelligence is developed through visits, Cifas meetings and forums, phone calls and emails. Cifas then collaborates with Member organisations to undertake the work required to tackle each of the fraud threats identified.

Quarterly Fraud Threat Update

This update is produced to summarise the main fraud threats and trends as reported to Cifas during the previous calendar quarter across all business sectors represented in membership. The assessment is produced to help inform Members about how the current fraud threats are changing; to inform preventative or remedial action that Members might take to help reduce fraud losses; and for use in raising awareness of key fraud risks internally. The update also highlights work being undertaken by Cifas in response to each of the identified fraud threats, and invites readers to participate.

Fraud Process Map Alerts

In 2014, Cifas launched a library of *Fraud Process Map Alerts* relating to identity fraud, cyber-enabled fraud and mortgage fraud. These alerts are animated visual guides which detail the steps taken by criminals to carry out a fraud type or methodology, the options at any given point in the process, and the relevant enablers. The maps heighten organisations' understanding of how these frauds are committed, potential triggers to aid their identification, and any relevant vulnerabilities within their processes or systems. Cifas *Fraud Process Map Alerts* include both the animated map and specific points of consideration to aid fraud prevention and detection.

TrendMonitor Reports

TrendMonitor Reports alert Cifas Member organisations to any emerging fraud trends and methodologies within their sector. The reports are predominantly driven by data recorded to the Cifas National Fraud Database, but are additionally informed and enhanced by intelligence supplied by Cifas Members and other fraud prevention partners and are updated and made available weekly.

Infrastructure of Databases

Cifas continued to further develop its IT infrastructure during 2014 to enhance the services offered to Members through the National Fraud Database and Internal Fraud Database.

One key advancement was the introduction of deceased data, supplied by the General Register Office and updated weekly, which has helped Members to prevent impersonation of the deceased. A filtering tool was also developed, and this has enabled users of the National Fraud Database to prioritise and control the matches they receive. In addition, after a period of consultation, enhancements were made to the Cifas Plus service by providing more data, allowing the Participating Agencies to run more data matching rules for Members. Following the success of CaseLink, which was a new service introduced in 2013, Cifas continued its development and made further improvements in 2014 to enable entities to be merged. This new functionality has allowed users to understand very quickly even the most complex fraud rings.

Cifas undertook in-depth analysis of device technology in 2014, working closely with technology providers to explore ways of helping Members to share information on devices used to commit confirmed frauds.

Preparation work began with a view to refreshing key aspects of FIND, the system that underpins the National Fraud Database and Internal Fraud Database. By employing the latest technology, Cifas will be able to make its system easier and more efficient to use, while enabling new technology initiatives to be integrated in future.

Cifas also began exploring new technologies and initiatives with a view to helping Members to prevent more fraud, applying the latest technology to unlock the intelligence held within the vast amount of fraud data. During 2014, work was undertaken to assess software solutions and the types of technology available, as well as to understand the IT requirements of Members.

As part of the Immigration Act 2014, Cifas developed a secure portal to provide Home Office data to organisations that were affected by the Immigration Act, but were not Members of Cifas. This portal, together with an e-learning package to help new users, was successfully introduced in December 2014, in line with the commencement of the Immigration Act. In July, Cifas was pleased to be awarded the UK Government's *Cyber Essentials Plus* certificate. The Government introduced this accreditation to improve the response of UK businesses to cyber security threats, as well as to certify their capabilities. In addition, Cifas was recertified to the ISO 27001 security standard.

Member Communications

Cifas strives to make its electronic newsletter, *Spectrum*, as interesting and relevant as possible to all fraud prevention professionals, both those in membership, and those across the wider fraud prevention network. Content therefore encompasses not only Cifas-related news and research, but also a wide range of articles from industry experts, news of relevant Government consultations, and other developments of interest.

Contributions from external bodies or interviews with key figures are now customary, and this year contributors included SAFERjobs, the Anti-Fraud Network, iovation, the Cross-sector Safety and Security Communications Hub, Crimestoppers, De Montfort University, FICO, Higher Education Degree Datacheck, Equifax, Tracesmart (now LexisNexis), Jaywing, the Financial Conduct Authority and Goldsmiths, University of London.

Spectrum remained the main written channel for communicating with Members in relation to Cifas services, and providing key updates on public affairs activities, our work with law enforcement, and the business sector working parties.

Cifas also continued to publish the fortnightly *Update*, a short email sent only to Members. This provides timely information about Cifas-related matters, including forthcoming events and courses.



In addition to the meetings outlined in the Member Relationships section of this report, Cifas organises a number of national events to enable members and industry contacts to network while listening to high profile and relevant speakers.

In May, in conjunction with public policy analysts, Cityforum, Cifas held a round table discussion *Fraud – finding solutions that work*, hosted by RBS. This was a new event for Cifas, attended by Members and a wide range of opinion formers.

Nearly 200 delegates and exhibitors gathered in London in June for the one-day Conference *Where Technology and Fraud Prevention Collide*. A packed programme, led by keynote speaker Chi Onwurah MP, Member of Parliament for Newcastle Central and Shadow Minister of State for the Cabinet Office, covered a range of topics relating to technology and how it can both enable and help prevent fraud. Other presentations included topics such as digital currency, biometrics, data analytics, dealing with data breaches and the legal response to cyber crime.

In October, over 100 delegates attended the annual User Forum. In the unique venue of the Wellcome Collection, Members were brought up to date with the latest Cifas technology, discussed best practice in relation to internal fraud and heard from leading voices in the fraud prevention sector and beyond.

On the social side, the popular Chairman’s Reception was held this year at the Whitechapel Gallery in September. Members and guests mingled happily while taking the opportunity to visit the installation *Continuum of Repair: the Light of Jacob’s Ladder* by Kader Attia.

In addition to the above, well-attended breakfast events were once again held to launch the latest editions of the *Fraudscape* and *Employee Fraudscape* reports.



Clockwise from above: Delegates mingle at the User Forum; a speaker commands the attention of the audience at the Annual Conference; the panel presents to delegates at the breakfast launch of *Employee Fraudscape*.



Training



Providing relevant, high quality training at an affordable price is an important function of the Operations team. During 2014, 36 training sessions were delivered to Members, 11 of these at the Member's premises, a training format that is particularly cost effective for organisations with multiple delegates and travel cost restrictions.

