Annual Report and Financial Statements

For the year ended 31 December 2017

Leaders in fraud prevention

Contents

Company Information

DIRECTORS	Lady B S T Judge (Chairman) S A Dukes R C F Fraser A Dolan A Wagner (Senior Independent Director) P Avis M Haley
SECRETARY	M Haley
COMPANY NUMBER	02584687
REGISTERED OFFICE	6th Floor Lynton House 7-12 Tavistock Square London WC1H 9LT
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BANKERS	Lloyds TSB Bank Plc PO Box 1000 Andover BX1 1LT

CHAIRMAN'S STATEMENT

Lady Barbara
Judge CBE,
Chairman, Cifas

In 2017 the risk of fraud continued to evolve and intensify. Identity fraud hit a new all-time high and cyber-enabled fraud accounted for an even greater proportion of the growing problem. Fraud hits the bottom line, harms individuals and reduces trust between consumers and business: that's why it's even more important than ever to invest in cost effective solutions.

Our members rightly look for value for money from their membership. During 2017 they reported to us that they prevented fraud totaling over £1.3 billion through participating in Cifas. That means that, on average, our members saw a return of £239 for every £1 spent on membership. Our not-for-profit status means that we strive to keep subscription increases to the minimum and reinvest any surplus into better services for our members.

Cifas members prevented £1.3 billion in fraud losses in 2017.

For every £1 spent → our members saw a return of £239

Fraud prevention solutions should not interfere with a genuine customer's experience. Accordingly, one of our main achievements in 2017 was the migration of our entire fraud prevention platform to Azure – the cloud service provided by Microsoft – so that we could provide greater levels of reliability, flexibility and speed of response to our members.

Cifas has been successful for nearly 30 years because we are driven to deliver a reliable, responsive and high quality service to our members. In 2017 we did this through:

- **Visiting every one of our members to ensure that they were getting best value from their membership;**
- **Introducing an efficient and modern digital compliance regime; and**
- **Improving and broadening our core products and services.**

We also sought to prevent more organisations and individuals from becoming victims of fraud. In 2017 we saw:

- **Member recruitment reached record levels with 91 new members;**
- **More individuals were protected against identity fraud than ever before, with over 337,000 identities protected; and**
- **Five additional local authorities joined us in our work to protect vulnerable consumers from falling victim to identity fraud.**

To combat the menace of fraud it is necessary to not only prevent fraud through intelligence sharing but also to communicate its impact to as wide an audience as possible. We did this through:

- **Reaching almost a million viewers with our Sponsor a Child Trafficker campaign to highlight the dangers of becoming a 'money mule';**
- **Launching a new public telephone number allowing consumers to contact us directly; and**
- **Providing the Secretariat to the newly formed All Party Parliamentary Group on Financial Crime and Scamming.**

These are just a selection of our many achievements during the year, and I would encourage you to read more about our initiatives in the rest of this Annual Report.

Our business exists to protect organisations and individuals from fraud, and our success depends on the continued support of our members and stakeholders. I would therefore like to thank all of you for being part of the UK's fraud prevention community and express my particular gratitude to our staff, our Board and Advisory Board. Their commitment and hard work helped to make this a record year for Cifas.

Simon Dukes, Former Chief Executive, Cifas

We were sorry to say goodbye to Simon Dukes as Chief Executive in April 2018 and, although technically his departure date falls outside the remit of the 2017 Annual Report, it would be wrong not to mention him here. Simon succeeded Peter Hurst as our Chief Executive in 2013. In his four and a half years in the role, he took Cifas in new directions, and was known particularly for his strategic and collaborative approach. Our thanks and very best wishes go with him in his move to the Pharmaceutical Services Negotiating Committee.

I was delighted to welcome as his successor Mike Haley, who has over 30 years' experience of tackling and preventing fraud across the public, private and not-for-profit sectors. It was important to me and to my Board colleagues to ensure continuity. Mike was an obvious choice, having been our Deputy Chief Executive for three years, and being well known and respected in the counter fraud community. I look forward to working with him in the year ahead to take Cifas still further.

Barbara Judge

Lady Barbara

CHIEF EXECUTIVE'S STATEMENT

Mike Haley,
Chief Executive, Cifas

It was an honour to have been asked to take the reins at Cifas as CEO after three years as Deputy. I am proud of the progress we made over the last year but even more excited about the prospect of transforming Cifas in the years ahead.

COLLABORATION

In the fight against fraud and financial crime, collaboration has never been more important. Fraud professionals know that fraudsters target the weakest link and that there is strength in numbers. In short, the more members we have, the more fraud data we can share, and the more fraud our members can prevent. In 2017 more organisations than ever chose to join Cifas: membership grew by almost 25% with a record 91 organisations joining. My ambition is to continue that growth with an emphasis on adding new sectors to our fraud data sharing community.

INTEGRITY

Central to the success of Cifas is the quality of our data. A match against Cifas data is a strong indicator of fraud and worthy of further investigation. Providing a data exchange that is both secure and legal that is supported by an effective and efficient compliance regime is integral to our operations. In 2017 we maintained our ISO27001 and Cyber Essentials Security Accreditations and introduced a more efficient digital compliance review process. We also commenced a project to help our members meet the requirements of new data protection legislation and used the opportunity to simplify and clarify our rules in ways that will reduce unnecessary operational costs for businesses.

EXPERTISE

In 2017 more than 305,000 instances of fraudulent conduct were recorded to the National Fraud Database. This information provided us with an unparalleled insight into the trends and developments in the fraud arena, which we published in our annual publication *Fraudscape*. Given that identity fraud was the most significant fraud threat, we also collaborated with LexisNexis Risk Solutions on research to gain a deeper understanding about the victims of this crime. Our expertise in analysing aggregated fraud data enables us to provide insight through our intelligence briefings and our new Be Aware alerts to help prevent even more fraud. During the year we issued 15 such alerts highlighting emerging tactics used by fraudsters.

INNOVATION

As well as taking advantage of cloud computing and taking the opportunity to digitalise our compliance process, 2017 also saw the introduction of our first e-learning training package for our relaunched Fraud Check scheme. This is part of an initiative to deliver more low cost and accessible training options and included delivering a series of online workshops over Skype and WebEx. This is the first of a suite of cost-effective e-learning solutions we plan to develop.

As to the future, supporting our member organisations will be a key focus for me. I have listened to members' views, as reported in our Member Satisfaction Survey, and will look to accelerate our efforts to provide a more responsive service and more intelligence products. Moreover, with fraudsters and financial criminals using every technological weapon available to them, it is essential that we keep pace. It is part of my vision that Cifas should always be at the cutting edge in the deployment of technology, so we are investing in understanding how machine learning, artificial intelligence and data science might be used to prevent more fraud. In addition, we are seeking to make the data we hold work harder for our members through introducing new case types and more proactive intelligence alerts.

I would like to thank everyone who worked so hard on our behalf during 2017: our experienced and dedicated staff, our members, our Board and Advisory Board colleagues, and all our other stakeholders with whom we have collaborated. I look forward to working with you all to build on these successes in 2018 and beyond.

Mike Haley

MAINTAINING AN INNOVATIVE, RELEVANT AND VALUE-FOR-MONEY SERVICE FOR OUR MEMBERS

We exist to protect our members and wider society from fraud and financial crime. We do this by working with a wide range of partners to share fraud-related intelligence.

