

Registered number: 03616935
Charity number: 1073051

The Verification Research Training and Information Centre (VERTIC) (A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 October 2020



Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustee' report	2 - 12
Independent auditor's report	13 - 15
Statement of financial activities	16
Balance sheet	17
Statement of cash flows	18
Notes to the financial statements	19 - 28

Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 October 2020

Trustees

Prof Owen J Greene, Chair (from 13th March 2020)
Peter Alvey, Chair (to 13th March 2020) Treasurer (13th March 2020)
Dr E Moreton, (retired 13th March 2020)
Mia Campbell (Treasurer to 3rd March 2020; resigned 3rd March 2020)
Sverre Lodgaard (resigned 17th February 2020)
Ms Laura Rockwood
Ms Lisa Tabassi
Mr Nicholas Sims
Mr Richard Burge
Dr John Walker, (appointed 1st June 2020)

**Company registered
Number**

03616935

**Charity registered
Number**

1073051

Registered office

The Green House
244-254 Cambridge Heath Road
London
E2 9DA

Chief Executive Officer

MR Andreas Persbo (11th November 2019);
Ms Angela Woodward (Acting, from 11th November 2019)

Independent auditors

Goldwins
Chartered Accountants
75 Maygrove Road
West Hampstead
London
NW6 2EG

Bankers

NatWest
PO Box 411
34 Henrietta Street
London
WC2E 8NN

Solicitors

Bircham Dyson Bell
50 Broadway
London
SW1H 0BL

Trustees' report

For the year ended 31 October 2020

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and audited accounts for the year ended 31 October 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The Trustees confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in January 2015.

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not needed.

Objectives and Activities

a. Aims and objectives

Our vision is a world where the rule of law is respected. We want commitments undertaken by States to be verified and monitored effectively and transparently so that others know that governments are doing what they promised to do. We want these commitments implemented in national law, giving domestic effect to international undertakings. We want to further understanding about what these commitments require, to ensure that they are complied with in a fair and equitable way, and to strengthen mechanisms so that concerns about compliance can be resolved. Our mission is to support the development, implementation and effectiveness of international agreements and related regional and national initiatives, with particular attention to issues of monitoring, review, legislation and verification.

VERTIC's objects are defined in Article 4 of the Articles of Association as follows:

Conducting research and training and obtaining information on verification, monitoring and implementation of international and intra-national agreements, arrangements and related issues; and publishing such information both indirectly through the media channels and directly through its own publications.

In support of these objects our work on:

- verification and monitoring identifies and develops verification and monitoring solutions to enable countries to work together confidently when tackling challenging international issues;
- national implementation assists interested States in the implementation of treaties and related legal instruments; and
- compliance mechanisms and measures focusses on matters of interpretation and implementation of commitments under international agreements.

b. Strategies for achieving objectives

VERTIC's new strategic plan runs from 1 January 2019 to 1 January 2022. It was subject to review and refinement throughout the period, led by a strategic planning committee of the board and in consultation with the senior management team.

Our strategic priorities as set out under the plan are as follows.

In regards to verification and monitoring:

1. Maintain the organisation's traditional focus on nuclear arms control and disarmament agreements, with a view of strengthening existing or proposed verification and monitoring

Trustees' report (continued)

For the year ended 31 October 2020

mechanisms, specifically addressing nuclear safeguards as well as proposed arrangements on arms reduction or elimination.

2. Continue to advocate the use of science diplomacy to solve verification hurdles, and work towards establishing national capacity.
3. Continue to expand the focus of the programme into other functional areas of law, such as other classes of weapons of mass destruction and conventional forces.

In regards to national implementation:

4. Maintain the organisation's traditional focus on the non-proliferation of CBRN weapons, security of materials, and emergency preparedness and response, and waste management.
5. Continue to expand the focus of the programme into the implementation of internationally agreed strategic trade controls, counter-terrorism, public health, animal health, plant health and food security.

In regards to compliance mechanisms and measures:

6. Maintain our work to enforce the United Nations Security Council sanctions regime when adopted under Chapter VII of the United Nations Charter, particularly in relation to maritime sanctions.
7. Conceptually strengthen our work on compliance, taking into account the United Nations Secretary General's Agenda for Disarmament, published on 24 May 2018, and subsequent remarks.
8. Develop and implement a training and education programme, drawing on all of our programmes.

A cross-cutting priority is to diversify and strengthen our funding base.

Trustees periodically evaluate progress in implementing the strategic plan for the duration it is in force and may make annual adjustments to objectives where appropriate.

c. Main activities undertaken to further the charity's purposes for the public benefit

Throughout the year, VERTIC's activities were aligned with the priorities set out in its Strategic Plan 2019-2022. These are:

1. To obtain information and conduct research on verification regimes deemed of interest through a continued series of free and publicly available publications. This included regular publication of our journal *Trust and Verify*; and publication of a new book in VERTIC's flagship edited book series *Verification and Implementation* (in August 2020).
2. To offer training on verification regimes through a continued series of training and assistance workshops with selected partner countries and our internship programme;
3. To advance verification regimes through supporting governments and relevant organisations in their efforts to make those regimes binding on individual states. We will do so by offering ratification support to governments, as well as holding events on selected verification regimes.
4. To assist governments in translating commitments undertaken in international law into national laws and regulations through the development of specific tools and a series of technical assistance activities designed to determine, review and strengthen domestic laws and regulations, in close cooperation with governments and intergovernmental organisations; and

Trustees' report (continued)
For the year ended 31 October 2020

5. To impartially analyse and inform cases where verification systems uncover (or may fail to uncover) possible violations of international law, with a specific focus on UN sanctions.

