

THE VERIFICATION RESEARCH TRAINING AND INFORMATION CENTRE (VERTIC)

England & Wales · Charity number 1073051

Details

Other names VERTIC

Status Registered

Legal form Charitable company

Company number [03616935](#)

Registered 1998-12-21

Register [View on the Charity Commission register](#)

Contact

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

Phone 02035996146

Email vertic@vertic.org

Website www.vertic.org

Activities

Objects: THE CHARITY'S OBJECTS ARE RESTRICTED SPECIFICALLY FOR OR TOWARDS:(I) CONDUCTING RESEARCH AND TRAINING AND OBTAINING INFORMATION ON VERIFICATION MONITORING AND IMPLEMENTATION OF INTERNATIONAL AND INTRA-NATIONAL AGREEMENTS, ARRANGEMENTS AND RELATED ISSUES; AND(II) PUBLISHING SUCH INFORMATION BOTH INDIRECTLY THROUGH THE MEDIA CHANNELS AND DIRECTLY THROUGH ITS OWN PUBLICATIONS

Activities: VERTIC is an independent, non-profit making, non-governmental organisation. Its mission is to promote effective and efficient verification as a means of ensuring confidence in the implementation of international agreements and intra-national agreements with international involvement.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Environment/conservation/heritage
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Antigua And Barbuda
- Austria
- Barbados
- Brazil
- Cambodia
- Cameroon
- Ethiopia
- Germany
- Ivory Coast
- Jamaica
- Japan
- Laos
- Malaysia
- Namibia
- Oman
- Pakistan
- Philippines
- South Africa
- Thailand
- United States
- Uzbekistan
- Vietnam
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-10-31	£1,726,539	£1,782,360	£1,519,265	10
2023-10-31	£2,175,373	£1,476,783	£1,632,222	11
2022-10-31	£20,490	£1,045,301	£986,748	13
2021-10-31	£1,368,649	£1,263,399	£710,612	13
2020-10-31	£1,347,324	£1,350,104	£638,174	12

Trustees

Name	Role	Appointed
Dr OWEN GREENE	Chair	
John Walker		2020-06-10
LAURA ROCKWOOD		2015-06-01
LISA TABASSI		2015-07-27

Accounts

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 2024

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2-14
Independent auditor's report	15-17
Statement of financial activities	18
Balance sheet	19
Statement of cash flows	20
Notes to the financial statements	21-30

**Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 October 2024**

Trustees

Prof Owen J Greene, Chair
Ms Laura Rockwood, Treasurer
Ms Lisa Tabassi
Mr Nicholas Sims
Dr John Walker

**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 Larry MacFaul

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 2024

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 2024, 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

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 increase 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:

- assists interested States in national implementation of treaties and related legal instruments; and
- identifies and develops verification and monitoring solutions to enable States to work together confidently and cooperatively; and
- researches the components of compliance and analyses and enhances the role of compliance processes.

Strategy for achieving objectives

VERTIC's current strategic plan runs from January 2019 to June 2022, and was extended until completion of the new strategic review, which was near completion by the end of this financial year. The plan was monitored, and reflected on, throughout the reporting period. Our strategic priorities, which are reflected in the way we divide our work among Programmes, are as follows:

Trustees' report (continued)

For the year ended 31 October 2024

Trustees' report

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

National implementation:

1. Maintain the organisation's traditional focus on the non-proliferation of CBRN weapons, security of materials, and emergency preparedness and response, and waste management.
2. 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.

Verification and Monitoring:

3. Maintain the organisation's traditional focus on nuclear arms controls and disarmament agreements, with a view to strengthening existing or proposed verification and monitoring mechanisms,
4. Continue to advocate the use of science diplomacy to solve verification hurdles, and work towards establishing national capacity.
5. Continue to expand the focus of the programme into other areas including other classes of weapons of mass destruction, conventional forces and new and emerging technologies.

Compliance Mechanisms and Measures:

1. 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.
2. 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.

Cross-cutting priorities include diversifying and strengthening our funding base as well as further developing and implementing a training and education programme, drawing on all of our programmes.

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

Throughout the year, VERTIC's activities were aligned with its Strategic Plan including:

1. To obtain information and conduct research on monitoring and verification regimes deemed of interest including through a continued series of free and publicly available publications;
2. To offer training on monitoring and verification regimes through a continued series of training and assistance workshops with selected partner countries and our internship programme;
3. To advance monitoring and 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 monitoring and 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
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

Key financial performance indicators

In FY2023-24, VERTIC received £1,726,539 in income and made £1,782,360 expenditure. During the year, the organisation ran more than 20 projects (see below) for a variety of funders. This high number of projects meant that the organisation had a high level of impact in terms of breadth, and depth, across key issues and processes in the field of peace and security. We managed to keep to our goal of running a mixture of large and small projects. However, challenges remained and increased related to maintaining consistent core and administrative support which is a chronic problem for organisations of our size and income types.