Two new training courses were launched during the year, one on Advanced Internet Investigations and the other being the Internal Fraud Refresher. Both proved popular, attracting excellent attendances.

All of those who sat the Cifas Foundation Degree in Fraud Management (including Cifas staff and Member representatives) passed with merit.

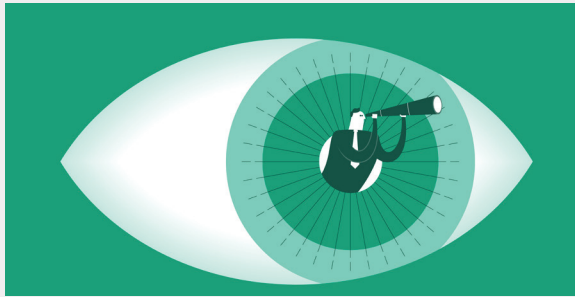
The Operations team also delivered Cifas training to the Financial Ombudsman Service.

Recruitment of New Members

Member recruitment held up very well throughout the year. In 2014, 21 organisations were recruited to access the National Fraud Database whilst 28 were recruited into the Internal Fraud Database. Those that joined spanned a wide variety of sectors including the public sector, peer-to-peer lending, telecommunications, secured lending, insurance, vehicle leasing, banking and beyond.



The Charity Commission officially joined Cifas with an agreement signed by Sam Younger, Chief Executive of the Charity Commission at the time of signing, and Cifas Chief Executive Simon Dukes.



Focus on: Internal Fraud Database



The Internal Fraud Database continued to grow in terms of membership, data and reputation.

The database, which was launched in July 2006, was introduced to help prevent Members unknowingly taking on staff who had previously committed fraud. 28 organisations joined the Internal Fraud Database during the year, continuing to expand beyond the traditional Cifas membership to encompass recruitment specialists, call centres and telecommunications. Consistent media coverage of high profile internal fraud cases during the year may well have contributed to this expansion by demonstrating to organisations the benefits of participating in preventative measures like the Internal Fraud Database. The number of internal fraud records on the database by the end of the year reached over 1,800, an increase of 18% compared with 2013 and revealing the wide variety of frauds experienced by Members.

In January 2014, three new fraud types were added to the database. These are all in line with the Bribery Act 2010 and include *Bribing another person*, *Being bribed*, and *Bribing a Foreign Public Official*. By broadening the scope of the fraud types available in the database, the membership will become more protected from unwittingly hiring someone who has previously committed a fraud.

It is reassuring to note that the very existence of the database, and the records on it, are continuing to protect Members. Cifas has a benefits reporting system, which in 2014 was improved to ensure that Members were able to share this information with Cifas. The purpose of this is to monitor how many positive

matches Members are receiving from the database. A positive match occurs when the subject of a search is found to be the same individual as one recorded on the Internal Fraud Database. Such matches provide a good indication of the effectiveness of the database, and the benefits obtained from being Internal Fraud Members. Through this reporting system, in 2014 Members reported a match rate more than 25% higher than in 2013.

The Internal Fraud Database continued to be recommended as good practice for staff recruitment and vetting by the Financial Conduct Authority (FCA) in its April 2014 regulatory guide, *Financial Crime - a guide for firms*. It also continued to be recommended as good practice by the Chartered Institute of Personnel and Development (CIPD) in its guide, *Pre-employment checks - an employer's guide*.

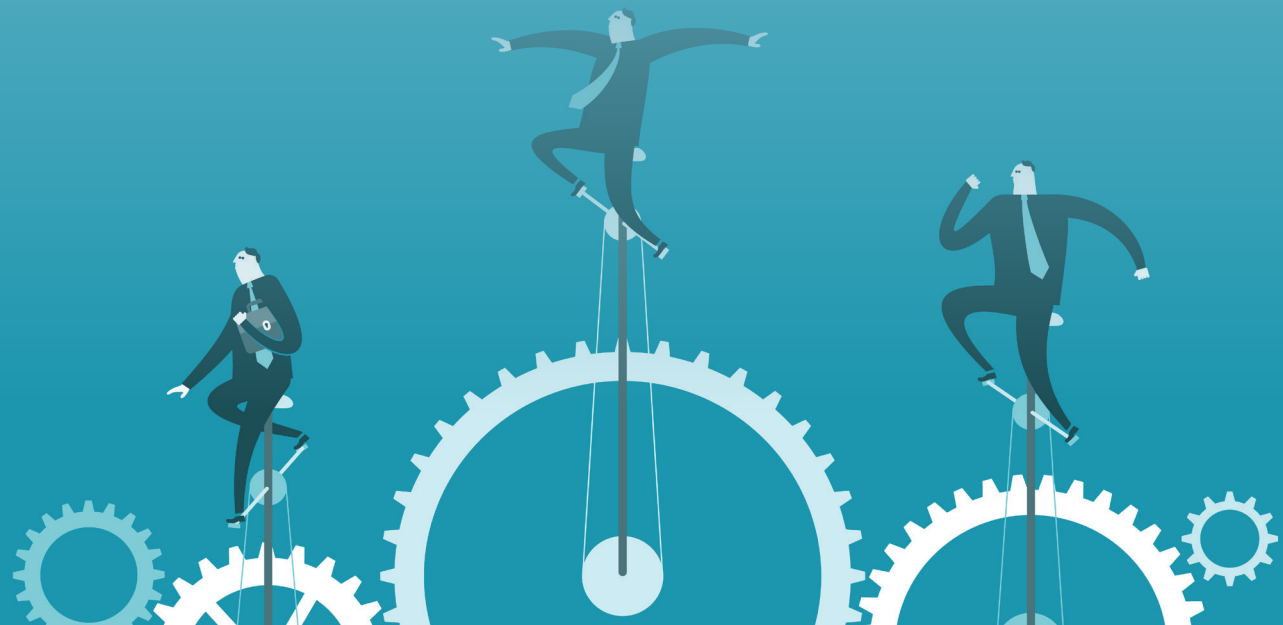
Participation in the Internal Fraud Working Party has continued to expand since its inception in 2008. The Working Party exists to enable participants to discuss relevant and contemporary topics to help them combat fraud, and helps to ensure that Cifas continues to adapt the database to meet Members' evolving needs. 2014 also saw the introduction of the first Internal Fraud OFIG meetings. These allowed fraud investigation professionals from the membership to share intelligence, threats and trends with each other and with law enforcement.