With 30 years' experience, we know only too well the relentless ingenuity of fraudsters and the increasing threats faced by our member organisations. As fraud continues to evolve, we know that to protect our members, so must we. With that in mind, at the end of 2016, our Board set us an ambitious series of objectives for the years ahead:

- Improve and broaden our existing products and services;
- Prevent more organisations and individuals from becoming victims of fraud;
- Communicate the impact of fraud to as wide an audience as possible;
- Inform fraud prevention strategies and policy; and
- Improve the efficiency and effectiveness of our operations.

IMPROVING AND BROADENING OUR EXISTING PRODUCTS AND SERVICES

Preventing fraud requires us to be innovative, responsive and agile. During 2017, we undertook a major project to migrate our entire fraud prevention platform to Azure, the cloud service provided by Microsoft. Our obligations in operating real time databases for over 400 member organisations include ensuring that our systems are not only flexible, with fast response times, but also maintain the highest levels of data security. By embracing the latest cloud technology, we have a platform for the future that meets these criteria. It also provides greater resilience for data storage and processing, that can evolve to meet members' needs in a cost effective way.

The migration was a major undertaking, involving considerable preparation, and a redesign of some key components. Despite this, we achieved a successful transition with minimal service interruptions to members, and have since seen significant benefits from using the latest cutting edge cloud technology.

A number of other system upgrades took place during 2017. These included improvements to various batch services as well as enhancements to support the new e-Review compliance process.

With future developments in mind, we are looking closely at how machine learning and data science might be used to prevent more fraud. We also worked on a new database that will handle the fraud risk data that currently falls short of the filing criteria for the National Fraud Database. By using bespoke data aggregation techniques to match and enrich this fraud-related data, this should allow elements of this data to be released into the National Fraud Database.
We were re-assessed for, and retained, ISO 27001 (to the recognised standard for Information Security Management) and Cyber Essentials data security certification.

EUROPEAN GENERAL DATA PROTECTION REGULATION (GDPR)

The European General Data Protection Regulation (GDPR) came into force in May 2018 along with a new Data Protection Act. As the data controller for both the National Fraud Database and the Internal Fraud Database as a whole, we worked hard during 2017 to ensure that we would be ready for this. Data is at the heart of what we do, so compliance with this new legislation is essential for our continued success. As an organisation we have always aimed to exceed the requirements of data protection law and so our GDPR readiness project was a major focus for us during the year. The introduction of a new GDPR compliant Fair Processing Notice for members was one of many outcomes.

COMPLIANCE AND BEST PRACTICE

A new compliance and best practice process was introduced during the year that allows members to be reviewed remotely by an expert team who review compliance with the rules for filing and searching the databases. The results of the reviews are also fed to an expanded team of Best Practice Managers.

For the first time in our recent history, our team of Best Practice Managers visited every member organisation to help them get the most from their membership.

The visits had a number of benefits. First, they provided an opportunity for each member to gain a clear understanding of whom to contact in Cifas for help on any particular issue. Best Practice Managers were also able to provide an update on other products and services that would allow the member to gain the best possible value from using Cifas. Guidance was given, where needed, on recording cases to our databases in accordance with legislation and our rules. Finally, members were able to raise any relevant queries or concerns, and to suggest possible areas for future development.

FRAUD CHECKS

In December, we relaunched our Fraud Check Scheme. Historically, this was open to over-use, which had led to a number of key members withdrawing. Relaunched as a formal scheme operated by Cifas, it introduced a number of controls. Since then, compliance levels have increased dramatically, call volumes have become more manageable, and the scheme has been welcomed as considerably more valuable to members than before.

TRAINING

We ran 38 training courses during the year, attracting 315 delegates, a substantial uplift compared with 2016.

During a review of our training provision, it became clear that members were keen to receive training, but wanted it to be more accessible and available at a lower cost. We began two initiatives specifically in response to these requests.

Working with global workplace learning company Kineo we developed our first e-learning offering, in relation to the Fraud Check Scheme. Since then, we have begun working with them on two further e-learning packages, with more in the planning stages.

In addition, we began to develop a number of online workshops. These are shorter, topic specific sessions delivered remotely by a trainer using web conferencing services such as Skype for Business or WebEx. These allow member organisations to receive trainer-delivered training at their office without the need for travel.

TRAINING IN 2017

38
Training courses

315
Delegates

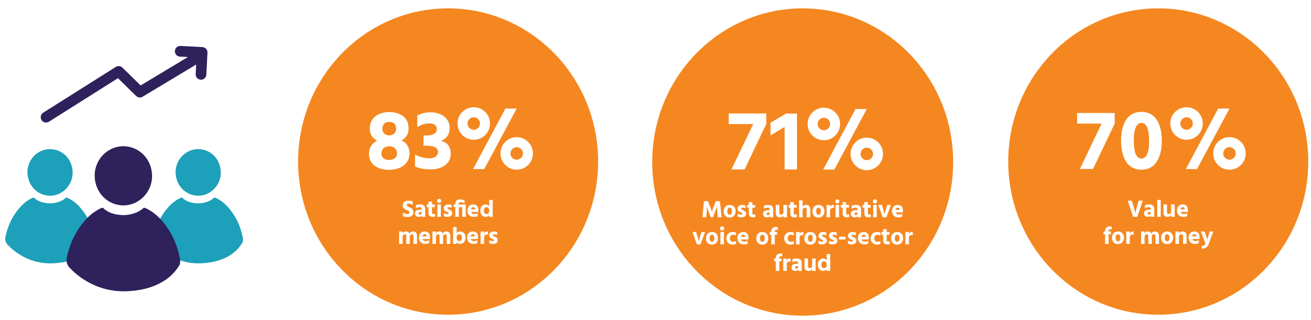
PREVENTING MORE ORGANISATIONS AND INDIVIDUALS FROM BECOMING VICTIMS OF FRAUD

GROWING THE MEMBERSHIP

A total of 91 organisations joined Cifas during the year, taking membership beyond 400 for the first time in our history. Of these, 306 are members of the National Fraud Database. This growth also broadened the membership, with organisations joining both from traditional and non-traditional sectors, including challenger banks, fintech companies, money service bureaux, charities and our first university.

Despite the challenges of recruiting and training so many organisations in the use of our systems and data, feedback on the quality of service from our staff was high. In addition, the biennial Member Satisfaction Survey conducted in December highlighted that:

- 83% of our members were satisfied with Cifas;
- 71% agreed that Cifas was the most authoritative voice of cross-sector fraud prevention in the UK; and
- 70% of members agreed that their membership offered good value for money (up 10% from the last survey in 2015).



NATIONAL FRAUD DATABASE

Organisations use the National Fraud Database to protect their bottom line by sharing data on fraudulent conduct to prevent further fraud.

Our 45 new National Fraud Database members came from a range of sectors including online retail, insurance, financial services and the public sector. We were very pleased to welcome the Welsh Government and Student Awards Agency Scotland.

INTERNAL FRAUD DATABASE

The Internal Fraud Database was introduced in 2006 to help prevent members unknowingly taking on staff who had previously committed fraud.

We worked hard during 2017 to increase membership. By focusing our marketing at events, and by collaborating with organisations such as the Chartered Institute of Personnel and Development, we extended our overall membership by 21%, bringing in 36 new Internal Fraud Database members in 2017. This represented the highest number of new members ever recruited in one calendar year, and brought the total number of members to 206.

We also recruited a new Best Practice Manager during the year to exclusively support our Internal Fraud Database members.

15.5%
growth in membership working with 447 organisations to share data on fraud

91
new memberships in total

36
new Internal Fraud Database members

10
new Cifas Immigration Portal users

45
new National Fraud Database members

PROTECTING INDIVIDUALS

In 2017 we continued to protect individuals from identity fraud. This was done in three ways: through Protective Registration, Victim of Impersonation Markers, and our Protecting the Vulnerable service.