During the year, the organisation more than doubled its level of fundraising activity, in terms of numbers of projects applied for, compared to the previous year. We were successful in a similar number as the year before, despite the increase in activity. It also remained our aim to diversify our funding sources, including securing funding that more closely supports the full cost recovery of the organisation and securing more non-government sources. However, we remained unable to allocate significant time into pursuing this objective due to internal capacity levels.

Organisational developments

We were pleased recruited new legal officers into the National Implementation Measures Programme and, as planned in the previous year in order to increase our operational capacity, we created a new role of Project Coordinator, recruited at the senior level. To address departures and ongoing absences in the leadership of the National Implementation Measures Programme, and being mindful of the challenges in recruiting in this highly specialised area at the director level, the Director of the Compliance Mechanisms and Measures Programme took over both teams. We were pleased to make substantive advances, as planned, in using the unique combination of skill sets in the organisation by increasing collaboration across our functional units in project work, fundraising and organisationally. This manifested itself, for example, in our work on nuclear non-proliferation.

Review of activities

National Implementation Measures (NIM) programme:

During the FY 2023/24, 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 activities in related or other 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 to provide a gap analysis of legal frameworks; and legislative drafting, review and training. NIM cooperates and coordinates its work with relevant international organisations and assistance providers, including by joining international consortia. NIM's funding basis is a mix of funds from national governments as well as international and regional intergovernmental organisations, as demonstrated by the projects mentioned below, which were in the implementation phase during FY 2023/2024:

Advancing BWC National Implementation in Africa, Latin America and South East Asia, funded by the United States Department of State, 2021-2024. This project is implemented by CRDF Global and the NIM Programme to advance national implementation of the Biological Weapons Convention (BWC) by working with BWC States Parties on their implementing legislation, regulations, and related measures. The project foresees national and regional subprojects with BWC States Parties on legislative implementation.

Advancing BWC National Implementation in Kenya, funded by the United States Department of State, 2022-2023.

The NIM team completed their work under this project in the reporting period to provide legislative assistance for implementation of the BWC with Kenya.

Biological Weapons Convention Latin America and Southeast Asia Legislative Workshop, funded by the United States Department of State, 2023-2024

In this reporting period, the team, alongside partner CRDF Global, was awarded a pilot project for the development and conduct of a training workshop on legislative drafting for BWC implementation. This project involves creating a training curriculum and delivering a week-long training course.

During this reporting period, the team successfully developed the legislative drafting course curriculum and conducted the training workshop in Bangkok, Thailand, from 28 October-1 November 2024, gathering 15 participants representing 6 countries in Latin America and the Caribbean and Southeast Asia alongside regional experts and a representative from the United Nations Office of Disarmament Affairs.



Training Workshop on Legislative Drafting for Implementation of the Biological and Toxin Weapons Convention

Enhanced biosecurity in South East Asia Project 81, funded by the European Union CBRN Centres of Excellence, 2019-2022 extended to 2025.

NIM continued implementing Work Packages 2 and 7 to assess partner countries' legislation for the implementation of the BWC and the International Health Regulations, provide tailored recommendations to strengthen legislation, and to analyse legislation adopted and/or applied during the Covid-19 pandemic. The team participated in a Regional Conference under the project from 2-5 July 2024 in Bangkok, Thailand, during which they led training and discussed the findings of the work conducted under the project.



EU CBRN CoE Project 81 regional conference

Trustees' report

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

BWC National Implementation Measures Database, funded by the United States Department of State, 2022-26. In collaboration with the United Nations Disarmament Research Institute (UNIDIR), the team continued work on a project to develop a BWC National Implementation Measures Database. The team held regular meetings with UNIDIR to coordinate research and undertook work to complete and upload country profiles for all States Parties to the BWC. NIM further attended the SynBio Africa conference from 17-19 July 2024 in Nairobi, Kenya, using data from the Database for a presentation on BWC national implementation to support efforts to promote the tool.



SynBio Africa Conference 2024

Supporting the legislative implementation and universalization of the BWC, CWC and related international instruments, funded by the UK Foreign, Commonwealth and Development Office, 2023-2024. The team completed the implementation of a project funded by the FCDO to support the implementation of the BWC and CWC. This project had a number of strands, including awareness raising, legislative analysis, legislative drafting and universalisation support in relation to the BWC and CWC.

Under this project, the team participated in a UN Office for Disarmament Affairs workshop on BWC universalization for Pacific states, held in Australia from 23-25 January 2024, after which Niue and Tuvalu acceded to the Convention. The team also held a BWC legislative drafting workshop with Sierra Leone in Freetown from 20-22 November 2023. This three-day event discussed drafting approaches to implement the BWC in the country and the pathway forward to CBRN related legislation in the country.



Workshop on Legislative Implementation of the BWC, Sierra Leone, Freetown

NIM staff further attended the Third Meeting of the Working Group on the Strengthening of the Biological and Toxins Weapons Convention during the second week of December 2023, and held a side event on 8 December to showcase activities under this project.