Raising the profile

Widening engagement

Expertise

We work with a common purpose, always do what we say we will, and strive for excellence in everything we do. We focus closely on the needs of those who use our services. We encourage continued development within and beyond our specialisms and value the knowledge and skills of our colleagues.



Media Coverage

Cifas continued to increase its media profile during 2014, particularly in view of its status as a not-for-profit Member organisation. During the year, Cifas continued to achieve a high level of coverage, including numerous appearances on broadcast media channels and throughout the national press.

Cifas is increasingly being seen as an authoritative source of information on a wide range of fraud topics and will continue to build upon this foundation as we seek to raise the profile of the organisation further over coming years.

Topics that proved popular included identity fraud, internal fraud, online fraud and fraud trends relating to specific products or fraud types. In addition, a series of consumer guides was issued during the year, highlighting topics such as fraudulent declarations on job applications *Don't finish your career before it starts*, social media *Beware what you share* and, jointly with information security provider Dionach, *Protecting your online information*. These guides were well-received by consumers as well as the media and have helped Cifas to reach newer audiences and to communicate clear, concise messages about fraud awareness and preventative measures.

Cifas also provided articles for a variety of publications during the year. Internal fraud, consumer advice about keeping personal data safe, and identity fraud were areas of particular focus, with the Chief Executive, the Head of Communications, Communications Manager and Cifas' Internal Fraud teams all contributing to a wide selection of national and trade media.

Social Media

Cifas has increased the reach of its social media presence over the past year. Our Twitter account @Cifas_UK attracts new followers daily, engaging regularly both with consumers and stakeholders, as well as supporting our partners and Members with their campaigns. The Cifas LinkedIn group hosts almost 2,000 members and is an important channel in disseminating information about events, products and services that Cifas offers to Members and non-Members. Plans for 2015 include expansion into new social media channels to diversify audiences and to increase reach - particularly targeting younger demographics.

Cifas Rebrand

Feedback from a wide range of Members and stakeholders in early 2014 indicated strongly that they considered the old brand dated and no longer representative of Cifas as it is today. The prevailing view was that it needed to be refreshed if Cifas was to become recognised as a vibrant, independent and effective voice representing fraud prevention across all sectors.

The Communications team, with input from Members and Cifas colleagues, worked on this project for over a year to define, establish and implement a new brand that would capture the core values of Cifas: Collaboration, Expertise, Innovation and Integrity.



A new, clean and modern Cifas brand was launched in January 2015.

External Presentations

Cifas staff at all levels continued to be in demand for speaking engagements, delivering more than 30 during the year. Audiences included professional bodies, trade associations, academic institutions, fraud forums, law enforcement and commercial organisations.

Topics were diverse, spanning the compromise of identities, tackling fraud and wider organised crime, sharing data to tackle payments fraud, driving down the risk of fraud in contact centres, and much more.



Government Relations and Public Policy

Cifas engaged with Government, Parliament, the Civil Service and the wider public sector on a number of key issues in 2014. Given the proximity to the General Election, much of our work could be seen in this context as Ministers and officials attempted to deliver ahead of purdah and the forthcoming campaign.

This was a year of great change across Whitehall in the fight against fraud. The National Fraud Initiative moved formally into the Cabinet Office, and the roll-out of Universal Credit and the Government's Verify programme focussed attention on preventing fraud from entering these new systems.

Cifas continued to work closely with key bodies such as the National Crime Agency, the Cabinet Office, the Home Office and National Fraud Intelligence Bureau, seeking to influence and provide thought leadership as these bodies pulled together a response to fraud against the public purse.

Cifas' strategy is twofold: to raise the profile of our organisation across Westminster in order to foster a greater understanding of fraud and financial crime, and to work with Government and the public sector to increase take up of Cifas' services among those groups. With these objectives in mind, a number of parliamentary newsletters were published throughout the year, reaching all MPs and Peers, and issue-focussed briefing papers were circulated to parliamentarians around the Christmas and party conference seasons. In addition, Cifas held breakfast events at two of the major party conferences.

The strong relationships developed with Government led to Cifas being selected as the sole provider of Home Office Immigration data to the wider banking sector in order that they were able to achieve compliance with the Immigration Act 2014 (described below). Our collaboration with Home Office Immigration in this area

has helped to prove across Whitehall that Cifas is an organisation that delivers.

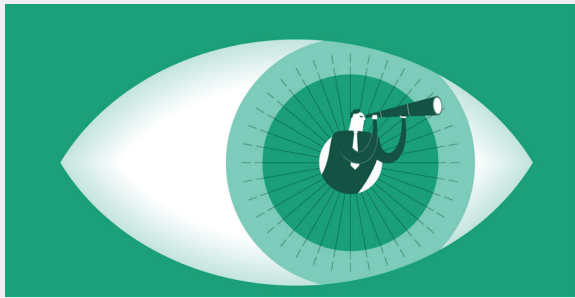
In addition, Cifas continued to work closely with the Fraud, Error and Debt team in the Cabinet Office, attending a number of events related to the creation of a proposed Counter Fraud Checking Service, and also assisting with other areas of interest such as the development of a cross-Government internal fraud database.

Cifas continued to work closely with the Home Office and HM Treasury in support of campaigns to prevent criminal activity.

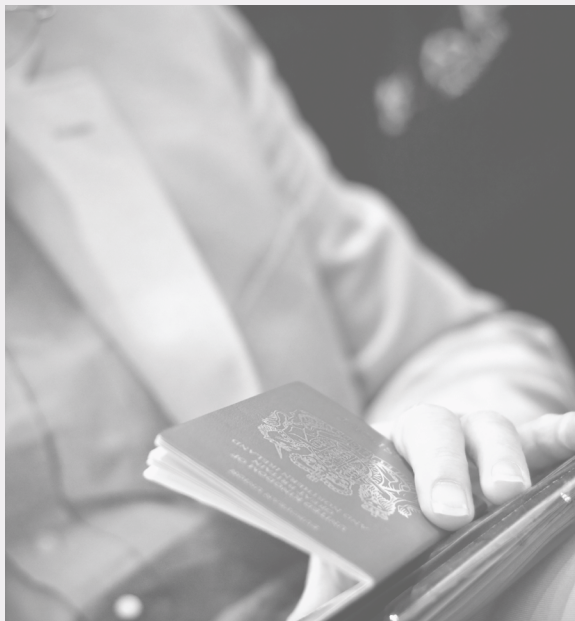
Cifas takes seriously the need to play a full part in public life and therefore represents Members on a wide variety of industry and Government-related working groups. Full details of these are set out in the External Relationships section of this Annual Report. Cifas continues to be careful to restrict its contribution to those where our participation provides the most benefit to Members.