PROTECTIVE REGISTRATION

This is a service for individuals who are at risk of identity fraud, offering extra protection against fraudulent applications.

In addition, Bulk Protective Registration is available to organisations that wish to protect the identities of customers where there has been a data breach. 38 organisations used this service in 2017.

We conducted a full review of Protective Registration during the year, with proposals for a new, updated consumer protection offer being presented to the Advisory Board and subsequently the Board in late 2017. These proposals will be progressed in the year ahead.

VICTIM OF IMPERSONATION MARKERS

Our members proactively register the identities of victims of identity fraud or facility takeover fraud when they identify and/or prevent these identity crimes. In addition, Royal Mail shares with us details of postal redirections requested without the knowledge or consent of the resident, which have been cancelled by Royal Mail.

PROTECTING THE VULNERABLE SERVICE

This is a free service for local authorities, healthcare trusts, solicitors and members of the public, helping them keep safe the personal details of vulnerable people in their care who may be targeted by fraudsters.

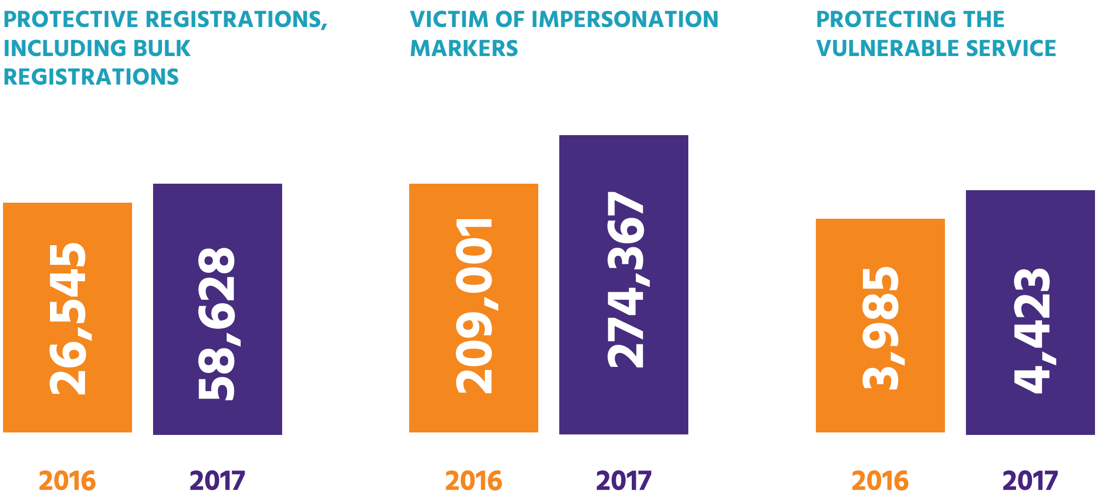
The service was bolstered by the recruitment in June of a dedicated full-time member of staff to promoting its benefits more widely. As a result, interest in the service rose dramatically, and profile-raising presentations were made to:

- The European Institute for Combating Corruption and Fraud;
- The Institute of Revenues, Rating and Valuation conference;
- Durham Council's forum on safeguarding vulnerable adults; and
- An Office of the Public Guardian event on protecting customers.

Five new local authorities joined the scheme in 2017, namely: Kirklees Council; Sandwell Council; Halton Borough Council; Rochdale Borough Council and Hampshire County Council. Three existing users provided more data, protecting another 700 vulnerable individuals, and three more Councils have indicated their intention to join in the coming year.

Planning was also put in place to consider how the service might be improved, promoted and more widely adopted.

THREE WAYS CIFAS HELPED PROTECT INDIVIDUALS' IDENTITIES IN 2017



TOTAL NUMBER OF PROTECTED IDENTITIES

2016

240,000

2017

337,000

INTERNATIONAL COLLABORATIONS

During 2017 we continued to engage with our international counterparts and support those who either wished to learn from our fraud data sharing experience or to improve fraud prevention collaboratively in various locations across the globe. These included:

- Supporting the Dutch Fraud Help Desk, which aims to protect citizens against fraud and other financial crimes committed in or from the Netherlands;
- Attending the inaugural international fraud conference in South Africa, hosted by the Southern African Fraud Prevention Service (SAFPS) and the South African Insurance Crime Bureau (SAICB);
- We also became founder members of the Global Financial Crime Network alongside the SAFPS, SAICB and the Australian Financial Crimes Exchange;
- Nearer to home, we continued our discussions in relation to the creation of an Irish Shared Fraud Database. Further progress will be subject to a decision by the Irish Department of Justice to take forward the Statutory Instrument that will be necessary to make cross-sector fraud data sharing legal in Ireland.

COMMUNICATING THE IMPACT OF FRAUD TO AS WIDE AN AUDIENCE AS POSSIBLE

Working with partners on our media and campaigns enabled us to do more to raise the profile of fraud and fraud prevention in the UK.

DATA TO GO

In 2017, we were delighted to win five awards for our 2016 Data to Go campaign. They were: two PR Moment Awards; two Chartered Institute of Public Relations (CIPR) Excellence Awards (Best Non-Profit Campaign and Best Integrated Campaign); and a Public Relations and Communications Association (PRCA) Award. Led by Cifas and produced by creative agency BBH London, this consumer education video sought to raise awareness of how much personal information individuals were revealing about themselves online. It reached more than 2.5 million viewers across YouTube, Twitter and Facebook and was adopted in staff training by many of our members and beyond.

Over 2.5 m views

2017 CAMPAIGN: SPONSOR A CHILD TRAFFICKER

During the summer of 2017, we began working on a campaign about 'money mules' – targeted at 18-24 year olds – with creative agency BBH London as part of their Creativity for Good programme. As money mules are an issue that primarily affects our banking members, we teamed up with UK Finance to launch a joint campaign. Branded with Cifas and FFA UK logos, the Don't Be Fooled campaign was launched in November. Our film, *Sponsor a Child Trafficker*, was also made available to members and a number of public and private sector partners to share across their channels.

The video was aimed at highlighting the dangers of allowing (wittingly or unwittingly) the use of a personal bank account to transfer or launder money, thereby helping criminals to fund serious crime. It was viewed almost one million times and generated considerable media coverage.

Almost 1 m views

MEDIA COVERAGE

We issued ten press releases during the year, achieving a record 1,000 media mentions. Most successful were those featuring our biannual fraud figures, and our joint report with LexisNexis® Risk Solutions on company directors being at greater risk of identity fraud.

INTRODUCING ANTI-FRAUD EDUCATION INTO THE NATIONAL CURRICULUM

Theresa May, then Home Secretary, launched the Joint Fraud Taskforce in February 2016 as a collaboration between industry, law enforcement and government. Its aim was to bring the collective powers, systems and resources of banks, payment providers, police, wider law enforcement and regulators to bear on the fraud threat. Cifas is a member of the Taskforce.

One of the projects identified was the production of lesson plans to deliver anti-fraud and identity fraud education to 11-16 year olds in schools. With this in mind, we worked together with the PSHE Association, the national body for Personal, Social, Health and Economic education to create four anti-fraud lesson plans with accompanying resources. These cover Key Stages 3 and 4 and were designed to help students to:

- Recognise what fraud is, why they may be targeted and how to seek support;
- Explain the consequences of committing fraud;
- Develop skills to protect their online information and personal data; and
- Develop skills to evaluate critically the reliability of online content in relation to scams.

The lesson plans were made available both through the Cifas and PSHE Association websites. We have continued to promote them to schools, law enforcement and others, and downloads from both websites have already been encouraging.