Trustees' report

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



Side event to the Third Meeting of the Working Group on the Strengthening of the Biological and Toxins Weapons Convention

United Nations Procurement Division (UNPD): Academic Study on the International Convention for the Suppression of Acts of Nuclear Terrorism (ICSANT) (2024 follow up)

In this reporting period a small grant was agreed with the United Nations to respond to feedback and finalise the Academic Study on the International Convention for the Suppression of Acts of Nuclear Terrorism (ICSANT), originally completed by the NIM team in 2022. This work was completed in October 2024.

Verification and Monitoring Programme

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

Over the period, the programme carried out activities in nuclear disarmament verification, disarmament irreversibility, and non-proliferation verification through nuclear safeguards. It also examined confidence building on nuclear test ban monitoring and refined its open source analysis of nuclear fuel cycles and potential chemical weapons production. The programme supported the ongoing development of processes for international investigations into biological and chemical weapons use, ways to monitor compliance with biological weapons obligations, and new approaches to cooperative monitoring of potential or post conflict zones. The programme also examined the impact of quantum technologies on verification and arms control.

North Korea's WMD: Assessment & Verification – role of Open Sources, funded by Global Affairs Canada

This multi-year 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 DPRK'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: our project partners at the Middlebury Institute of International Studies at Monterey (CNS) are systematically examining available open sources on the North Korean nuclear fuel cycle to provide a new baseline assessment of DPRK nuclear infrastructure; VERTIC is using fuel cycle modelling software, provided by the UK's National Nuclear Laboratory, to estimate present and historical fissile material production based on the inputs provided by CNS; our project partners at the Royal United Services Institute (RUSI) take results from VERTIC's model and use probabilistic framework to assess priorities for verification. RUSI will also provide assessments of the chemical and biological programmes. The project will produce imagery and material data sets as well as policy proposals designed to facilitate future negotiations and in-country verification efforts.

In the sixth year of the project, we developed partnerships with the Open Nuclear Network (ONN) to work on weaponisation and satellite monitoring and the University of Uppsala to evaluate operation modes of the Experimental Light Water Reactor in Yongbyon. A paper was presented to the 3rd annual Alva Myrdal Centre Conference in Uppsala. In February, we held a workshop in Vienna on North Korean Nuclear Futures in

cooperation with ONN) Programme and the Vienna Centre for Disarmament and Non-Proliferation (VCDNP). The workshop used a forecasting methodology, facilitated by the Swift Centre, to assess how the North Korean nuclear programme may develop in the next decade.

Supporting the UNSGM: Mapping internationally available resources and examining challenges in international cooperation funded by the US Department of State

This project, now completed, aimed to identify resources within the UN and other International Organisations that could be leveraged in a future investigation of alleged biological weapons use and consider possible challenges in making them available due to logistical, legal or institutional factors, as well as appropriate mitigation strategies.

The first part of the project focused on open-source research on the specific resources and capabilities of international organisations of interest, with the aim of building a matrix matching existing capabilities with possible UNSGM mission needs.

In response to changes in the broader international context surrounding the UNSGM, the project has changed its scope and goals. VERTIC worked alongside UNODA and DoS to deliver a training course on interviewing skills for UNSGM experts (delivered by the Institute for International Criminal Investigations) and a high level practitioner-led workshop at the UN on pre-deployment orientation for UNSGM experts.

Supporting Global Capacity for Nuclear Disarmament Verification, funded by the funded by the Norwegian Ministry of Foreign Affairs

This project aims to embed regional hubs for nuclear disarmament verification established under a previous VERTIC-led project in Latin America, Central Asia and Africa where local partners support implementation. The project continues support for on NDV at the international level, including work within the United Nations. At the end of September, a flagship conference took place in Rio de Janeiro hosted by VERTIC in partnership with NPSGlobal bringing together all the regions working under this project for the first time. The conference reviewed current international developments and their impact on efforts to build capacity for nuclear disarmament verification and aimed to foster a collaborative environment to share the three regional Hub's activities, initiatives and future plans. Highlights included a keynote address by Gustavo Zlauvinen, Ambassador, Ministry of Foreign Affairs of Argentina, President of the Tenth NPT Review Conference and a visit to the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC) Headquarters.

Opportunities for Cooperative Aerial Monitoring, funded by the US Department of State

The aim of this initiative is to assess the technical and political feasibility of overhead monitoring systems, sensors and other monitoring equipment, as well as the geographic extent for cooperative overhead monitoring.

In May 2024 we held our first workshop on this project, at the Royal Geographical Society in London, convening experts on monitoring with uncrewed aerial vehicles (UAVs) to understand how a cooperative monitoring arrangement could be implemented. Ongoing research was conducted on the other areas of the project.

The Impact of Quantum Technologies on Verification and Arms Control, funded by the US Department of State

The project, now ended, looked at the impact of Quantum information science and technologies (QIST) on arms control, non-proliferation and verification. Quantum technologies are expected to impact and disrupt current verification activities by enabling the development of new sensors and challenging secure data transfer and storage. Moreover, additional developments in the use of QIST for accurate chemical and biological modelling are expected to cause additional challenges and opportunities for WMD risk reduction. CNS and VERTIC delivered a report that addresses these issues.