Cifas also represents the views of Members by responding to consultation papers prepared by the Government and other bodies on issues affecting Members' professional interests.

The strong relationships developed with Government led to Cifas being selected as the sole provider of Home Office Immigration data to the wider banking sector.



Focus on: the Immigration Act 2014



The Immigration Act became law in 2014.

The legislation was designed to make the UK a hostile environment for people who had travelled to the UK illegally, or whose leave to remain in the UK had either expired or been withdrawn. A number of provisions were introduced to gear the system in this way, including limiting access for illegal migrants to non-emergency healthcare services, benefits, private rented accommodation and also to current accounts.

Under the Act, banks and building societies that offer current account facilities are required to perform a check against the Home Office's list of 'disqualified persons' before deciding whether to progress an application or decline it. Cifas was named as the sole provider of Home Office Immigration data (the 'disqualified persons' list) to the wider banking sector.

Existing Cifas Members already had access to the data required for them to perform checks against current account applicants. While our Members cover approximately 99% of the banking sector by market penetration, however, considerable numbers of smaller banks and building societies that were not Cifas Members also required access to the data supplied by the Home Office.

Accordingly, working alongside partners from the Home Office, HM Treasury, Financial Conduct Authority, British Bankers' Association, Building Societies Association and the Association of Foreign Banks, Cifas held a number of open meetings to raise awareness of the requirements of the Act and to ensure that organisations knew how to achieve compliance in good time.

To meet the demands of the 100+ niche, foreign and investment banks who fell within the scope of the Act but were not Cifas Members, we built, within four months and on a cost recovery basis, a bespoke portal, the Cifas Immigration Portal. This offers access to the Home Office list of disqualified persons through a simple access channel.

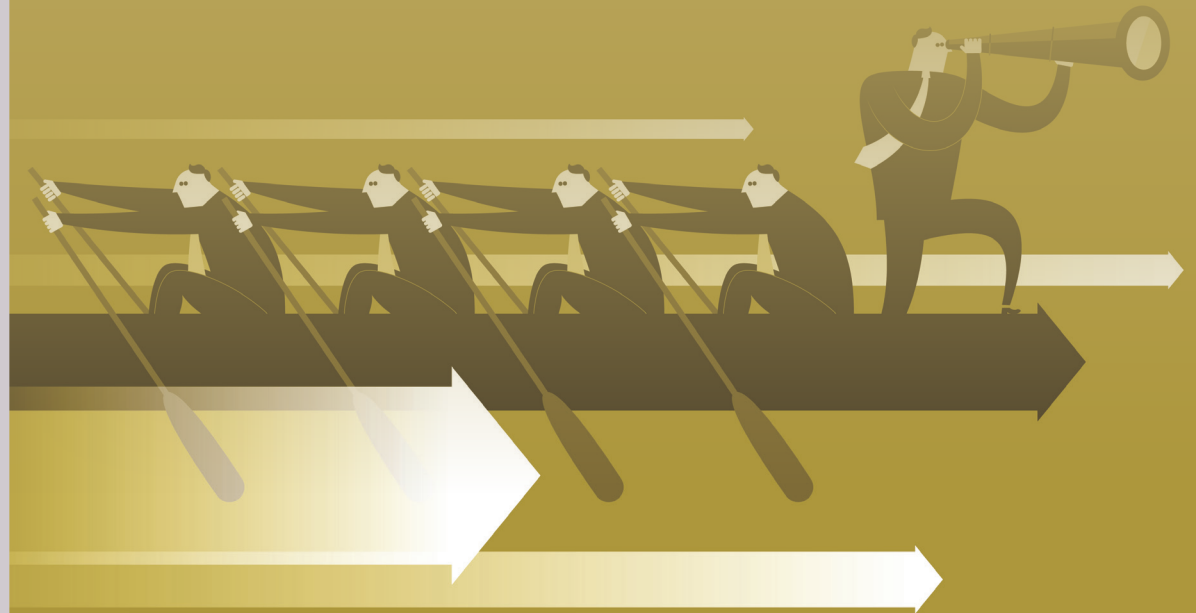
The challenge of bringing on board over 100 new organisations in only a few months, building an e-learning package so that their users had the appropriate system knowledge, helping them achieve technical compliance, and ensuring that this all was achieved without any degradation to service levels was considerable. But Cifas managed to deliver ahead of time and to budget. As a result of this, Cifas was warmly praised by the Minister for Immigration and Security and now has 100% reach across current account-providing banks and building societies.

External Relationships

*Working together
to fight fraud*

Collaboration

We seek to build positive long term relationships and advocate fraud prevention through collaboration rather than competition. We listen, work co-operatively, seek out opportunities for partnership by finding areas of common interest, and we use our combined strength to make a difference.



Participating Agencies and Direct Agencies

Members may access the Cifas database through Participating Agencies that process data for Cifas, through a Direct Agency, or by using Cifas Direct from Cifas itself.

There are five Participating Agencies:

- Callcredit
- Equifax
- Experian
- Experian Decision Analytics (EDA)
- Synectics Solutions.

For over 26 years the Participating Agencies have provided products and services that play a vital role in the way that many Members access Cifas data. They enable those Members who wish to do so to receive Cifas data at the same time as their automated application processes or individual searches access public and/or other information. This service is known as Cifas Plus. The way the Participating Agencies deliver Cifas data to Members varies in complexity, as do the ways in which the data is matched and the detail that is returned, depending on the Agency's product and the age of its platform. In 2014 Cifas enhanced the dataset made available to Participating Agencies, allowing them to build extra data matching rules into Cifas Plus.

There are also two Cifas Direct Agencies:

- Tracesmart Limited
- GB Group (formerly Transactis).