Public benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to give due regard to the public benefit guidance published by the Charity Commission in deciding the work undertaken by the charity and are satisfied that VERTIC's work continues to meet this criterion.

The charity's work to promote and strengthen the ability to determine whether states are keeping to their commitments under international law, to support the rule of law and to enhance state accountability is for the advancement of conflict resolution and/or the protection of the environment and falls within the definition of public benefit contained in sections 3(1)(h) and 3(1)(i) of the Charities Act 2011.

Achievements and performance

a. Key financial performance indicators

A critical objective for VERTIC over the past three years has been to achieve a better balance of funding across strategic priority areas and a more stable mix of funders. This work has now started to pay off with most of our funding for the next three years already in place. It is now a matter of building this base and ensuring that the organisation is more able to respond quickly to both internal and external needs.

The Strategic Plan 2019-2022 guided our resilience and growth strategy for the next three years with a continued focus on diversifying and strengthening our funding base. We work to continue to improve our mix of large grants and smaller, supporting donations, and prioritise seeking more substantial donations in the longer term. In managing financial risks associated with the COVID-19 pandemic, we have closely managed funder relationships and budgets to retain resilience.

b. Review of activities

Verification and Monitoring Programme

The Verification and Monitoring Programme (VMP) provides innovative research, practical tools and expert dialogue to support international agreements and norms in the field of non-proliferation, arms control, disarmament and development. The programme staff have expertise from across the scientific and policy fields. We engage globally with governments, technical agencies, international organisations, private sector, academia and civil society.

During the FY 19/20, the Verification and Monitoring Programme worked to further develop and roll out its nuclear disarmament verification activities and its applied research on nuclear non-proliferation. The programme also gathered practical recommendations on in-field international responses to biological emergencies. In parallel, the team provided commentary at the technical-policy interface on a range of current and future peace and security matters. The VMP continued to build capacity to examine new dual-use technologies and their impacts across the peace, security and development sectors.

Over the period, the programme was grateful for financial support for our projects from the Norwegian Ministry of Foreign Affairs, Global Affairs Canada, the Foreign Commonwealth and Development Office and the US Department of State.

The VMP has traditionally conducted a considerable portion of its work through in-person engagement all over the world. The ongoing corona virus crisis has impacted many of our activities. The VMP has, where needed and possible, reconceptualised and restructured our approach to achieving our goals. Many meetings that the VMP was planning to host with our partner organisations in-person were postponed and ultimately moved online. Our attendance at several UN and other major conferences was not possible; and

Trustees' report (continued)
For the year ended 31 October 2020

thus activities moved on-line wherever feasible and appropriate. Meanwhile, the team has considered ways to strengthen its digital resources and online communications.

The VMP worked on the following projects:

Building Capacity on Multilateral Verification of Nuclear Disarmament, funded by the Norwegian Ministry of Foreign Affairs: This multi-year project aims at enabling countries' capacity for contributing to nuclear disarmament verification (NDV). Project activities include research and collaborative activities in Argentina, Brazil, Kazakhstan and South Africa with a view to developing a NDV hub in each region. The project also explores NDV activities at the international level, including work within the United Nations, and how to make more progress on the issue globally.

During the year, the team coordinated with partner organisations in a dynamic manner to handle the impact of travel restrictions within and between countries. The travel constraint was particularly challenging for this project. After some postponements, all meetings have begun to move ahead again, albeit online. In-region research on NDV and how to sustain engagement on this issue was also commissioned and continues to be so. Within the framework of this project, the team also investigated a range of complementary activities for enhancing multilateral capacity on NDV with a range of international and national organisations.

North Korea's WMD: Assessment & Verification – role of Open Sources, funded by Global Affairs Canada: This multiyear project is developing an innovative methodology for analysing a nuclear weapons programme using open-source data. The project aims to provide a credible assessment of the country's capabilities that can be interrogated and used by a range of stakeholders. The project also explores the applicability of the model to biological and chemical issues. The project consists of three linked workflows: the Center for Non-proliferation Studies at Middlebury Institute of International Studies at Monterey identifies, geolocates and assesses the DPRK's nuclear fuel-cycle assets. VERTIC carries out fuel-cycle modelling to build an estimate of its nuclear-material production. RUSI uses probabilistic techniques to consider verification options. The project will produce imagery and material data sets as well as policy proposals designed to facilitate future negotiations and in-country verification efforts.

Building capacity to identify medium-long term approaches to the Iranian nuclear programme, financed by Foreign Commonwealth and Development Office: This project began in late 2020. It aims to explore medium-to-long term approaches to the Iranian nuclear programme in its wider context. The initiative uses a mixture of technical and policy assessment methodologies. This includes nuclear fuel cycle modelling and research on energy and development needs. The team is partnering with the European Leadership Network to carry out this project.