Irreversibility in nuclear disarmament: Long-term management and risk monitoring approaches, funded by the US Department of State

This project investigates the issue of irreversibility in nuclear disarmament from the perspective of nuclear latency, with a focus on long-term approaches for monitoring latent nuclear capabilities and managing risks.

This includes drawing a list of possible indicators of latent nuclear weapons capability, and matching them to appropriate monitoring and verification techniques. VERTIC is working with ONN on this subject. Work from the project was presented in March 2024 in Wilton Park.

Practical considerations for irreversibility of nuclear disarmament

VERTIC partnered with the University of York to continue previous research into the irreversibility of nuclear disarmament. In December 2023, we held a 2-day workshop in Rio de Janeiro with our partners NPSGlobal, which convened diplomats, representatives of regional and national institutions with technical and policy experts to understand the notion of irreversibility from a Latin American perspective. In addition, VERTIC commissioned four papers. The first three were case studies on irreversible disarmament in a former nuclear weapons state, a highly latent non-nuclear weapons states and a state that would be reluctant to disarm. The final paper was a joint exploration by three authors on the interlinking roles of technical, legal and political perspectives when considering irreversible disarmament. The African and Latin American NDV hubs presented a paper at the 3rd annual Alva Myrdal Centre Conference in Uppsala, Sweden.

This project ended in March 2024.

Indicators and Monitoring Approaches to Support BWC Compliance, funded by the US Department of State

This project aims to develop a list of indicators of BWC non-compliance based on scenarios of possible BWC violation, and to match existing or proposed monitoring approaches to those indicators. VERTIC is partnering with King's College London.

The project saw consultations with experts run in Geneva in December 2024. So far, the project has produced a detailed set of possible proliferation risk scenarios; work in the project's second phase includes matching indicators drawn from those scenarios to known and proposed verification and monitoring approaches, including those raised in VEREX, and CBMs.

Assessing the Chemical Weapons Capability of the DPRK, funded by Global Affairs Canada

This project aims to reduce the threat posed by the proliferation and potential use of chemical weapons by North Korea, and to inform the development of potential threat reduction intervention strategies, this project aims to utilise open-source research and remote sensing capabilities to produce a comprehensive overview and analytical assessment of the DPRK's chemical weapons capabilities. VERTIC is acting as a subcontractor to the lead partner, RUSI.

Strengthening nuclear test ban monitoring via non-governmental satellite imagery analysis and mechanisms for resolving compliance concerns, funded by the UK FCDO

The Comprehensive Nuclear Test-Ban Treaty (CTBT) will prohibit States Parties from carrying out nuclear weapon test explosions, but has yet to enter into force. This project aimed to equip the international community with new ways to build confidence in the ongoing absence of nuclear weapon test explosions. It was led by ONN and VERTIC was sub-contracted to investigate how consultation and clarification mechanisms - a hitherto under-examined aspect of the CTBT - could be used to resolve questions and concerns regarding the absence of nuclear weapon test explosions.

VERTIC carried out research and visited the former Soviet nuclear test site at Semipalatinsk. The project produced a report that has been published by ONN. This project ended in March 2024.

Information Management Systems Needs, Procurement Options and Training Materials for UNSGM, funded by the US Department of State

This project develops a list of requirements for information management during a UNSGM investigation and translates these needs into technical specifications which can be used to procure or identify an appropriate information management platform, and prepare associated training materials for qualified experts on the UNSGM roster. The project will involve three technical workshops in collaboration with the UN Office for Disarmament Affairs (UNODA).

Capacity-building and remote assistance on IAEA Safeguards implementation and SSAC development, funded by the UK Department for Energy Security and Net Zero.

This project aims to support the IAEA Safeguards system by providing outreach and assistance to IAEA Member States in improving their national implementation of Safeguards, with a specific focus on domestic regulatory in the Safeguards context.

In January 2024, VERTIC and the US International Nuclear Safeguards Engagement Program (INSEP) assisted the Lao PDR Ministry of Education and Sport by analysing domestic safeguards legislation. In March, VERTIC advised the UK Government on implementing international safeguards in overseas territories. The project concluded in March 2024.

Safeguards assistance to Guinea and contribution to DESNZ SMR deep-dive 2B, funded by National Nuclear Laboratory Ltd (NNL)

VERTIC was been requested by the UK government Department for Energy Security and Net Zero to analyse nuclear safeguards challenges presented by Advanced and Small Modular Reactor (A/SMRs). VERTIC was also invited by INSEP to assist Guinea with safeguards implementation team including through review of draft Guinean legislation and an in-country workshop.

Compliance Mechanisms and Measures (CMM) Programme

The Compliance Mechanisms and Measures Programme's work is concerned with matters of interpretation, clarification, and concurrence. This entails research on adherence, the role of compliance processes, responses to non-compliance, as well as providing training on compliance.