Both offer the full Cifas Portal service to Members, using the latest technology to provide a bridge from a Member's system through a portal into Cifas Direct, thereby ensuring the optimal delivery system.

Regular meetings were held as usual during 2014 between Cifas and representatives of the Agencies.

Committee Participation

Cifas participates in a wide range of committees. These include:

- ECC Fraud against the Individual, Private and Third Sectors Threat Group
- FIN-NET, of which Cifas is an associate Member, attending co-ordinating group meetings
- Fraud Advisory Panel Fraud Prevention and Detection Working Group
- Home Office Partner Meeting on Protecting People from Cyber and Financial Crime
- Joint Money Laundering Intelligence Taskforce (JMLIT) Financial Sector Forum; JMLIT Management, Strategic and Operations Groups; JMLIT Trade Based Money Laundering Experts Group
- Mayor's Office for Policing and Crime (MOPAC) Business Crime Change Board
- National Policing Identity Crime Working Group.



Regular exhibitors and Direct Agency Tracesmart Limited (exhibiting as LexisNexis) chat to delegates at the 2014 Cifas User Forum.

Regulators

Cifas has had a good relationship with the Information Commissioner's Office (ICO) for over 26 years. The ICO was consulted prior to Cifas being founded in 1988. Cifas liaises with the ICO prior to introducing new services or any major changes. During the year, the ICO began its *Review of data sharing between the public and private sector to prevent fraud* and Cifas was one of the Specified Anti Fraud Organisations selected for a visit as part of that review. The outcome of the review is expected in the first half of 2015.

The Financial Conduct Authority continued to endorse the Cifas Internal Fraud Database as best practice for regulated firms.

In addition, the work in relation to the Immigration Act (mentioned elsewhere in this report) necessitated close liaison with the FCA, among others.

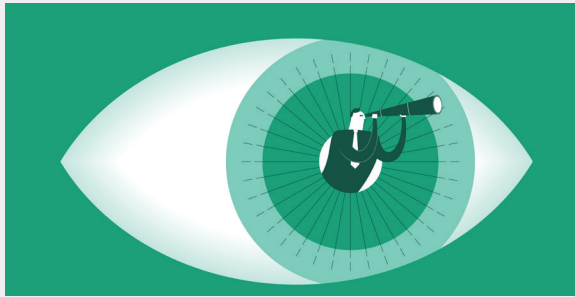


The Financial Conduct Authority continued to endorse the Cifas Internal Fraud Database as best practice for regulated firms.

Collaborations

Some of the organisations we worked with in 2014:

Age UK
Alzheimer's Society
Association of Foreign Banks
Association of Public Authority Deputies
Birmingham City Council
British Bankers' Association
British Property Federation
bss
Building Societies Association
Cabinet Office
Callcredit
Cardiff University & ComRes
CGI
Charity Finance Group
Chartered Institute for Public Finance & Accountancy
Cityforum
City of London Corporation
City of London Police
Companies House
Council of Mortgage Lenders
Cross-Sector Safety and Security Communications
De Montfort University
Department for Business, Innovation & Skills
Department for Work and Pensions
Dionach
Equifax
Experian
Experian Decision Analytics (EDA)
FFA (UK)
Finance and Leasing Association
Financial Conduct Authority
Financial Ombudsman Service
GB Group (formerly Transactis)
General Register Office
Gloucestershire County Council
Home Office
HM Treasury
Information Commissioner's Office
Insurance Fraud Bureau
Law Society
London Borough of Islington
London First
Mayor's Office for Policing and Crime
MENCAP
Metropolitan Police Service
Ministry of Defence
National Crime Agency
National Hunter
Office of the Public Guardian
Public Concern at Work
Redhouse Lane
Royal Institution of Chartered Surveyors
Royal Mail
SCOPE
Solicitors Regulation Authority
Synectics Solutions
Telecommunications UK Fraud Forum
Tracesmart (now LexisNexis)
York Council



Focus on: Ensuring Best Practice



Cifas has a reputation for providing factual, accurate confirmed fraud data and the Annual Review process, led by the Cifas Compliance team, helps to underpin this.

For the National Fraud Database (NFD) the reviews fall into two types, either a visit, or a remote review. For the Internal Fraud Database (IFD) the review always takes the form of a visit. Cifas Best Practice Consultants are responsible for undertaking the review visits. Elements of the review include confirmation that the Standard of Proof is being met in relation to the cases recorded to Cifas, that matches are being handled correctly, and that Privacy Notices are compliant. The reviews also look for evidence of best practice. After assessing all of the elements, a grade is awarded, subject to moderation by the Cifas Operations Manager.

For 2014, in response to feedback from Members, the Cifas Board introduced a new grading structure for the compliance review process. There are now three grades, namely, Pass, Room For Improvement and Ungraded (the latter to be used for new Members that have yet to use the database). 163 NFD compliance annual reviews were carried out in 2014, with over 90% achieving a Pass grade, with a further 5% not yet having used the database. For the Internal Fraud Database, 77 reviews were completed, with 90% achieving a Pass grade, less than 4% being judged Room for Improvement, and a further 6.5% not yet having used the database.

Protecting the Consumer

*Helping consumers
to fight fraud*

Integrity

We are ethical and honourable in our dealings, and open to challenge and scrutiny. We prepare thoroughly, take ownership, provide a high quality service and are reliable and responsible. We encourage diversity, initiative and personal development.



Protective Registration

The opportunity for individuals to register themselves with the Cifas Protective Registration Service continues to be highly valued. Whether through burglary or through loss of identity documents, it is clearly important to consumers to be able to protect themselves from identity fraud. During the year, 10,449 registrations were made – just 2.5% fewer than in the previous year.

Registrations are administered through a dedicated telephone service operated on our behalf by bss, offering prompt peace of mind to people when they are already suffering stress from the loss of important identity documents or other personal data.



Our Protective Registration helpline is now open 7 days a week, so those at risk of fraud can protect themselves without delay.

Bulk Protective Registration

Organisations can, sometimes through no fault of their own, suffer a loss or theft of customer, client or employee data. The Cifas Bulk Registration Service was designed specifically for such incidents, allowing organisations to register with Cifas the details of all those affected by the data loss. This saves those individuals the inconvenience of having to register, or pay for, the service themselves. It also demonstrates a proactive and caring response. In 2014, six organisations used the service, helping to protect 5,964 individuals from identity fraud.