CONSUMER AFFAIRS

Protecting consumers is one of our strategic objectives, and in 2017 we worked with our newly appointed Citizen Advocate Neil Watts to improve our interaction with citizens and consumers.

Consumer contact rose significantly in 2017, in particular we experienced:

- A 69% rise in general enquiries, predominantly related to online fraud and phishing scams; and
- A 73% increase in Data Subject Access Requests (DSARs).

The rise in general enquiries was accelerated by the launch in November of a new public phone line allowing consumers, for the first time, to contact us directly by telephone. This proved popular, becoming the primary consumer contact channel, and enabling an increase in first time query resolution. Language Line (interpretation and translation facilities) and Next Generation Text (a text service to help those with hearing or speaking difficulties) were integrated into the service from the outset.

We also rewrote in clearer language the text of our advice and guidance for those who needed to contact us.

Although the number of complaints about our members' filings remained low in comparison with the number of filings, we continued to maintain regular contact with the Financial Ombudsman Service as part of the case review process. We met with them twice during the year to consider wider issues related to fraud detection and prevention, such as the filing of individuals for money mule activity.

CONSUMER AFFAIRS

2017
Number of consumer enquiries to Cifas

4,917
enquiries

63%
of enquiries were resolved within 48 hours

34%
within 24 hours

2016
Number of consumer enquiries to Cifas

3,374
enquiries

94%
of enquiries were resolved within 48 hours

75%
within 24 hours

2017
Number of complaints against fraud cases

2,959
Number of DSARs

87%
resolved in 14 days

76
Number of complaints

80%
resolved within 14 days

15%
upheld in favour of the consumer

2016
Number of complaints against fraud cases

2,161
Number of DSARs

88%
resolved in 14 days

109
Number of complaints

87%
resolved within 14 days

13%
upheld in favour of the consumer

* Our ability to respond to enquiries within 48 hours was limited because of the sharp rise in enquiries, and the need to fulfil our statutory turnaround target in relation to DSARs.

INFORMING FRAUD PREVENTION STRATEGIES AND POLICY

FRAUD TRENDS AND RESEARCH

In 2017, our members recorded more than 305,000 cases of fraudulent conduct to the National Fraud Database. When compared with 2016, this represented a 6% decrease. The reduction was due to fewer recorded cases of misuse of facility (see the table below) involving people fraudulently evading payment for products and services. Primarily, this related to mobile phone contracts and online retail accounts. While lower levels of fraudulent conduct should be seen as positive, it should not detract from the worrying increases seen in other areas. In particular, the unremitting rise of identity fraud continued, reaching a peak of over 174,000 cases in 2017. Of those cases, 95% involved the impersonation of an innocent victim.

Another unwelcome trend was that, despite the decrease in misuse of facility overall, the misuse of bank accounts increased by 13%. Many of these cases involved young people using their bank accounts to launder criminal funds, essentially becoming 'money mules'.

We released these findings and more in the 2018 edition of *Fraudscape*, our annual publication detailing the fraud threats affecting our members in the previous year. The 2017 edition for the first time brought together the fraud threats to members perpetrated both by consumers and staff, providing a more comprehensive picture of the UK's fraud landscape.

During the year we also released a research report jointly with LexisNexis® Risk Solutions entitled *Who are the victims of identity fraud?* This assessed the characteristics of impersonation in order to identify those most at risk. The report revealed, among other key findings, the extent to which company directors were disproportionately affected by identity fraud. This led to a review in late 2017 by the Department for Business, Energy and Industrial Strategy and formed the basis for new legislation, announced in February 2018, which will allow directors to remove their personal address from the Companies House register while retaining transparency.

NATIONAL FRAUD DATABASE

IN 2017 CIFAS MEMBERS RECORDED THE FOLLOWING VOLUMES ON THE NATIONAL FRAUD DATABASE:

Product	2016	2017	% change
Asset conversion The unlawful sale of an asset subject to a credit agreement - for example where a person has bought a car on finance and sold it on before paying it off.	381	547	43.6
Application fraud When an application for a product or service has been made with material falsehoods (lies), often using false supporting documentation (but where the name provided has not been identified as false).	31,559	30,995	-1.8
False insurance claim False insurance claims occur when an insurance claim, or supporting documentation, contains material falsehoods (lies).	496	541	9.1

Product	2016	2017	% change
Facility takeover fraud When a fraudster abuses personal data to hijack the running of an existing account or product.	22,525	24,070	6.9
Identity fraud When a fraudster abuses personal data or identity details in order to impersonate an innocent party, or creates a fictitious identity in order to open a new account or take out a new product.	172,919	174,523	0.9
Misuse of facility fraud The misuse of an account, policy or product, where the identity/owner has not been identified as false. Examples include paying in an altered cheque, knowingly making a payment that will bounce or allowing an account to be used to transfer criminal funds (acting as a money mule to aid money laundering).	96,803	74,888	-22.6
Total	324,683	305,564	-5.9

INTERNAL FRAUD DATABASE

IN 2017 CIFAS MEMBERS RECORDED THE FOLLOWING VOLUMES ON THE INTERNAL FRAUD DATABASE:

Product	2016	2017	% change
Account fraud Unauthorised activity on a customer account by a member of staff knowingly, and with intent, to obtain a benefit for themselves or others.	31	26	-16.1
Being bribed Request, agree to receive or accept, for own or another's benefit, a financial or another advantage with the intention to improperly performing a function or activity.	1	0	-100.0
Dishonest action by staff to obtain a benefit by theft or deception Where a person knowingly, and with intent, obtains or attempts to obtain a benefit for themselves or others through dishonest action, and where such conduct constitutes an offence.	172	191	11.0
Employment application fraud (successful) A successful application for employment (or to provide services) with serious material falsehoods in the information provided, including the presentation of false or forged documents.	39	29	-25.6
Employment application fraud (unsuccessful) An unsuccessful application for employment (or to provide services) with serious material falsehoods in the information provided, including the presentation of false or forged documents.	159	153	-3.8

Product	2016	2017	% change
Unlawful obtaining or disclosure of commercial data Where commercial data is obtained, disclosed or procured without the consent of the data owner, includes using the data for unauthorised purposes placing an organisation at a financial or operational risk.	0	7	N/A
Unlawful obtaining or disclosure of personal data Where personal data is obtained, disclosed or procured without the consent of the data owner, includes using the data for unauthorised purposes placing an organisation at a financial or operational risk.	31	40	29.0
Total	409	419	2.4

***Please note, the total of internal fraud types will exceed the total number of cases as an internal fraud case can cover more than one fraud type.**

BE AWARE ALERTS

This service, launched, in 2016, allows members to share information about trends or fraudster techniques faster than ever before, through a brief update being sent out to all subscribers. We issued 15 of these alerts to members in 2017, highlighting emerging or evolving tactics being employed by those perpetrating fraud. Issued swiftly, these gave members an opportunity to act to counter these threats before any damage was done.

QUARTERLY FRAUD THREAT UPDATES

We published four more detailed intelligence assessments summarising the main fraud threats and trends as reported to Cifas during the previous quarter from across all business sectors represented within our membership. The assessments are produced to brief members about how fraud threats are changing; to inform preventative or remedial action which members might take to help reduce fraud losses; and for use internally in raising awareness of key fraud risks.

EVENTS AND NETWORKING

Our conferences and events are a core benefit of membership, providing unparalleled opportunities to hear from leading industry voices as well as creating an opportunity for networking across the fraud and financial crime prevention community. Every year, hundreds of delegates attend our events and 2017 was no exception.