During the FY 2023/24, the CMM programme continued its work on **United Nations sanctions research, awareness-raising, and training**, 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 Centre for Non-proliferation Studies (CNS) under projects sub-contracted from CNS. The team, comprising two staff, worked on two projects addressing maritime officials, private sector maritime stakeholders and illicit shipping activities that are intended to enhance capacity for North Korea sanctions implementation and compliance.

This work involves significant in-person engagement at workshops around the world. The team conducted in-country capacity-building activities, including legislative drafting workshops and table-top exercises, as well as continuing its work with CNS to develop customised training and reference materials for delivery to states and private sector entities in the maritime field. The team also contributed to the consortium's production of additional maritime sanctions information materials, as the scope of work continued to expand to address additional sanctions compliance challenges.

The CMM programme completed its work on **Maritime Confidence- and Security-Building Measures (CSBM) in the Asia Pacific**, in cooperation with the Asia Pacific Leadership Network (APLN), on preventing dangerous maritime incidents and unintended escalation in the Asia-Pacific, supported by the US Department of State. The project engaged Asia-Pacific policy practitioners and experts in substantive dialogues on mitigating military incidents at sea and reinvigorating the call for urgent maritime confidence building and crisis-avoidance measures in the Asia-Pacific. The Project's final report, '[Crisis Avoidance: Preventing Dangerous Maritime Incidents and Unintended Escalation in the Asia-Pacific](#)', identifies the main drivers of instability in the Asia-Pacific maritime space as well as gaps in the existing CSBM architecture. The report proposes policy recommendations to address these challenges.

Trustees' report

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



Cross-organisation activities

Over this period staff published analysis on a range of topics across the field of peace and security in *Trust & Verify* including:

- Legal proceedings concerning chemical weapons delivery systems and smuggling of nuclear materials, including weaponizable plutonium
- UNSC 1718 Committee Panel of Experts expiration and maritime sanctions monitoring
- Seizure of Iranian tanker carrying out ship-to-ship oil transfer,
- Confidence-building measures for submarine cable security
- Preventing dangerous maritime incidents and unintended escalation in the Asia-Pacific
- IAEA stopping drawing safeguards conclusions for some Member States
- Cooperative overhead monitoring in disputed territories
- Discharges from Fukushima Daiichi
- Elimination of the US chemical weapons stockpile - milestone moment
- Allegations of the use of riot control agents in Ukraine
- UN-led Verification Study Group
- Diplomatic momentum and the Comprehensive Nuclear Test-Ban Treaty
- 2023 First Committee and nuclear disarmament verification
- Recent activity at the Experimental Light Water Reactor, North Korea
- Recent developments and applications of additive manufacturing
- AI and CBRN risks

Staff also wrote on export controls over biological weapons-related materials in Africa for the UNSCR 1540 Compass; New Zealand and AUKUS Pillar for The Korea Times; and cyber arms control and counter proliferation for the Research Handbook on Cyberwarfare as well as the TPNW at the Alva Myrdal Centre for Nuclear Disarmament.

Events, presentations, lecturers and partners

Staff supported VERTIC's mandate and mission through engagement in a range of initiatives including:

- Asia-Pacific Leadership Network;
- Biosecurity Fundamentals Pandemics course, Blue Dot Impact;
- International Nuclear Law Association, Working Group on Nuclear Security and Non-Proliferation; European Safeguards Association (ESARDA) Verification Technologies and Methodologies (VTM) working group;
- VeSPoTec (Verification in a Complex and Unpredictable World: Social, Political and Technical Processes)
- Zurich ETH on arms control verification
- *Global Partnership against the Spread of Weapons and Materials of Mass Destruction*,
- Youth and Chemical Disarmament Dialogue
- Chemical Weapons Convention Coalition
- UNODA
- OPCW

Trustees' report

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



Roel Walravens at the OPCW's *Youth and Chemical Disarmament Dialogue* side event, December 2023

Financial review

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.

Principal funding

VERTIC's income was £1,726,539 for the year ended 31 October 2024 (2023: 2,175,373). Of this, 1,599,623 (2023: 1,783,473) were restricted funds and £126,916 (2023: £391,900) were unrestricted funds. Income is recorded on grant registers by donor and programme.

Details of the restricted project funds are given in note 13 to the accounts. The Trustees are confident that adequate resources are available to enable the completion of these projects.

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 2024 is £285,000 (2023: £370,000). The reserves policy is under continuous review.

Assets

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

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.

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, and the Board and Senior VERTIC Management regularly review the range of identified risks to VERTIC, and takes actions accordingly. Each VERTIC Programme and Project also has specific risk identification and management procedures.

Structure, governance and management

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.

The Board

The Board of Trustees is responsible for the governance and strategic direction of VERTIC. The Board meets regularly and from time to time convenes sub-committees to perform specific delegated duties.

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 fixed terms of three years after which they must retire from office. They may stand for re-election.

Trustee recruitment and appointment

There is a regular process for reviewing and refreshing Board membership. Upon appointment, trustees receive relevant information about VERTIC including a copy of the articles of association and recent board minutes. New trustees also receive the ongoing support of the Chair and the Executive Director.