Income generated from Protective Registration and Bulk Protective Registration goes to fund the Protecting the Vulnerable work stream.



Consumers

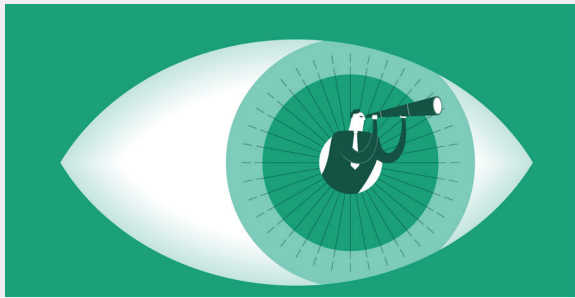
Consumers who wish to know whether Cifas holds data on them are able to do so by making a Subject Access Request. During 2014, Cifas received and responded to 1,078 such requests, an increase of more than 11% on the previous year.

Where Cifas does hold data on an individual, an information sheet is enclosed with the response explaining the process for making a complaint, should he or she so wish. If, after completing the complaints process with a Member, no resolution has been reached, the consumer may refer the case to the Operations team at Cifas. 43 such complaints were received during 2014. After investigation, the team recommended that Members should delete eight of these cases. When compared with the number of cases recorded to Cifas during 2014, this figure is extremely low (0.003%).

Where it is Cifas' view that the case was recorded correctly, the team refers the consumer to the Financial Ombudsman Service (FOS) for an independent decision. Over the past four years, the team has worked hard to establish a good working relationship with the FOS. Where one of its adjudicators reviews a complaint involving a Cifas record, he or she will often contact one of the Cifas team for advice and clarification. In 2014, Cifas offered such advice on 33 occasions. To help with this, the team also delivered Cifas training to the Financial Ombudsman Service during the year.

The Operations team also responds to general enquiries that are mainly received through the website. The number of such enquiries in 2014 was 1,797. Of these, 97% were answered within 48 hours. Even where the enquiry is outside the sphere of Cifas' activity, the team makes every effort to refer the enquirer to the most appropriate organisation for help.





Focus on: Protecting the Vulnerable



In 2014, Cifas began actively to work in partnership with local authorities to provide Protective Registration to particularly vulnerable individuals.

The individuals were namely those under the care of their local authority who are subject to a court order of protection under the Mental Capacity Act 2005. Under the Act, such individuals are not able to request financial or other services (such as credit, loans, passports and bank accounts). Appointed guardians – such as the Appointee or Court Deputy – may apply for Protective Registration for vulnerable individuals in their care. The person's details are then held securely and confidentially on the Cifas database. When requests for credit or other services are made in the person's name to a Cifas Member organisation, an alert is issued so that the provider will be aware of the individual's situation and take action. Appointee and Court Deputy teams responsible for the estates of deceased people can also apply for Protective Registration in the deceased person's name to prevent fraudulent abuse of their details.

The service, which is offered free to local authorities, has already helped to demonstrate just how unscrupulous identity criminals – and even, on occasion, carers or family members – can be in trying to exploit those who are vulnerable. Cifas is actively promoting this service to local authorities. Four local authorities began to use this service during 2014, with a further 13 at various stages of preparatory discussion.

This initiative has proved of considerable interest to Cifas Members and to a wide range of external organisations that take an interest in customer vulnerability, including the Financial Conduct Authority, British Bankers' Association, Building Societies Association, Financial Fraud Action UK, the Home Office and the Office of the Public Guardian. Toward the end of the year, Cifas created a dedicated post for 2015 to develop the Protecting the Vulnerable initiative further.

2014 Statistics — National Fraud Database

Overall increase in recorded fraud

Cifas Members recorded an increase in identified fraud of 25% in 2014. 276,993 cases of fraud were identified and recorded, an unprecedented number. While fraud levels often fluctuate year by year, the overall trend is clear – recorded fraud is increasing.

Misuse of facility fraud



Misuse of facility fraud increased substantially in 2014, with 105,779 cases recorded in the year. Much of this increase was attributable to improved technology allowing organisations to record frauds that previously went unreported. This particularly applied to the communications sector, which was able to record over 54,000 cases in 2014 compared with less than 9,000 in 2013.

Application fraud



Overall, the number of application fraud cases continued to decrease – declining by another 2% compared with 2013. Within this, though, there were increases in application frauds for some key financial products, namely loans and bank accounts.

Facility takeover fraud



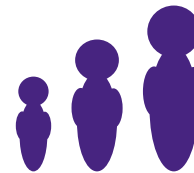
During 2014, facility takeover fraud (also known as account takeover fraud) decreased by 38%, following a decrease in 2013 of 21%. Facility takeover frauds decreased for most types of product, but the most substantial by volume was the decrease against plastic cards – down to 8,300 from 16,000 in 2013. One of the drivers for this decrease will be the ever-improving account security measures employed by card issuers in relation to the accessing of accounts.

Identity fraud



The number of identity frauds increased in 2014, with almost 114,000 cases recorded – including a 35% increase in the number of identity frauds to obtain plastic cards, making plastic cards the most commonly targeted product by identity fraudsters.

New Members



The Cifas National Fraud Database recruited 26 new Full Members during 2014.

Benefits to Members

Cifas Member organisations reported that during 2014 they avoided financial losses due to fraud of over £1 billion.

This represents an increase of 14% over 2013 and is a reflection of the increase in the number and nature of frauds identified. It serves to illustrate that, with continuing pressures on both fraud prevention and headcount at Member organisations, the value of Cifas membership remains unparalleled.



2014 Statistics — Internal Fraud Database

Overall rise in Internal Fraud

There were 751 cases of fraud committed by insiders or an organisation's employees and filed to the Internal Fraud Database in 2014, an increase of 17% on 2013.



New Members

The Cifas Internal Fraud Database recruited 28 new Members in 2014.



The unlawful obtaining or disclosure of commercial/ personal data

While this remained one of the less common frauds during 2014 with 54 cases recorded, this represented an increase of 10% on 2013. The propensity for this type of fraud to fuel identity fraud is clear, and with the increase in identity frauds recorded to the Cifas National Fraud Database, its seriousness should not be underestimated.