ANNUAL CONFERENCE

Over 200 senior fraud prevention professionals from a range of sectors attended our 2017 Annual Conference 'Preparing the battlefield: The war against fraud and financial crime'. The theme marked a departure from previous years in that the agenda did not focus on a specific area of fraud and financial crime. Instead, it embraced a wider range of topics to provide delegates with the diversity of knowledge necessary to devise a comprehensive strategic response to evolving threats.

From a robust defence of consumer rights by BBC Radio 4 Money Box presenter Paul Lewis, to an exploration of the role of policing by Sara Thornton CBE QPM, Head of the National Police Chiefs' Council, the agenda was packed with expert speakers. Other topics included internal fraud, cyber security, the psychology of the fraudster and protecting vulnerable people.

FRAUD FOR HUMAN RESOURCES (HR) CONFERENCE

Initially conceived as a small workshop for up to 20 people, it proved so popular we upgraded it to a full conference. More than 90 HR professionals based in member organisations convened to discuss topics including trends in internal fraud and how HR could integrate fraud prevention into their processes and collaborate effectively with fraud departments. The conference attracted leading experts from the National Association of Background Screeners who spoke about background checks and fraudulent job adverts and from the City of London Police Dedicated Card and Payment Crime Unit who explored a real life case study showing the techniques used by a prolific internal fraudster.

The Internal Fraud for HR conference will now become a fixture in our events calendar, and will be expanded further to embrace recruitment and integration teams as well as non-member organisations.

USER FORUM

Exclusively for member organisations, the 2017 User Forum – held in Birmingham – was the most successful ever. Our 170 delegates (twice the normal attendance) refreshed their knowledge of our systems and processes and gained a wider understanding of, and expertise in, fraud prevention techniques. Practical sessions included handling consumer complaints, identifying and recording internal fraud, the use of social media in investigations, and the role of the dark web in financial crime. Networking was a key focus for delegates, with exhibition stands proving popular during the breaks.

SECTOR WORKING PARTIES

We expanded our network of Sector Working Parties during 2017 and saw them grow in popularity. Their purpose is to allow key operational managers in a range of specific sectors to exchange information on fraud-related trends and best practice. The speakers and discussions provide members with intelligence designed to be useful to them as soon as they return to the workplace.

Traditionally, these groups included the following sectors: banking, mortgage, insurance, alternative lending, asset finance, telecoms and retail, and users of our Internal Fraud Database.

This year, we also introduced working parties for: factoring, vetting specialists, and credit reference agencies and credit file providers. More new groups are planned for 2018. Each working party met three times, and saw dramatically improved attendance during 2017.

OVER 150 INDIVIDUALS ATTENDED A WORKING PARTY IN 2017, WITH MORE THAN 100 MEMBER ORGANISATIONS REPRESENTED.

ORGANISED FRAUD INTELLIGENCE GROUP (OFIG)

We held 18 OFIG meetings during the year to facilitate the sharing of information on the latest fraud threats, trends, enablers and techniques. Targeted at intelligence and investigation professionals, they provide an excellent networking opportunity for members, law enforcement, government and other partners.

REGIONAL WORKING PARTIES

These cross-sector regional meetings enable members to share intelligence, trends and best practice. During 2017 regional meetings took place in Scotland, Wales, North of England, and the Midlands.

COLLABORATION WITH LAW ENFORCEMENT

Cifas works with police and law enforcement agencies to assist them in the prevention of fraud and financial crime; disrupt financial criminals; and protect the public and the UK economy from the adverse effects of fraud and financial crime.

We regularly provide operational intelligence to support police and law enforcement in the detection and apprehension of criminals.

NATIONAL FRAUD INTELLIGENCE BUREAU (NFIB)

We share over 830 fraud cases a day with the National Fraud Intelligence Bureau, situated within the City of London Police, to help build intelligence packages that inform law enforcement activity. In 2017, nearly 12,000 Cifas reports were included in crime disseminations sent to regional forces. Our reports, as passed to the NFIB, contribute to national crime statistics on fraud, collated by the Office of National Statistics.

NATIONAL CRIME AGENCY (NCA)

We are strong supporters of the National Crime Agency and an active member of the Joint Money Laundering Intelligence Taskforce. By sharing relevant Cifas reports with investigating officers, we support active law enforcement investigations into a range of crimes covering money laundering, bribery and corruption, human trafficking, drugs, and organised immigration crime. In addition, we supported counter-terrorism intelligence gathering after the Manchester and London terror attacks in 2017 by the return of Cifas reports.

AMBERHILL

Cifas is a key partner of the Metropolitan Police Amberhill team. We share through our National Fraud Database details of false or fraudulently obtained genuine documents provided by the Amberhill team. In 2017, the sharing of these details allowed members to prevent an estimated £6.5m worth of fraud.

SUPPORT TO POLICE FORCES AND BEYOND

We provided support to police forces and specialist units investigating fraud and financial crimes. Through our police liaison service, we responded to nearly 100 requests for information from forces during the year, being able to supply pertinent data to forces on 60 of those requests.

We regularly engaged with economic crime teams and specialist units to outline how our data and insights could be used to support active investigations and proactive disruption or prevention activity

HOME OFFICE'S JOINT FRAUD TASKFORCE

Cifas is a key participant in the Home Office's Joint Fraud Taskforce (JFT) and during 2017 we represented our members in discussions with government, industry and law enforcement about the police response to fraud. Cifas is also a founding member of the JFT Collective Response group which brings together law enforcement and the banking sector to deliver a joint tactical response to fraudsters attacking the banking industry.

2017	2016
837 Cases per day to City of London Police	**850** Cases per day to City of London Police
£6.5M+ £ saved due to data sharing through Amberhill	**£5.4M** £ saved due to data sharing through Amberhill
11,973 Number of NFIB crime packages containing Cifas data	**3,813** Number of NFIB crime packages containing Cifas data

PUBLIC POLICY AND PARTNERSHIPS

Cifas continued to work with partners from government, parliament, the Civil Service and the wider public sector on a range of cross-sector fraud prevention initiatives in 2017. By working across sectors, all partners can identify and tackle more fraud and associated financial crime. Achievements during the year included:

- Assisting the Cabinet Office in producing an outline business case for the Counter Fraud Data Alliance project (which would enable the Department for Work and Pensions and HM Revenue and Customs to share data with the private sector to prevent fraud);
- Working with a range of partners including the National Fraud Initiative, London Counter Fraud Hub, and with Welsh local authorities, on projects relating to fraud data sharing for local authorities;
- Supporting the Home Office and the National Crime Agency during the programme to reform Suspicious Activity Reports; and
- Developing pilot data sharing programmes with a number of government departments and agencies.

PARTY CONFERENCES 2017

In 2017, we worked on fringe events at the Conservative, Labour and Scottish National Party (SNP) conferences in partnership with the Royal Bank of Scotland and the Social Market Foundation (an independent think tank based in Westminster). The events were entitled 'Digital security: how do we keep our money – and ourselves – safe online?' and drew considerable interest from attendees. Speakers at our event at each of the party conferences were:

- Stephen Barclay MP, then Economic Secretary to the Treasury (Conservative Party Conference);
- Liam Byrne MP, Shadow Digital Minister (Labour Party Conference); and
- Paul Wheelhouse MSP, Minister for Business, Innovation and Energy in the Scottish Government (SNP Conference).

We also met a range of MPs and Ministers at these conferences to discuss our work, our members, and how fraud could be prevented more effectively across society.