Examining technology and associated needs for bio-forensic investigations, funded by US Department of State: This project aims to explore issues that might be faced when the UN Secretary-General's Mechanism for Investigation of Alleged Use of Chemical and Biological Weapons is deployed. In late 2019 the team organised a table top exercise with emergency response practitioners from governments and international organisations. We published a report containing the main conclusions and lessons identified in spring 2020.

In addition to the abovementioned projects, VMP staff published short articles on a range of issues in VERTIC's periodical publication *Trust & Verify*. In the biological field, we published articles on the resilience of international verification mechanisms during the Covid-19 pandemic as well as on preparation for cooperative investigations into the origins of Covid-19. In the nuclear field, we wrote on the Comprehensive Test Ban Treaty; the future of the New START treaty, and verifying the Treaty on the Prohibition of Nuclear Weapons. On emerging technology, the VMP published articles on quantum computing and verification; as well as on space security and sustainability, including situational awareness and rendezvous proximity operations. The team also published on the Open Skies Treaty. Staff also published articles on some of the above topics for partner organisations.

Trustees' report (continued)
For the year ended 31 October 2020

Staff presented at several events hosted by other organisations. These included presentations at the Stanley Centre for Peace and Security Workshop on ethics of Open Source Intelligence; at the International Atomic Energy Agency Emerging Technologies Workshop; at the Blavatnik School of Government, Oxford Workshop on 'Preventing Nuclear Proliferation in the Middle East Post-JCPOA; at an event on 'Gender, Power and Arms

Control' hosted by CFFP/ICAN/WILPF as well as at events on the Non-Proliferation Treaty and Nuclear Weapons Free Zones.

National Implementation Measures (NIM) programme

During the FY 2019/20, the NIM Programme worked on the national legislative implementation of States' obligations under international legal instruments, maintaining its traditional focus on the non-proliferation of CBRN weapons and security of CBRN materials while continuing to expand into new areas such as biological emergency preparedness and response and public health.

NIM's methodology consists of three pillars: awareness-raising through publications and participation in events, legislative analysis, and legislative drafting and review. In addition, the team embarked on innovative activities including the development of an e-learning course, the development and delivery of a module for a Master course and an academic study. The Covid-19 pandemic led to reshaping programme activities and project implementation to focus on desktop-based deliverables while facilitating participation in, and in the future organising of, remote events. NIM cooperated and coordinated its work with relevant international organisations and assistance providers, including by joining international consortia.

NIM continued to diversify its funding base which for FY19-20 included the European Union CBRN Risk Mitigation Centres of Excellence Initiative (EU CoE), the United Nations, the Norwegian Ministry of Foreign Affairs, the Peace Research Institute Frankfurt (PRIF), and the Science and Technology Centre in Ukraine (STCU).

The NIM team worked on the following projects:

Legislative Assistance for National Implementation of the Biological and Toxin Weapons Convention and the Chemical Weapons Convention, funded by the Norwegian Ministry of Foreign Affairs, 2020-2022. The NIM team undertook and partly completed a comprehensive review and further development of its awareness-raising (including publications), legislative analysis and drafting tools on BTWC and CWC implementing legislation; staff also reviewed tools being developed by partners. In addition, the team participated in remote events, conducted outreach and preliminary activities for legislative analysis and drafting in interested countries, in coordination with relevant partners.

EU Council Decision 2019/97 in support of the BTWC, Legal expert for the Extended Assistance Programme (EAP) Project 2 on Capacity development in support of BTWC implementation (legal advice for BTWC implementation), funded by the United Nations (UNODA), 2019 – 2022. NIM conducted preliminary activities with a view to organising drafting workshops (remotely or in-country depending on Covid-19 restrictions) in the four EAP Project 2 selected countries, in coordination with UNODA/the BWC Implementation Support Unit, and in coordination with activities conducted under the Norway-funded project.

Enhanced biosecurity in South East Asia Project 81, funded by the EU CoE, 2019-2022 extended to 2023. NIM started implementing Work Package 2 to assess partner countries' legislation for the implementation of the BTWC and the International Health Regulations, provide tailored recommendations to strengthen legislation to be discussed during national and regional workshops, and to analyse legislation adopted and/or applied during the Covid-19 pandemic. It also joined the project consortium remote meetings and project related events.

Trustees' report (continued)

For the year ended 31 October 2020

Sound management of chemicals and their wastes in South East Asia Project 61, funded by the EU CoE, 2017- extended to 2022. NIM continued implementing Work Package 1 on “Judicial reinforcement with respect to sound management of chemicals and their wastes” to assess partner countries’ legislation on the management of chemicals and their waste, and to provide tailored recommendations and guidelines to strengthen legislation. It also joined the project consortium remote meetings.

Academic study on the reasons and challenges for UN Member States not becoming party to the International Convention for the Suppression of Acts of Nuclear Terrorism (ICSANT), funded by the United Nations (UNOCT). NIM conducted research, analysis and writing of a first draft of the study, in close coordination with the UN Counter Terrorism Centre of UNOCT.

E-learning unit on international non-proliferation and disarmament law for the EU Non-proliferation and Disarmament e-learning course, funded by PRIF, 2019-2021. Dr Sonia Drobysz and Yasemin Balci finalised the content of the e-learning unit and discussed alternatives to video-recording in Germany, which was cancelled due to the Covid-19 pandemic.