Employee application frauds

Employee application frauds were the most commonly recorded type of internal fraud in 2014, accounting for over 50% of internal frauds. Unsuccessful employment application frauds, the most common type, increased by over 35% during the year. Of more concern were successful employment applications (where the fraud was only discovered after the employment began). These more than doubled in 2014, with 77 cases recorded.



Dishonest actions to obtain a benefit by theft or deception

227 cases of dishonest actions to obtain a benefit by theft or deception were recorded in 2014, accounting for over 30% of all records. This underlines the need for all organisations to review their internal processes and controls.

Finance

Against the background of an improving economy, and steady UK economic growth, 2014 brought another strong financial performance from Cifas, with a 7.1% increase in turnover.

The growing interest in membership which first became apparent in 2013 continued, and Member retention remained equally strong. While the cost base to support these additional Members and the development of our services did increase, this was fully funded without any requirement to raise subscription rates or draw down reserves.

Cifas met and exceeded all financial targets for 2014, producing an overall surplus of £813,339 that was transferred to reserves. Cifas reserves, as at the end of 2014, stand at £8.3m. These are intended to cover projected investments as well as known future liabilities, with at least 9 months of operating expenses held within unallocated reserves to underpin the financial security of the organisation.

Throughout 2014, there was a continued focus on increasing membership while improving services and benefits to Members. We remain committed to keeping both our cost base and our subscriptions levels as low as possible, with our Board's intention being that additional income generated in 2014 be used, at least in part, to minimise any future subscription increases.

Sustainability in the Workplace

Cifas takes seriously its responsibilities towards minimising its environmental impact. Cifas is careful to encourage working practices that promote a more sustainable working environment.



Appreciation

This has been a year of real progress for Cifas. With the economy finally beginning to take a turn for the better, we began to look with confidence towards a future of growth and opportunity.

By all measures, Cifas' performance this year has been most positive. This applies not only to the value of fraud prevented by Members and the records filed to the databases, but also our financial out-turn, membership growth, new products and services for Members, our profile, and the increased engagement through attendance at conferences, training courses and meetings.

The growing sense of co-operation and togetherness has been particularly noticeable, both with Members and in our external relationships. This makes us all stronger as we combine in the fight against fraud. We do not take this for granted, however. We are grateful to all of our Members for their commitment, and particularly to those who contribute so unselfishly to our activities. Equally, we are grateful to our Participating and Direct Agencies, to our IT partners, and to our contacts across Government, industry, academia, law enforcement and beyond, with whom we have worked during the year. There is so much more that goes on in the background, not all of it publicised, but we do acknowledge all of the support and commitment, and it is very much appreciated.

As ever, sincere thanks are due to our colleagues on the Board, not only for their hard work in setting strategy and carefully overseeing its delivery, but also for their support of Cifas in so many other ways throughout the year.

Finally, it would be very remiss if we did not mention our hard-working, dedicated and able staff. Indeed we are fortunate to have such accomplished and innovative colleagues, and the achievements set out in this Annual Report are testament to the breadth of their abilities and the depth of their commitment.

Ken Cherrett
Chairman

Simon Dukes
Chief Executive

March 2015



Cifas 2014 — in pictures

Clockwise from right: Simon Dukes opens the User Forum; a delegate arrives for the breakfast launch of *Employee Fraudscape*; a speaker in full flow at the Annual Conference; early morning arrivals at the User Forum.



Cifas 2014 — in pictures



Clockwise from above: Delegates enjoying refreshments at a breakfast briefing; reading the programme over coffee at the Annual Conference; staff keep an eye on proceedings; a breakout seminar on internal fraud takes place at the User Forum.



Directors' Report and Financial Statements

2014

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2014

CIFAS (LIMITED BY GUARANTEE)



DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

During 2014, the company continued to operate two fraud data sharing schemes, the National Fraud Database and the Internal Fraud Database.

At 31 December 2014 there were reserves of £8,333,987 (2013: £7,520,648). This represents an accumulated operating surplus to fund new database facilities and replacement of hardware, working capital requirements, reserves created to meet any possible contractual financial obligations under existing service contracts and a general reserve. The directors are committed to maintaining unallocated reserves of at least nine months of operating costs, to ensure the future financial security of the company.

DIRECTORS

The directors who served during the year are listed on the inside front cover of this Annual Report.

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 11 to the financial statements.

RESPONSIBILITIES OF THE DIRECTORS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and law). The financial statements are required by law to 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 and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 proper accounting records that 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.

In the case of each of the persons who are directors at the time when the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The performance of the Chairman and the Board is formally reviewed annually.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

DIRECTORS' INTERESTS: The directors who served during the year were as follows:

Name	Current/ resigned	Role	Member Organisation	Attendance at Board Meetings
K W G Cherrett	Current	Chairman	Independent*	4 of 4
M D O'Neill	Current	Vice Chairman	Independent*	4 of 4
R Beavis	Current	Member Director	Hitachi Capital (UK) plc	4 of 4
N Blake	Current	Member Director	BIG Lottery Fund	4 of 4
S A Dukes	Current	Chief Executive	Cifas	4 of 4
J M Earl	Current	Appointed Director	Independent	4 of 4
G Isle	Current	Member Director	Black Horse Limited	4 of 4
C A Jones	Resigned	Member Director	Legal & General	3 of 4
H R Laing	Current	Member Director	Student Loans Company Ltd	3 of 3
C McKee	Current	Appointed Director	Independent	3 of 4
H M Rawstron	Current	Member Director	Lloyds Banking Group	4 of 4
D J Springer	Current	Appointed Director	Independent*	4 of 4

*K W G Cherrett, M D O'Neill and D J Springer have each served on the Board for longer than 9 years but are considered independent in character and judgement with no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Commander Steve Head, City of London Police, was re-appointed as a Board Observer in September 2014.

Attendance at Resources, Risk and Audit (RRA) Committee meetings in 2014 was as follows:

Name	Role	Attendance
M D O'Neill	Chairman	4 of 4
K W G Cherrett		4 of 4
J M Earl		4 of 4
C A Jones		3 of 4
D J Springer		4 of 4

AUDITORS

The auditors, Cooper Murray, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board on 24 March 2015 and has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

H D Norton-Amor
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIFAS (LIMITED BY GUARANTEE) FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Cifas (Limited by Guarantee) for the year ended 31 December 2014 on pages 36-41.