PUBLIC AFFAIRS IN 2017

We responded on behalf of our members to 11 consultations during the year, on topics as diverse as internet safety; corporate liability for economic crime; the creation of a national measure of fraud loss; and the draft policing plan.

Although the snap General Election of 2017 curtailed some planned public affairs activity, we also held a number of meetings with Ministers and Shadow Ministers throughout 2017. In addition, later in the year, we launched an All Party Parliamentary Group on Financial Crime and Scamming.

ALL PARTY PARLIAMENTARY GROUP (APPG) ON FINANCIAL CRIME AND SCAMMING

An APPG is an informal cross-party group, run by and for Members of the Commons and Lords, though many choose to involve individuals and organisations from outside Parliament in their administration and activities.

The objective of this APPG, for which we provide the secretariat, is to challenge the response to fraud from law enforcement, government, and the public, private and charity sectors. It will also provide a channel for useful expert briefings to parliamentarians.

The APPG was launched in October 2017. Chaired by Conor Burns MP, a committee of MPs and peers from across the political spectrum act as officers of the group. After its inaugural AGM, the APPG held a briefing session with Detective Superintendent Peter Ratcliffe of City of London Police. The Chair also agreed a work programme for the year ahead, to include two inquiries, namely (i) how young people might be protected from financial crime, and (ii) how to prevent older and vulnerable people from being defrauded.

When the inquiry about protecting young people from financial crime has been completed, the APPG expects to prepare a report with recommendations for mandatory anti-fraud education within schools. Cifas has developed anti-fraud lesson plans with the PSHE Association (for more information see page 14) we believe this material is key to providing young people with an understanding of the protective behaviours needed to keep themselves safe from online scams and identity fraud more widely.

More information about the APPG can be found on www.appgfinancialcrime.org.

IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF OUR OPERATIONS

NEW COMPLIANCE REGIME

The integrity of data on our databases is something that we and our members take very seriously. It is essential that members have good quality data that they can rely on, and it is equally important that consumers' interests are protected. We continued to work closely with our members to support them in training their teams and in recording data appropriately.

To provide more rigour, and more effective and timely support to members, we introduced a new approach to compliance during 2017. Known as the e-Review, the new regime involves the remote checking by our Compliance team of a sample of a member's cases filed to the database and of the action taken on matches. It is supported by a visit from the member's Best Practice Manager and checks of documentation throughout the year.

A check of the new compliance process was conducted in the latter half of the year to ensure that it was delivering the intended benefits. This indicated that it had been very well received by members and comments were taken into account to put in place further changes and improvements for 2018.

Compliance review outcomes for 2017

Number of cases reviewed	Number of passes	Failed
955	857	98

NEW PUBLIC WEBSITE

We undertook a fundamental redesign of our public website during the year, ensuring visitors were never more than a few clicks away from the information they were looking for. This redesign, launched in July, gave users clearer direction by distinguishing between information relevant to consumers and to organisations. An average increase in visits to the site from 1,000 on a weekday to 1,500 suggests that the changes have improved the visitor experience. Regular anecdotal reports from external stakeholders have borne this out and have also indicated that the new site reflects what we do more clearly.

Behind the scenes, the changes used current web trends and updated brand guidelines. They also adopted sophisticated visit metrics and website management information for measuring the impact of our messaging and campaigns. Early indications have shown that the site provides a solid base for our public relations and marketing work. For example, we saw large spikes in traffic to the site during media activity during our money mules campaign, and when a high profile organisation's data breach made headline news.

NEW BLOG

We also launched a regular blog, Fraud and Risk Focus, which covers fraud and financial crime issues for consumers and for organisations. The blogs so far have been written by our experts, campaign partners, event speakers and sponsorship partners. The most popular in 2017 were about:

- Avoiding holiday fraud;
- Why young people are at risk from phishing scams;
- Keeping your social media accounts safe;
- Facility takeover fraud by telephone; and
- Making emails compliant with the General Data Protection Regulation.

FINANCE

Despite the potential uncertainty introduced by the vote to leave the European Union, and subsequent negotiations about departure terms, 2017 saw continued economic growth in the UK during the year. Against this background, Cifas also saw another strong performance from a financial perspective, with a 5% rise in turnover. This was achieved without a subscriptions price increase for the year, and reflected the continued growth in our membership. While administrative expenses also increased to support this, with Cifas showing a net loss for the year, this was in relation to planned project spend funded from reserves.

At 31 December 2017, there were reserves of £8,599,345 (2016: £9,348,452). This represents an accumulated operating surplus to fund new database facilities, working capital requirements, reserves created to meet continuing contractual financial obligations, and a general reserve. The Board is committed to maintaining unallocated reserves of at least nine months of operating costs to ensure the future financial security of the organisation.

OUR PEOPLE AND OUR GOVERNANCE

OUR PEOPLE

Our growth as a fraud prevention system – being used by more organisations than ever before to mitigate fraud risk – requires staffing to be at a level to support this. Staff numbers reached 50 during the year.

With continued development in mind, we agreed an extension to the lease of our premises in 2017, enabling us to reconfigure our offices to accommodate our changing needs. The first phase of a refurbishment was completed in July. This has provided us with a more modern and flexible workspace for existing staff, as well as capacity for future expansion.

Our Employee Representative Board, formed in 2016, continued to meet regularly. Its purpose is to ensure that all staff are able to contribute their views and ideas. Our well-attended 2017 Staff Strategy sessions provided another opportunity for employee input into our future direction.

An Employee Engagement Survey carried out early in 2017 by an external provider provided valuable feedback, the vast majority of it extremely positive. It identified one particular development area, namely encouraging better team-working, which will be a focus for the future.

We continued to put great emphasis on making Cifas a friendly, enjoyable place to work, with our core values of collaboration, expertise, innovation and integrity at the heart of all we do. Having held the Investors in People (IIP) Award for a number of years, we decided this year to aim higher. This naturally involved a considerable team effort, and we were delighted in April 2017 to hear that we had been successful in achieving the Investors in People Silver Accreditation. This recognises the efforts we have undertaken to make our working environment as good as it can be for our employees, and our commitment to employee development. It will also help us to recruit and retain the right people for an increasingly sophisticated range of roles in a competitive job market.

Overall staff engagement score	2015	2017	Average score
	81%	88%	80%

OUR PEOPLE

In terms of governance, the year was a stable one, with the second full year of the two-tier system.

Cifas is governed by its Board. Our Board is responsible for the entrepreneurial leadership of the organisation: setting strategic direction and aims and measuring performance against strategic objectives as well as scrutinising risks and controls. It is responsible for determining our vision, mission and values and holding our Chief Executive to account for the organisation's performance. The Board is led by our Chairman and also has oversight of the Advisory Board and its work. A list of our Board members appears within the Directors' Report below.

The Advisory Board has delegated responsibility from the Board to monitor the operational effectiveness of Cifas, and understand and represent the interests of its principal stakeholders. Stakeholders are our members, but also other users of our services, including the public. In fulfilling this purpose, the Advisory Board advises both the Executive and Board. Led by our Chief Executive and Deputy Chief Executive, we are managed by our Executive Group.