Module on CBRN transfer controls – national requirements as part of a course on CBRN transfer controls of the “Economic Security of Entrepreneurship” Master’s programme of the Taras Shevchenko National University of Kyiv. Dr Sonia Drobysz prepared and delivered 8 online lectures in June 2020 and provided feedback on a local professor’s lectures in December 2020.

In addition to the abovementioned projects, NIM staff contributed articles to VERTIC’s publication Trust & Verify, and participated in non-project activities including publications and events on nuclear security, the implementation of the International Health Regulations in the context of the Covid-19 pandemic, non-proliferation and disarmament, and space.

Compliance Mechanisms and Measures (CMM) programme

During FY19-20, the Special project team was renamed the Compliance Mechanisms and Measures programme, as a third programme alongside VM and NIM, to acknowledge VERTIC’s work on the inter-related issues of verification and monitoring, national implementation, and compliance issues in fulfilment of its mandate. The CMM programme continued the Special project team’s work on United Nations sanctions research, awareness-raising and training, and maintaining a particular focus on the maritime sanctions concerning North Korea. VERTIC is conducting this work as part of a consortium with the James Martin Center for Nonproliferation Studies (CNS) and King’s College London (KCL), under projects sub-contracted from CNS. The team, comprising two staff, both women, worked on four inter-related projects addressing flag registries and illicit shipping activities, which were funded by the US Department of State.

During this period, the team gave presentations on states’ obligations under the UN Security Council maritime sanction resolutions and provided training on approaches to fulfilling these obligations in national regulatory frameworks at a national workshop held in Belize. Due to Covid-19 travel restrictions from March 2019, CMM staff worked with CNS and KCL to redevelop and customise training materials for remote online delivery. The team also contributed to the consortium’s production of additional maritime sanctions information materials for States, and reported on topical sanctions avoidance, evasion and enforcement cases in Trust & Verify.

CMM staff were interviewed about arms embargos for a Small Arms Survey podcast, and carried out disarmament education by participating in a workshop on the Treaty on the Prohibition on Nuclear Weapons, and lecturing on nuclear disarmament verification for Australian and New Zealand tertiary students, in New Zealand. Staff also engaged in outreach activities to the New Zealand Ministry of Foreign Affairs and the Under-Secretary for Disarmament and Arms Control, and participated in a regional dialogue

Trustees' report (continued)
For the year ended 31 October 2020

on nonproliferation and disarmament under the auspices of the Council for Security Cooperation in the Asia Pacific.

c. Factors relevant to achieve objectives

Over the past year, our projects continued to be closely aligned with the charity's strategic priorities. As part of our new strategic plan, VERTIC will focus its effort on fewer priority areas and aim to build up sustainable work in these.

The United Kingdom's departure from the European Union is expected to have an impact on the charity's budget in coming years. We have recognised this implication, and the objective to diversity the charity's funding base will continue under the current strategic plan.

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Principal funding

VERTIC's income was £1,347,324 for the year ended 31 October 2020 (2019: £1,667,929). Of this, £1,321,542 (2019: £1,648,109) were restricted funds and £25,782 (2019: £19,820) were unrestricted funds. Income is recorded on its grant register by donor and programme.

Details of the restricted project funds are given in note 3 to the accounts. The Trustees are confident that adequate resources are available to enable the completion of these projects.

c. Reserves policy

VERTIC seeks to maintain a level of unrestricted reserves adequate to meet all current and known future liabilities. In practice, the Trustees consider that holding unrestricted reserves equivalent to three months operating and contractual costs is a sufficient minimum, which based upon the figures for the year ended 31 October 2020 is £281,327 (2019: £319,978). The reserves policy is under continuous review.

d. Assets

VERTIC holds no significant assets apart from fixtures and fittings, office and computer equipment.

e. Investment performance

VERTIC can invest monies not immediately required in such investments, securities or property as may be thought fit. The current policy is to maintain all such monies on deposit earning a market rate of interest.

f. Risks and uncertainties

The board has reviewed the major risks to which VERTIC is exposed, particularly those related to the governance, operations and finances of the charity, and is satisfied that reasonable steps are being taken to manage them.

VERTIC maintains a risk register which is reviewed and updated annually.

Trustees' report (continued)
For the year ended 31 October 2020

Structure, governance and management

a. Constitution

VERTIC is a company limited by guarantee (number: 03616935) and a registered charity (number: 1073051) in England and Wales. It was incorporated on 17 August 1998 and is governed by articles of association which were last amended and adopted on 11 May 2011.

VERTIC is an independent, not-for-profit, non-governmental organisation. Its mission is to support the development, implementation and effectiveness of international agreements and related regional and national initiatives, with particular attention to issues of monitoring, review and verification.

b. The board

The board of trustees comprises between three and eleven trustees. Trustees are appointed by ordinary resolution or by a simple majority of all directors for terms of three years after which they retire from office. They may stand for re-election.

The board is responsible for the governance and strategic direction of VERTIC. It held three scheduled and two additional meetings (primarily to ensure good governance and management in the context of the COVID 19 pandemic) in FY2019-2020. WE plan to hold four scheduled board meeting in FY 2020-2021, and thereafter revert to three per year.