The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or 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, or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' Report.

PETER WATTS (Senior Statutory Auditor)

For and on behalf of Cooper Murray
Statutory Auditors
Suite LG6
4 Devonshire Street
London
W1W 5DT

24 March 2015

CIFAS (LIMITED BY GUARANTEE): PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
TURNOVER	2	5,760,786	5,378,145
Administrative expenses		(5,060,338)	(4,506,748)
OPERATING PROFIT	3	700,448	871,397
Other interest receivable and similar income		141,114	183,412
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		841,562	1,054,809
Tax on profit on ordinary activities	4	(28,223)	(36,682)
PROFIT FOR THE YEAR		813,339	1,018,127

The annexed notes form part of these financial statements.

CIFAS (LIMITED BY GUARANTEE): BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	5	4,115	9,093
CURRENT ASSETS			
Debtors	6	51,314	78,945
Cash at bank and in hand		10,922,940	10,743,767
		10,974,254	10,822,712
CREDITORS			
Amounts falling due within one year	7	(2,644,382)	(3,311,157)
NET CURRENT ASSETS		8,329,872	7,511,555
TOTAL ASSETS LESS CURRENT LIABILITIES		8,333,987	7,520,648
NET ASSETS		8,333,987	7,520,648
CAPITAL AND RESERVES			
Other reserves	9	2,727,655	2,018,747
Profit and loss account	9	5,606,332	5,501,901
SHAREHOLDERS' FUNDS		£ 8,333,987	7,520,648

These financial statements have been prepared in accordance with the special provisions relating to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Directors on 24 March 2015 and signed on its behalf.

K W G Cherrett (Chairman)
S A Dukes (Chief Executive)
 On behalf of the Board
 24 March 2015

CIFAS (LIMITED BY GUARANTEE) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The following notes form part of these financial statements.

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (Effective April 2008).

TURNOVER

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

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

PENSION COSTS

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

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. TURNOVER

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.

3. OPERATING PROFIT

	2014 £	2013 £
This is stated after charging:		
Depreciation of owned assets	7,329	7,667
Directors' remuneration	330,737	187,543
Directors' pension contributions	51,629	17,531
Auditors' fees and expenses	6,000	5,700
	<u> </u>	<u> </u>

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
CURRENT TAX:		
UK corporation tax on profits for the period	28,223	36,682
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	28,223	36,682
	<u> </u>	<u> </u>

CIFAS (LIMITED BY GUARANTEE)
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

5. TANGIBLE FIXED ASSETS

	Plant and Machinery £	Fixtures and Fittings £	Total £
COST:			
At 1 January 2014	2,775	50,265	53,040
Additions	-	2,351	2,351
	<hr/>	<hr/>	<hr/>
At 31 December 2014	2,775	52,616	55,391
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1 January 2014	1,767	42,180	43,947
Charge for the year	550	6,779	7,329
	<hr/>	<hr/>	<hr/>
At 31 December 2014	2,317	48,959	51,276
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 December 2014	458	3,657	4,115
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,008	8,085	9,093
	<hr/>	<hr/>	<hr/>

6. DEBTORS

	2014 £	2013 £
Due within one year:		
Other debtors	51,314	78,945
	<hr/>	<hr/>

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Taxation and social security	997,780	1,096,258
Other creditors	1,646,602	2,214,899
	<hr/>	<hr/>
	2,644,382	3,311,157
	<hr/>	<hr/>

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

8. SHARE CAPITAL

The company is limited by guarantee and has no share capital. Each Member is liable to contribute a sum not exceeding £1 in the event of winding-up.

9. RECONCILIATION OF MOVEMENTS IN RESERVES

Total reserves		2014		2013
		£		£
At 1 January 2014		7,520,648		6,502,521
Surplus for the financial year		813,339		1,018,127
		<hr/>		<hr/>
At 31 December 2014		8,333,987		7,520,648
		<hr/>		<hr/>

Allocated Reserves	At 1 January 2014	Surplus for the financial year	Transfers of funds	At 31 December 2014
	£	£	£	£
Database Facilities reserve	210,000		150,000	360,000
Projects reserve	850,000		250,000	1,100,000
Premises reserve	444,000		74,000	518,000
Compliance reserve	350,000		75,000	425,000
Hardware reserve	60,000		30,000	90,000
Protecting the Vulnerable reserve	104,747		129,908	234,655
	<hr/>		<hr/>	<hr/>
	2,018,747		708,908	2,727,655
	<hr/>		<hr/>	<hr/>
Unallocated Reserves				
General Accumulated Fund	5,501,901	813,339	(708,908)	5,606,332
	<hr/>	<hr/>	<hr/>	<hr/>
	7,520,648	813,339	-	8,333,987
	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of Reserves

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

Allocated Reserves

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

Unallocated Reserves

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

CIFAS (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014 (Continued)

10. LEASING COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as detailed below:

	Land and Buildings 2014 £	Land and Buildings 2013 £
Operating leases which expire:		
Between 2 and 5 years:	504,440	504,440
	<u>504,440</u>	<u>504,440</u>

11. RELATED PARTY TRANSACTIONS

Save as disclosed in note 3 above, no advances, credits or guarantees have been made to or on behalf of any director or related party.

12. PENSION COSTS

The company contributes to pension plans for the benefit of employees. The assets of the plans are held separately from those of the company in independently administered funds.

CIFAS (LIMITED BY GUARANTEE)
 DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
 31 DECEMBER 2014

		2014		2013
	£	£	£	£
TURNOVER				
Subscriptions		5,362,545		5,039,679
Other Income		398,241		338,466
		<u>5,760,786</u>		<u>5,378,145</u>
MISCELLANEOUS OTHER OPERATING INCOME				
Interest		141,114		183,412
		<u>5,901,900</u>		<u>5,561,557</u>
OVERHEADS				
Other Administrative Costs	5,060,338		4,506,748	
		<u>(5,060,338)</u>		<u>(4,506,748)</u>
PROFIT ON ORDINARY ACTIVITIES		<u>841,562</u>		<u>1,054,809</u>

Cifas' Mission

To detect, deter and prevent fraud in society by harnessing technology and working in partnership.



Cifas - a company Limited by Guarantee.
Registered in England and Wales No. 2584687
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