ADVISORY BOARD MEMBERS DURING 2017

Heather Laing, Home Office (Chair)
(representing the public sector)

Graham Isle, Lloyds TSB
(representing asset finance)

Ursula Jallow, Liverpool Victoria
(representing insurance)

David Laramy, Capital One
(representing cards, including payment processors)

Howard Rawstron, Lloyds Banking Group
(representing banking)

Alistair Urquhart, Telefonica
(representing telecommunications)

Ian Walker, Skipton Building Society
(representing mortgages and lending)

Neil Watts, Independent
(Citizen Advocate)

Simon Dukes
Mike Haley

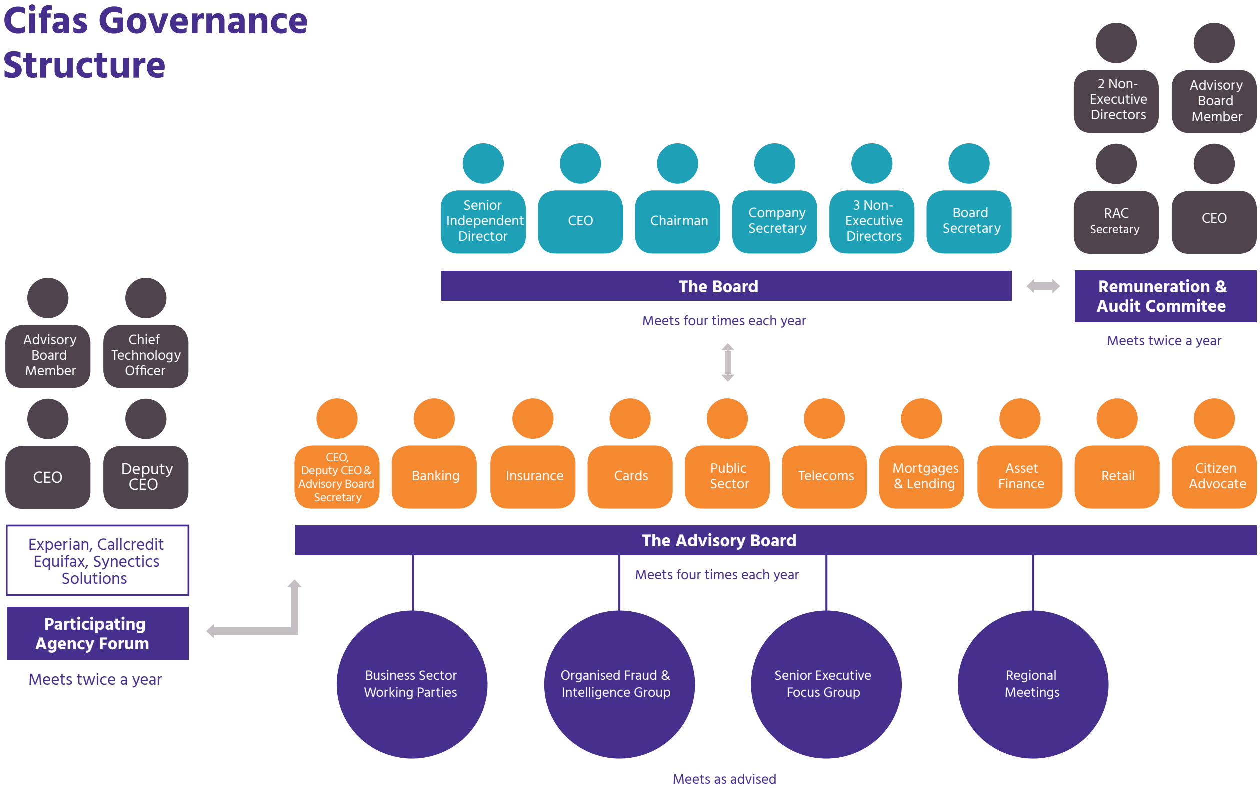
Richard Beavis of Hitachi Capital (representing retail credit) resigned with effect from 1 June 2017.

During 2017, the Board and the Advisory Board each continued to meet quarterly.

The Participating Agencies Forum, which exists alongside our other areas of governance, is an established part of our relationship with the Participating Agencies. Topics discussed during 2017 included new Cifas services, the review of the Rules, and new audit arrangements.

At our 2017 AGM, new Articles of Association were agreed. The amendments incorporated changes to our objectives to bring them into line with developments together with updates recommended by our solicitors to ensure they reflected best practice in good governance.

Cifas Governance Structure



VISION 2020

This is our vision as agreed with our Board to take us through to 2020.

We will protect society from fraud and fraud-related crime by building close and productive partnerships across the private, public, charity and academic sectors and with law enforcement to:

Improve and broaden our existing products and services by exploiting data and technology to prevent more fraud: innovating at pace, diversifying, implementing new databases and acquiring new data sets.
Prevent more organisations and individuals from becoming victims of fraud by extending our reach to new sectors; protecting more individuals and their identities.
Communicate the impact of fraud to as wide an audience as possible to help make fraud and fraud-related crime unacceptable in our society.
Inform fraud prevention strategies and policy and be a source of good practice on fraud prevention by conducting insightful research.

As with any vision, however, we will be keeping this under review, and adjusting it if necessary in line with developments.

Over the coming year, we expect our Board, Advisory Board and Executive to be looking closely at our long-term vision beyond 2020 with the aim of ensuring that Cifas becomes the 'go to' place for fraud prevention solutions, being seen as:

FOCUSED ON MEMBER RESPONSE AND VALUE

With members at our heart, we are committed to providing them with the best possible return on their investment. We will do this not only in terms of the value of fraud prevented, but by being alert to their changing needs and agile in providing timely responses and effective solutions.

A TRUSTED DATA AGGREGATOR

Our ability to prevent fraud is driven by the quality, quantity and diversity of the data we hold. As a trusted aggregator of high-risk fraud intelligence, we are already seeking to expand the data we ingest to provide more value to our members. If organisations trust us with different types of data such as disputes and suspicious behaviour, we will be able to use new techniques to help increase their fraud prevention uplift.

AT THE CUTTING EDGE OF MACHINE LEARNING AND DATA SCIENCE

Keeping up with the relentless adaptability of fraudsters will be paramount in order to achieve the best for members. The power of machine learning and data science to spot the slightest adjustment in methodologies is already showing promise. We will therefore be working with universities and a range of partners to explore how far we can harness these techniques to improve results for our members.

A CENTRE OF INTELLIGENCE AND KNOWLEDGE ON FRAUD

Our members have made clear that the timely sharing of fraud intelligence and alerts is effective in helping them to achieve savings to their bottom line. We will therefore be adding value to our offer by using every technique at our disposal to provide early intelligence. We will also continue to act as a knowledge hub by offering meeting opportunities in addition to our growing raft of knowledge products.

KNOWN FOR CONSUMER PROTECTION

Consumer protection has increasingly become a linchpin for responsible organisations and we are no exception. We will work with our members as we increase our transparency, accessibility and the protection of consumers, especially those who are vulnerable. We will seek to prevent more organisations and individuals from becoming victims of fraud by extending our reach to new sectors, and protect more individuals and their identities by enhancing what we offer them.

DIRECTOR'S REPORT

– For the year ended 31 December 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

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 served during the year were as follows:

Lady B S T Judge (Chairman)
M D O'Neill (Senior Independent Director) (Resigned 1 February 2017)
S A Dukes
R C Fraser
A Dolan (Appointed 1 February 2017)
A Wagner (Senior Independent Director) (Appointed 1 February 2017)
P Avis (Appointed 1 February 2017)
M Haley (Appointed 9 March 2017)

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 15 to the financial statements.

Auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the 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.

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
M Haley
Secretary

INDEPENDENT AUDITOR'S REPORT

– To the members of Cifas (Limited by Guarantee)

We have audited the financial statements of Cifas (Limited by Guarantee) for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

Opinion on financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its deficit 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.

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 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.

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.