The Board has a number of standing sub-committees which meet as required between Board meetings to oversee and engage with specific issues areas in order to ensure that Board decisions are well-prepared and key areas requiring detailed Board-staff consultations proceed effectively. These include the Strategic Planning and Development Sub-Committee, the Remunerations Sub-Committee, and the Publications Sub-Committee. In March 2020, the Board embarked on a review of the Sub-Committee and their mandates; which resulted in proposals reforms in the scope of the latter two of these Sub-Committees on which the Board will be decided in the FY 2020-21.

In addition, the Board, and its Chair, can establish ad-hoc sub-committees which are temporary, and which similarly work between Board meetings to work on specific issues of pressing concern. In this context, the Board in November 2019 established an ad-hoc sub-committee to co-ordinate the recruitment of a new VERTIC Executive Director, and in the following March 2020 ad-hoc Sub-committees were established: the ad-hoc sub-committee on COVID-19 Impact risks to VERTIC; the ad-hoc sub-committee on managing risks to VERTIC arising from Brexit. In July 2020, the ad-hoc sub-committee on Equality and Diversity Policy was similarly established. The sub-committee on recruitment of a new Executive Director ended in July 2020, following a Board decision to end this recruitment process for at least one year, due to financial risks relating to COVID-19 impacts. Each of the other sub-committees worked through the remainder of FY 2019-20 and into the following year, issuing regular reports and advice to full Board meetings. Board decisions associated with these reports and advice include: adoption by VERTIC of a new Equality and Diversity Policy; in depth review of the implications for VERTIC of BREXIT, which including confirmation the VERTIC would not establish an EU-based office or sister organisation for the foreseeable future.

c. Trustee recruitment and appointment

The VERTIC Board regularly refreshes its membership through the retirement of Board members and the recruitment of new Trustees. In FY 2019-20, between January – March 2020, three trustees either retired having served full terms or resigned due to pressures of other commitments. A new Trustee (Dr John Walker) was appointed to the Board in June 2020. In summer 2020, the Board decided to review its criteria and procedures for trustee recruitment before proceeding to search for further new trustees. By the end of FY 2019-20, the Board had agreed in principle on these criteria and procedures (including diversity criteria), and planned to proceed with recruiting new trustees during FY 2020-21.

Trustees' report (continued)
For the year ended 31 October 2020

It is VERTIC's practice that expressions of Interest by possible new Trustees are elicited after Board discussions on recruitment criteria, using the contact networks on members of the Board and senior VERTIC staff. In FY 2019-20, the Board agreed to enhance the diversity of candidates for appointment as Trustees by supplementing the above procedures with open advertisement for expressions of interest from well-qualified candidates with the personal qualities expected of a Trustee. Decisions on the appointment of new Trustees are taken by the existing Board; applying the same procedure as for the re-election of existing Trustees.

Upon appointment, trustees are properly inducted to enable them to play the roles and take the responsibilities as a Trustee. This includes an in-depth briefing by the Chair, provision of relevant VERTIC

documents including a copy of the articles of association; the current VERTIC Strategic Plan and recent board minutes. In addition, Trustees benefit from a customised package of further training, according to their requirements, including facilitated access to Charity Commission guidelines and wider training events for Trustees of UK charities.

Trustees fully recognise the importance of ensuring that VERTIC's governance systems reflect good practice and are workable given its staff size, resources and range of activities and so maintain an ongoing interest in improving induction, training and recruitment processes.

d. Staff and management

VERTIC employed twelve full-time staff as at 31 October 2020.

The Chief Executive Officer (referred to as the 'Executive Director'(Acting)) is responsible for the day-to-day operational management of VERTIC and is accountable to the board of trustees. She is supported by a Deputy Executive Director (Acting). and a Senior Management Group (SMG).

As noted above, in November 2019 the Board established an ad-hoc subcommittee to oversee the recruitment of a new Executive Director to succeed the outgoing Executive Director (who left on 11th November 2019). Between November 2019 and May 2020, this process proceeding through shortlisting and final interviews. In the interim the Deputy Executive Director was appointed to be Acting Executive Director. However, one of the outcomes of the Board's detailed assessment of risks to VERTIC arising from the impacts of the COVID-19 pandemic was a conclusion that the financial risks involved in recruiting a new Executive Director were not sustainable during FY 2019-20. As a result, the Board decided in June 2020 to end the recruitment process for a new Executive Director, and continue with the interim VERTIC management arrangements until VERTIC's financial position is sufficiently secure to initiate a new recruitment process.

Programme Directors are responsible for the day-to-day implementation and supervision of projects.

Six staff manage and run the Verification and Monitoring (VM) programme and another three staff look after the National Implementation Measures (NIM) programme. A further two staff are employed by the charity's 'Special Projects' team. Each programme is led by a Programme Director.

The Senior Management Group meets periodically to discuss matters relating to the management of the organisation, its finances (including fundraising) and project implementation. Given the small size of the organisation, most oversight matters are resolved informally on a day-to-day basis.