Staff and management

VERTIC employed 13 staff as at 31 October 2024. The Chief Executive Officer (referred to as the 'Executive Director') is responsible for the day-to-day operational management of VERTIC and is accountable to the board of trustees. He is supported by a Deputy Executive Director and by Programme Directors. The Programme Directors are responsible for managing their programmes and the day-to-day implementation and supervision of projects as well as fundraising. VERTIC also runs a paid internship programme.

Pay and remuneration of staff

VERTIC's policies on remuneration are set out in its 'Staff Handbook'. The Executive Director prepares an annual salary review in consultation with the finance staff. The draft salary review and the annual budget are provided to the Board of Trustees for their consideration, comments and approval. The Board of Trustees decides the Executive Director's salary independently.

Plans for future periods and future developments

The current strategic plan and ongoing strategic review process do not envision any significant changes in the focus and direction of 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;

Trustees' report

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

- 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.

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 29th July 2025 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Owen Greene', enclosed within a hand-drawn oval.

Prof Owen Greene, Chair
Trustee

Opinion.

We have audited the financial statements of The Verification Research Training and Information Centre (VERTIC) (the 'Charity') for the year ended 31 October 2024 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 2024 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

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

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

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

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 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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Auditor's report

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

- We inspected the minutes of meetings of those charged with governance.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of 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.

Use of our report

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

22 August 2025

Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 October 2024

	Note	Unrestricted	Restricted	2024	2023
		£	£	Total	Total
				£	£
Income from:					
Charitable activities	3	126,916	1,599,623	1,726,539	2,175,373
Total income		126,916	1,599,623	1,726,539	2,175,373
Expenditure on:					
Raising funds		34,936	-	34,936	20,831
Charitable activities:		301,366	1,446,058	1,747,424	1,455,952
Total expenditure	4.	336,302	1,446,058	1,782,360	1,476,783
Net income / (expenditure) for the year		(209,386)	153,565	(55,821)	698,590
Transfers between funds		119,483	(119,483)	-	-
Net income / (expenditure) before other recognised gains and losses		(89,903)	34,082	(55,821)	698,590
Unrealised Gain / (Loss)				-	
Gains / (losses) on fixed assets					
Foreign exchange gains / (losses)		(22,957)	(34,179)	(57,136)	(53,116)
Net movement in funds	13	(112,860)	(97)	(112,957)	645,474
Reconciliation of funds:					
Total funds brought forward		1,222,585	409,637	1,632,222	986,748
Total funds carried forward		1,109,725	409,540	1,519,265	1,632,222

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 21-30 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)**Registered number: 03616935****Balance sheet****As at 31 October 2024**

	Note	2024 £	2024 £	2023 £	2023 £
Fixed assets:					
Tangible assets	8		<u>1,872</u>		<u>3,353</u>
			1,872		3,353
Current assets:					
Debtors	9	362,617		397,177	
Cash at bank and in hand	16	<u>1,223,540</u>		<u>1,722,480</u>	
		1,586,157		2,119,657	
Liabilities:					
Creditors: amounts falling due within one year	10	<u>(68,763)</u>		<u>(490,788)</u>	
Net current assets			<u>1,517,393</u>		<u>1,628,869</u>
Total assets less current liabilities			<u>1,519,265</u>		<u>1,632,222</u>
Total net assets			<u>1,519,265</u>		<u>1,632,222</u>
Charity Funds					
Restricted funds	13		409,540		409,637
Unrestricted funds	13		<u>1,109,725</u>		<u>1,222,585</u>
Total funds			<u>1,519,265</u>		<u>1,632,222</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 29 July 2025 and signed on their behalf, by:



Prof Owen Greene, Chair

The notes on pages 21-30 form part of these financial statement.

The Verification Research Training and Information Centre (VERTIC)

Statement of cash flows

For the year ended 31 October 2024

	Note	2024 £	2024	2023	2023 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	15		(439,800)		(80,792)
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		(2,003)		(1,607)	
Other gains / (loss) of fixed assets		-		-	
Unrealised gains/ (losses)					
Cash provided by / (used in) investing activities			(2,003)		(1,607)
Cash provided by / (used in) financing activities			-		-
Change in cash and cash equivalents in the year			(441,803)		(82,399)
Cash and cash equivalents at the beginning of the year			1,722,480		1,857,995
Change in cash and cash equivalents due to exchange rate movements			(57,136)		(53,116)
Cash and cash equivalents at the end of the year	16		1,223,540		1,722,480

The notes on pages 21-30 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

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 £1,872 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 2024