Mike Hicks
(Senior Statutory Auditor)
for and on behalf of Crowe UK LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London, EC4Y 8EH

STATEMENT OF INCOME AND RETAINED EARNINGS

– For the year ended 31st December 2017

	Notes	2017 £	2016 £
Income	**3**	**7,196,226**	**6,873,483**
Administrative expenses		(7,932,106)	(6,384,950)
(Deficit)/surplus before taxation		**(735,880)**	**488,533**
Tax on deficit/surplus	**7**	(13,227)	(26,455)
(Deficit)/surplus for the financial year	**13**	**(749,107)**	**462,078**
Retained earnings brought forward		9,348,452	8,886,374
Retained earnings carried forward		**8,599,345**	**9,348,452**

BALANCE SHEET

– As at 31st December 2017

	Notes	£	2017 £	£	2016 £
Fixed assets	**8**		29,414		5,661
Tangible assets					
Current assets	**10**				
Debtors		449,224		539,779	
Cash at bank and in hand		13,332,631		13,462,130	
Creditors: amounts falling due within one year	**11**	(5,211,924)		(4,659,118)	
Net current assets			8,569,931		9,342,791
Total assets less current liabilities			**8,599,345**		**9,348,452**
Reserves					
Other reserves			2,474,019		3,263,887
Income and expenditure account	**13**		6,125,326		6,084,565
Members' funds			**8,599,345**		**9,348,452**

The financial statements were approved by the Board of directors and authorised for issue on 29 May 2018 and were signed on its behalf by:

Lady B S T Judge (Chairman)
Director

Company Registration No. 02584687

BALANCE SHEET

– As at 31st December 2017

	Notes		2017		2016
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	17	**(62,768)**		**714,442**	
Income taxes paid		**(26,455)**		**(30,443)**	
Net cash (outflow)/inflow from operating activities		(89,223)		683,999	
Investing activities					
Purchase of tangible fixed assets			**(40,276)**		**(3,539)**
Net cash used in investing activities		(40,276)		(3,539)	
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents		**(129,499)**		**680,460**	
Cash and cash equivalents at beginning of year		13,462,130		12,781,670	
Cash and cash equivalents at end of year		**13,332,631**		**13,332,631**	

NOTES TO THE FINANCIAL STATEMENTS

– For the year ended 31 December 2017

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

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

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

1.3 TANGIBLE FIXED ASSETS

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

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

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

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

1.4 FINANCIAL INSTRUMENTS

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

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.

1.5 RETIREMENT BENEFITS

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

1 ACCOUNTING POLICIES

1.6 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)/SURPLUS

Operating (deficit)/surplus for the year is stated after charging/(crediting):

	2017 / £	2016 / £
Fees payable to the company's auditor for the audit of the company's financial statements	11,000	10,500
Depreciation of owned tangible fixed assets	16,523	6,703

5 EMPLOYEES

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

2017 / Number	2016 / Number
53	50

Their aggregate remuneration comprised:

	2017 / £	2016 / £
Wages and salaries	3,086,711	2,675,710
Social security costs	316,129	292,744
Pension costs	466,364	441,110
	3,869,204	**3,409,564**

6 DIRECTORS' REMUNERATION

	2017 / £	2016 / £
Remuneration for qualifying services	523,374	400,342
Company pension contributions to defined contribution schemes	64,910	56,237
	588,284	**456,579**

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016: 2). The highest paid director was paid £299,753 (2016: £291,660) of which £43,366 (2016: £40,854) related to contributions to the defined contribution pension scheme.

7 TAXATION

	2017 / £	2016 / £
UK corporation tax on profits for the current period	**13,227**	**26,455**

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The comany's primary activities do not give rise to a tax charge. Tax incurred by the company is charged at 19% of interest income (2016: 20%).

8 TANGIBLE FIXED ASSETS

	Office furniture £	Equipment, fixtures and fittings £	Total £
Cost			
At 1 January 2017	4,975	62,894	67,869
Additions	29,375	10,901	40,276
Disposals	(4,975)	(14,115)	(19,090)
At 31 December 2017	**29,375**	**59,680**	**89,055**
Depreciation and impairment			
At 1 January 2017	4,059	58,149	62,208
Depreciation charged in the year	9,484	7,039	16,523
Eliminated in respect of disposals	(4,975)	(14,115)	(19,090)
At 31 December 2017	**8,568**	**51,073**	**59,641**
Carrying amount			
At 31 December 2017	**20,807**	**8,607**	**29,414**
At 31 December 2016	916	4,745	5,661

9 FINANCIAL INSTRUMENTS

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	**13,462,577**	**13,616,746**
Carrying amount of financial liabilities		
Measured at amortised cost	**240,811**	**145,477**

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 (2016: 20%).

10 DEBTORS

	2017 £	2016 £
Amounts falling due within one year:		
Service charges due	82,637	131,300
Other debtors	28,397	23,316
Prepayments and accrued income	338,190	385,163
	449,224	**539,779**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

– For the year ended 31 December 2017

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 / £	2016 / £
Trade creditors	75,075	131,475
Corporation tax	13,227	26,455
Other taxation and social security	1,344,836	1,213,161
Deferred income	3,613,050	3,274,025
Other creditors	149,738	-
Accruals	15,998	14,002
	5,211,924	**4,659,118**

12 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.

13 INCOME AND EXPENDITURE ACCOUNT

	2017 / £	2016 / £
At the beginning of the year	9,348,452	8,886,374
(Deficit)/surplus for the year	(749,107)	462,078
At the end of the year	**8,599,345**	**9,348,452**

ANALYSIS OF RESERVES

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

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

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

Allocated reserves	At 1 January 2017 £	Surplus for the financial year £	Transfer of funds £	At 31 December 2017 £
Database facilities reserve	360,000	-	-	360,000
Projects reserve	1,284,223	-	(308,949)	975,274
Premises reserve	666,000	-	(438,145)	227,855
Compliance reserve	500,000	-	-	500,000
Hardware reserve	150,000	-	(150,000)	-

13 INCOME AND EXPENDITURE ACCOUNT

Allocated reserves	At 1 January 2017 £	Surplus for the financial year £	Transfer of funds £	At 31 December 2017 £
Protecting the vulnerable reserve	303,664	-	107,226	410,890
	3,263,887	-	(789,868)	2,474,019
Unallocated reserves				
General accumulated fund	6,084,565	(749,107)	789,868	6,125,326
	9,348,452	(749,107)	-	8,599,345

14 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:

	2017 £	2016 £
Within one year	477,015	504,404
Between two and five years	1,942,380	356,538
In over five years	4,319,854	-
Operating leases	**6,739,249**	**860,942**

15 RELATED PARTY TRANSACTIONS

No advances, credits or guarantees have been made to or on behalf of any director or related party (2016: £Nil)

16 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

– For the year ended 31 December 2017

17 CASH GENERATED FROM OPERATIONS

	2017 / £	2016 / £
Deficit)/surplus for the year after tax	(749,107)	462,078
Adjustments for:		
Taxation charged	13,227	26,455
Depreciation and impairment of tangible fixed assets	16,523	6,703
Movements in working capital:		
Decrease/(increase) in debtors	90,555	(212,173)
Increase/(decrease) in creditors	227,009	(107,598)
Increase in deferred income	339,025	538,977
Cash (absorbed by)/generated from operations	**(62,768)**	**714,442**

DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT

– FOR THE YEAR ENDED 31 DECEMBER 2017 –

This information does not form part of the statutory financial statements

Income	2017 / £	2016 / £
Subscriptions	6,420,641	6,170,420
Other income	775,585	703,063
	7,196,226	**6,873,483**

	2017 / £	2016 / £
Administrative expenses	(7,932,106)	(6,384,950)
Operating (deficit)/ surplus	(735,880)	488,533

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

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