VERTIC also runs an internship programme where stipend young scholars at master's level contribute with discrete pieces of research.

e. Pay and remuneration of senior staff

VERTIC's policies on remuneration are set out in its 'Staff Handbook' which is updated annually. The Finance Director prepares a 'salary review' for consideration by the Executive Director in October. This document sets out pay progression within the charity, the financial outlook, comparable salaries in

Trustees' report (continued)

For the year ended 31 October 2020

other organisations, as well as programme performance. It also takes into account proposals made by the Programme Directors. The 'salary review' and the annual budget get presented to the Trustees consideration and approval. The Board of Trustees' remuneration sub-committee considers the Executive Director's salary and makes recommendations to the Board, independently of the above process. During FY 2019-20 the Board reviewed this arrangement, and plans in 2020-21 to expand the scope and mandate of the Remuneration sub-committee, so that it plays a role in the annual reviews or salaries and conditions for all VERTIC staff.

Plans for future periods

a. Future developments

The strategic plan for 2019-2022 does not envision any significant changes in our focus and direction in the next year. However, we plan to begin a new strategic review and planning process during 2021, to prepare for a new strategic plan, which will include taking account of the implications of the COVID-19 pandemic, Brexit and other international developments.

In FY 2019-20, some VERTIC staff were subject to an abnormally high workload, particularly with the onset of the COVID-19 pandemic constraints. Despite large parts of our annual budget already secured through grants with various funders over the next three years we intend to continue our diversification strategy; particularly in the context of funding uncertainties associated with COVID-19 pandemic. As part of these all three programmes will keep on complementing their mainstay activities with other strands of work.

We also intend to make better use of external consultants to build surge capacity in all programmes. We remunerate our interns with the London Living Wage, which enables us to better integrate young entrants in our fields into the charity.

Trustees' responsibilities statement

The Trustees (who are also directors of The Verification Research, Training and Information Centre for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Trustees' report (continued)
For the year ended 31 October 2020

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

This report was approved by the Trustees, on the 8th of March 2021 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'O. Greene', enclosed within a large, loopy oval shape.

Prof Owen Greene, Chair of Board
Trustee

**Independent auditors' report to the members of
The Verification Research Training and Information Centre (VERTIC)**

Opinion

We have audited the financial statements of The Verification Research Training and Information Centre (VERTIC) (the 'Charity') for the year ended 31 October 2020 which comprise the Statement of Financial Activities, the Balance Sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 October 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Charity 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity'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 trustees 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

**Independent auditors' report to the members of
The Verification Research Training and Information Centre (VERTIC)**

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 the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 they 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Our 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: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

**Independent auditors' report to the members of
The Verification Research Training and Information Centre (VERTIC)**

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Epton

**Anthony Epton (Senior Statutory Auditor)
for and on behalf of
Goldwins Limited
Statutory Auditor
Chartered Accountants
75 Maygrove Road
West Hampstead
London NW6 2EG**

9 March 2021

The Verification Research Training and Information Centre (VERTIC)

Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 October 2020

	Note	Unrestricted	Restricted	2020 Total	2019 Total
		£	£	£	£
Income from:					
Donations and legacies	3	-	-	-	19,820
Charitable activities	3	25,782	1,321,542	1,347,324	1,648,109
Total income		25,782	1,321,542	1,347,324	1,667,929
Expenditure on:					
Raising funds		37,092	-	37,092	32,373
Charitable activities:		126,309	1,186,703	1,313,012	1,247,540
Total expenditure	4	163,401	1,186,703	1,350,104	1,279,913
Net income / (expenditure) for the year		(137,619)	134,839	(2,780)	388,016
Transfers between funds		174,051	(174,051)	-	-
Net income / (expenditure) before other recognised gains and losses		36,432	(39,211)	(2,780)	388,016
Gains / (losses) on fixed assets		-	(232)	(232)	-
Foreign exchange gains / (losses)		25,617	(63)	25,554	36,211
Net movement in funds	13	62,049	(39,507)	22,542	424,227
Reconciliation of funds:					
Total funds brought forward		342,189	273,443	615,632	191,405
Total funds carried forward		404,238	233,936	638,174	615,632

All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above.

The notes on pages 19 to 28 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

Registered number: 03616935

Balance sheet

As at 31 October 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets:					
Tangible fixed assets	8		11,693		15,793
Current assets:					
Debtors	9	108,310		362,674	
Cash at bank and in hand	16	<u>1,724,700</u>		<u>1,133,380</u>	
		1,833,010		1,496,054	
Liabilities:					
Creditors: amounts falling due within one year	10	<u>(1,206,529)</u>		<u>(896,215)</u>	
Net current assets			<u>626,481</u>		<u>599,839</u>
Total assets less current liabilities			<u>638,174</u>		<u>615,632</u>
Total net assets			<u><u>638,174</u></u>		<u><u>615,632</u></u>
Charity Funds					
Restricted funds	13		233,936		273,443
Unrestricted funds	13		<u>404,238</u>		<u>342,189</u>
Total funds			<u><u>638,174</u></u>		<u><u>615,632</u></u>

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

The financial statements were approved and authorised for issue by the Trustees on the 8th of March 2021 and signed on their behalf, by:



Prof Owen Greene, Chair of Board
Trustee

The notes on pages 19 to 28 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

Statement of cash flows

For the year ended 31 October 2020

	Note	2020 £	2020	2019	2019 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	15		571,752		744,133
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		(5,754)		(22,497)	
Other gains / (loss) of fixed assets		(232)		-	
Cash provided by / (used in) investing activities			(5,986)		(22,497)
Change in cash and cash equivalents in the year			565,766		721,636
Cash and cash equivalents at the beginning of the year			1,133,380		375,533
Change in cash and cash equivalents due to exchange rate movements			25,554		36,211
Cash and cash equivalents at the end of the year	16		1,724,700		1,133,380

The notes on pages 19 to 28 form part of these financial statements.

1. Accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - effective 1 January 2015) - (Charities SORP FRS 102) and the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Verification Research Training and Information Centre (VERTIC) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Areas of judgement:

The charity has recognised tangible assets with a carrying value of £11,693 at the reporting date (see note 8). These assets are stated at their cost less provision for depreciation. The company's accounting policy sets out the approach to calculating depreciation for assets acquired.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 8 for the carrying amount of tangible fixed assets.

Deferred income has been recognised where the receipt of a grant has occurred during the period but the associated expenditure will occur during future periods. The income has been deferred to ensure that the recognition of the income and expenditure are recorded in the same period in the financial statements.

Accrued income has been recognised on the value of work performed on programme related activities but not yet invoiced for. The invoices will be raised and settled in the next period.

c) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the

reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantees is limited to £1 per member of the charity.

e) Income recognition

Income from charitable and trading activities is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for the provision of specified service is deferred until the criteria for income recognition are met.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

h) Expenditure and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accrual basis and includes attributable VAT where it cannot be recovered.

i) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity and its activities. These costs have been allocated between cost of

raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 4.

j) Operating leases

Rental charges are charged on a straight-line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	25% straight line (over four years)
Computer equipment	33% straight line (over three years)

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of financial activities incorporating income and expenditure account.

q) Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

2 Detailed comparatives for the statement of financial activities

	2019 Unrestricted	2019 Restricted	2019 Total
	£	£	£
Income from:			
Donations and legacies	19,820	-	19,820
Charitable activities	-	1,648,109	1,648,109
Total income	19,820	1,648,109	1,667,929
Expenditure on:			
Raising funds	32,373	-	32,373
Charitable activities:	119,105	1,128,435	1,247,540
Total expenditure	151,478	1,128,435	1,279,913
Net income / expenditure	(131,658)	519,674	388,016
Transfers between funds	316,900	(316,900)	-
Net income / (expenditure) before other recognised gains and losses	185,243	202,774	388,016
Foreign exchange gains/(loses)	13,211	23,000	36,211
Net movement in funds	198,454	225,774	424,227
Reconciliation of funds:			
Total funds brought forward	143,736	47,669	191,405
Total funds carried forward	342,189	273,443	615,632

3 Income from donations and legacies

	Unrestricted	Restricted	2020 Total	2019 Total
	£	£	£	£
Donations and legacies	-	-	-	19,820
Charitable activities	25,782	1,321,542	1,347,324	1,648,109
Total income	25,782	1,321,542	1,347,324	1,667,929

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

4. Analysis of expenditure

	Basis of allocation	Support cost £	Governance costs £	Raising Funds £	Charitable activities £	2020 £	2019 £
Charitable Activities	Direct	775	-	-	501,865	502,640	511,789
Legal & Professional	Direct	-	9,416	-	405	9,821	11,613
Accountancy fees	Direct	-	-	-	-	-	4,275
Auditor's remuneration	Direct	-	6,500	-	-	6,500	6,345
Wages and salaries	Direct	79,065	-	37,092	625,692	741,849	633,576
Staff welfare	Direct	475	-	-	1,357	1,832	6,004
Project cost	Direct	722	-	-	9,192	9,914	19,910
Office overheads	Staff no.	26	-	-	-	26	4,057
Insurance	Staff no.	72	-	-	796	868	1,404
PPS	Staff no.	114	-	-	1,290	1,404	2,953
Recruitment	Staff no.	-	12,425	-	275	12,700	13,737
Refreshments	Staff no.	62	-	-	677	739	1,935
Subscriptions	Staff no.	6,683	-	-	331	7,014	543
Rent	Staff no.	3,008	-	-	33,084	36,092	38,533
Rates	Staff no.	187	-	-	2,052	2,239	500
Sundry	Staff no.	-	-	-	-	-	-
Bank charges	Staff no.	784	-	-	441	1,225	1,330
Governance	Staff no.	-	5,387	-	-	5,387	13,058
Depreciation	Staff no.	608	-	-	9,246	9,854	8,350
		92,581	33,728	37,092	1,186,703	1,350,104	1,279,913
Support costs		(92,581)	-	-	92,581	-	-
Governance costs		-	(33,728)	-	33,728	-	-
Total expenditure 2020		-	-	37,092	1,313,012	1,350,104	
Total expenditure 2019		-	-	32,373	1,247,540		1,279,913

Of the total expenditure £163,401 was unrestricted (2019: £151,478) and £1,186,703 was restricted (2019: £1,128,435).