2. Detailed comparatives for the statement of financial activities				
	2023	2023	2023	
	Unrestricted	Restricted	Total	
	£	£	£	
Income from:				
Donations and legacies				
Charitable activities	391,900	1,783,473	2,175,373	
Total income	<u>391,900</u>	<u>1,783,473</u>	<u>2,175,373</u>	
Expenditure on:				
Raising funds	20,831	-	20,831	
Charitable activities:	441,284	1,014,668	1,455,952	
Total expenditure	<u>462,115</u>	<u>1,014,668</u>	<u>1,476,783</u>	
Net income / expenditure	<u>(70,215)</u>	<u>768,805</u>	<u>698,590</u>	
Transfers between funds	356,695	(356,695)		
Net income / (expenditure) before other recognised gains and losses	286,480	412,110	698,590	
Gains / (losses) on fixed assets	-	-	-	
Foreign exchange gains/(loses)	(50,643)	(2,473)	(53,116)	
Net movement in funds	<u>235,837</u>	<u>409,637</u>	<u>645,474</u>	
Reconciliation of funds:				
Total funds brought forward	986,748	-	986,748	
Total funds carried forward	<u>1,222,585</u>	<u>409,637</u>	<u>1,632,222</u>	
3. Income from charitable activities				
	Unrestricted	Restricted	2024	2023
			Total	Total
	£	£	£	£
Charitable activities	126,916	1,599,623	1,726,539	2,074,093
Donations and legacies				64,551
Investments				5,948
Other Income				30,781
Joseph Rowntree Charitable Trust				
Total income	<u>126,916</u>	<u>1,599,623</u>	<u>1,726,539</u>	<u>2,175,373</u>

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

4. Analysis of expenditure							
	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2024	2023
		£	£	£	£	£	£
Charitable Activities	Direct	1,615			779,496	781,111	640,131
Legal & Professional	Direct	104,909			1,036	105,945	1,317
Auditor's remuneration	Direct		10,300		2,160	12,460	7,132
Wages and salaries	Direct	88,933	14,313	34,936	649,382	787,564	694,362
Staff welfare	Direct	3,110			52	3,162	7,583
Project cost	Direct					-	-
Office overheads	Staff	1,837			427	2,264	14,235
Insurance	Staff	9,735				9,735	1,710
PPS	Staff					-	10,828
Recruitment	Staff	1,050			9,095	10,145	-
Refreshments	Staff					-	-
Subscriptions	Staff	6,487			727	7,214	976
Rent	Staff	54,118				54,118	54,395
Rates	Staff	1,419				1,419	-
Bank charges	Staff	771			515	1,286	-
Governance	Staff		2,453			2,453	40,227
Depreciation	Staff	316			3,168	3,484	3,887
		274,300	27,066	34,936	1,446,058	1,782,360	1,476,783
Support costs		(274,300)			274,300		
Governance costs			(27,066)		27,066		
Total expenditure 2024		0.00	0.00	34,936	1,747,424	1,782,360	
Total expenditure 2023				20,831	1,455,952		1,476,783

Of the total expenditure £336,302 was unrestricted (2023: £462,115) and £1,446,057 was restricted (2023: £1,014,668).

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):	2024	2023
	£	£
Depreciation	3,484	3,887
Auditor's remuneration	7,000	6,500
Projects audit	1,800	1,000
Pension costs	33,255	28,405
Unrealised (gains)/ losses		
Foreign exchange (gains) / losses	57,136	53,116

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

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

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	682,623	597,173
Social security costs	71,686	68,784
Pension contributions	33,255	28,405
	<u>787,564</u>	<u>694,362</u>

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

	2024	2023
	No.	No.
£60,000 - £69,999	1	3
£70,000 - £79,999	2	2
£80,000 - £89,999	1	0
£90,000 - £99,999	<u>1</u>	<u>0</u>

The total employee benefits including pension contributions of the key management personnel were £182,354 (2023: £358,979).

Staff numbers

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

	2024	2023
Raising funds	8	11
Charitable activities	1	1
Support	1	1
Governance	<u>1</u>	<u>1</u>
	<u>10</u>	<u>13</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	38,109	2,156	40,265
Additions in year	2,003		2,003
Disposals in year			-
At the end of the year	40,112	2,156	42,268
Depreciation			
At the start of the year	34,756	2,156	36,912
Charge for the year	3,484		3,484
Eliminated on disposal			
At the end of the year	38,240	2,156	40,396
Net book value			
At the end of the year	1,872	-	1,872
At the start of the year	3,353	-	3,353

All of the above assets are used for charitable purposes.

9 Debtors

	2024	2023
	£	£
Trade debtors	141,797	55,288
Accrued income	205,044	341,548
Prepayments	15,776	341
	<u>362,617</u>	<u>397,177</u>

10 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	14,857	53,157
Taxation and social security	19,623	16,668
Other creditors	20,858	8,175
Accruals	13,425	151,877
Deferred income		260,911
	<u>68,763</u>	<u>490,788</u>

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

Deferred income

	2024	2023
	£	£
Balance at the beginning of the year	260,911	874,214
Amount released to income in the year	(260,911)	(874,214)
Amount deferred in the year	-	260,911
Balance at the end of the year	<u>-</u>	<u>260,911</u>

11 Analysis of net assets between funds - current year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	-	1,872	1,872
Current assets	1,163,631	422,525	1,586,156
Current liabilities	(53,906)	(14,857)	(68,763)
Net assets at the end of the year	<u>1,109,725</u>	<u>409,540</u>	<u>1,519,265</u>