5. Net income / (expenditure) for the year

This is stated after charging / (crediting):	2020	2019
	£	£
Depreciation	9,854	8,350
Auditor's remuneration	6,500	6,345
Pension costs	30,118	23,728
Foreign exchange (gains) / losses	(25,554)	(36,211)

6. Analysis of staff costs, trustee remuneration and expenses, and key management personnel costs

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

Staff costs were as follows:

	2020	2019
	£	£
Salaries and wages	644,211	557,311
Social security costs	67,520	52,538
Pension contributions	30,118	23,728
	<u>741,849</u>	<u>633,577</u>

The following number of employees received remuneration during the year between:

	2020	2019
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1

The total employee benefits including pension contributions of the key management personnel were £157,785 (2019: £152,919).

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2020	2019
	No.	No.
Raising funds		
Charitable activities		
Support	10	10
Governance	1	1
	<u>1</u>	<u>1</u>
	<u>12</u>	<u>12</u>

7. Taxation

The charity is exempt from tax as all its income is charitable and is applied for charitable purposes.

8. Tangible fixed assets

	Computer Equipment	Fixtures & Fittings	Total
Cost	£	£	£
At the start of the year	46,060	2,156	48,216
Additions in year	5,754	-	5,754
Disposals in year	(23,872)	-	(23,872)
At the end of the year	<u>27,942</u>	<u>2,156</u>	<u>30,098</u>

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

Depreciation

At the start of the year	31,884	539	32,423
Charge for the year	9,315	539	9,854
Eliminated on disposal	(23,872)	-	(23,872)
At the end of the year	17,327	1,078	18,405

Net book value

At the end of the year	10,615	1,078	11,693
At the start of the year	14,176	1,617	15,793

All of the above assets are used for charitable purposes.

9. Debtors

	2020	2019
	£	£
Trade debtors	14,909	193,990
Accrued income	87,388	106,441
Prepayments	5,533	62,243
Other debtors	480	-
	108,310	362,674

10. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,265	28,795
Taxation and social security	18,293	23,303
Other creditors	14,664	9,761
Accruals	266,873	215,394
Deferred income	905,434	618,962
	1,206,529	896,215

Deferred income

	2020	2019
	£	£
Balance at the beginning of the year	618,962	345,883
Amount released to income in the year	(618,962)	(345,883)
Amount deferred in the year	905,434	618,962
Balance at the end of the year	905,434	618,962

Deferred Income

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

£905,434 of charitable activity income recognised in 2020 has been deferred at year-end to project costs to be incurred in 2021.

11. Analysis of net assets between funds - current year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	1,078	10,615	11,693
Current assets	407,702	1,425,308	1,833,009
Current liabilities	(4,542)	(1,201,987)	(1,206,529)
Net assets at the end of the year	404,238	233,936	638,174

12. Analysis of net assets between funds - prior year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	15,222	571	15,793
Current assets	366,332	1,129,722	1,496,054
Current liabilities	(39,365)	(856,850)	(882,387)
Net assets at the end of the year	342,189	273,443	615,632

13. Movements in funds - current year

	Balance at 1 November 2019	Income	Expenditure	Transfer in/out	Unrealised gains / (losses)	Balance at 31 October 2020
General funds	342,189	25,782	(163,401)	174,051	25,617	404,238
Restricted funds:	273,443	1,321,542	(1,186,703)	(174,051)	(295)	233,936
Total funds	615,632	1,347,324	(1,350,104)	-	25,322	638,174

14. Movements in funds - prior year

	Balance at 1 November 2018	Income	Expenditure	Transfer in/out	Unrealised gains / (losses)	Balance at 31 October 2019
General funds	143,736	19,820	(151,478)	316,900	13,211	342,189
Restricted funds:	47,669	1,648,109	(1,128,435)	(316,900)	23,000	273,443
Total funds	191,405	1,667,929	(1,279,913)	-	36,211	615,632

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2020

VERTIC is extremely grateful for the continuing support from its funders such as European Commission representatives, Foreign Ministries, Institutes and Legal Institutions and others that contributed £167,503, £944,645, £188,995, £46,182 respectively of which £610,703 came from Canadian MFA.

During the year, £174,051 was transferred to unrestricted funds as it was part of the grant agreements to keep the funds for the charities core activities.

15. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2020	2019
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(2,780)	388,017
Depreciation	9,854	8,350
(Increase)/ decrease in debtors	254,364	(156,003)
Increase/ (decrease) in creditors	310,314	503,769
Net cash provided by / (used in) operating activities	571,752	744,133

16. Analysis of cash and cash equivalents

	At 1 November 2019	Cash flows	Other changes	At 31 October 2020
	£	£	£	
Cash at bank and in hand	1,133,380	591,320	-	1,724,700
Total cash and cash equivalents	1,133,380	591,320	-	1,724,700

17. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund amounted to £30,118 (2019 - £23,728).

18. Operating lease commitments

At 31 October 2020 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2020	2019
Within 1 year	46,302	44,585
Between 1 and 5 years	115,029	161,332
	161,331	205,917

19. Trustee remuneration and benefits

During the year, no trustees (2019 – NIL) were paid or received any other benefits from employment with the charitable company. Four trustees (2019 – 4) were reimbursed for travel and meeting expenses amounting to £2,489.90 (2019 - £2,490).

20. Transaction (s) with related parties

There has been no related party transaction in the reporting period.