12 Analysis of net assets between funds - prior year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	3,353	-	3,353
Current assets	1,486,643	633,014	2,119,657
Current liabilities	(267,411)	(223,377)	(490,788)
Net assets at the end of the year	<u>1,222,585</u>	<u>409,637</u>	<u>1,632,222</u>

13 Movements in funds - current year

	Balance at 1 November 2023	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2024
General funds	1,222,585	126,916	(336,302)	119,483	(22,957)	1,109,725
Restricted funds						
NIM programme	334,247	454,479	(686,732)	(92,057)	(9,937)	-
VM programme	75,390	1,052,979	(694,587)		(24,242)	409,540
CMM programme	-	92,165	(64,739)	(27,426)		-
Other restricted funds						-
Total restricted funds	<u>409,637</u>	<u>1,599,623</u>	<u>(1,446,058)</u>	<u>(119,483)</u>	<u>(34,179)</u>	<u>409,540</u>
Total funds	<u>1,632,222</u>	<u>1,726,539</u>	<u>(1,782,360)</u>	<u>-</u>	<u>57,136</u>	<u>1,519,265</u>

Restricted funds:

NIM - National Implementation Measures programme

VM - Verification and Monitoring Programme

CMM -Compliance Mechanisms and Measures programme

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

14 Movements in funds - prior year

	Balance at 1 November 2022	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2023
General funds	986,748	391,900	(462,115)	356,695	(50,643)	1,222,585
Restricted funds						
NIM programme	-	838,781	(336,827)	(167,756)	49	334,247
VM programme	-	944,693	(677,841)	(188,939)	(2,523)	75,390
CMM programme	-					-
Other restricted funds						-
Total restricted funds	-	1,783,473	(1,014,668)	(356,695)	(2,474)	409,637
Total funds	986,748	2,175,373	(1,476,783)	-	(53,116)	1,632,222

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 £33,932, £1,282,600, 167,056, 116,035 and 126,916 respectively.

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

	2024	2023
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(55,821)	698,590
Depreciation	3,484	3,887
Unrealised (gains) / losses		-
Exchange (gain) / loss		-
Loss/ (profit) on the sale of fixed assets		-
(Increase)/ decrease in stock	-	-
(Increase)/ decrease in debtors	34,560	(294,863)
Increase/ (decrease) in creditors	(422,024)	(488,406)
Net cash provided by / (used in) operating activities	(439,801)	(80,792)

16 Analysis of cash and cash equivalents

	At 1 November 2023 £	Cash flows £	Other changes £	At 31 October 2024 £
Cash at bank and in hand	1,722,480	(498,940)		1,223,540
Overdraft facility (repayable on demand)				
Total cash and cash equivalents	1,722,480	(498,940)		1,223,540

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 £33,255 (2023 - £33,726) of which £3,326 (2023- £2,794) was payable at the year end.

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statements
For the year ended 31 October 2024

18 Operating lease commitments

At 31 October 2024 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2024	2023
Within 1 year	33,220	20,810
Between 1 and 5 years	0	33,220
	<u>33,220</u>	<u>54,030</u>

THE VERIFICATION RESEARCH TRAINING AND INFORMATION CENTRE (VERTIC)

England & Wales - Charity number 1073051

Accounts

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 2023

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 15
Independent auditor's report	16 - 18
Statement of financial activities	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 32

**Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 October 2023**

Trustees

Prof Owen J Greene, Chair
Ms Laura Rockwood, Treasurer
Ms Lisa Tabassi
Mr Nicholas Sims
Mr Richard Burge (resigned January 2023)
Dr John Walker

**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 Larry MacFaul

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 2023

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 2023, 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

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 increase 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:

- assists interested States in national implementation of treaties and related legal instruments; and
- identifies and develops verification and monitoring solutions to enable States to work together confidently and cooperatively; and
- researches the components of compliance and analyses and enhances the role of compliance processes.

Strategy for achieving objectives

VERTIC's current strategic plan runs from January 2019 to June 2022, and was extended until completion of the new strategic review, which is ongoing. The plan was monitored, and reflected on, throughout the reporting period. Our strategic priorities, which are reflected in the way we divide our work among Programmes, are as follows:

Trustees' report (continued)

For the year ended 31 October 2023

National implementation:

1. Maintain the organisation's traditional focus on the non-proliferation of CBRN weapons, security of materials, and emergency preparedness and response, and waste management.
2. Continue to expand the focus of the programme into other functional areas of law, such as other classes of weapons of mass destruction and convention forces.

Verification and Monitoring:

3. Maintain the organisation's traditional focus on nuclear arms controls and disarmament agreements, with a view to strengthening existing or proposed verification and monitoring mechanisms,
4. Continue to advocate the use of science diplomacy to solve verification hurdles, and work towards establishing national capacity.
5. Continue to expand the focus of the programme into other areas including other classes of weapons of mass destruction, conventional forces and new and emerging technologies.

Compliance Mechanisms and Measures:

1. 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.
2. 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.

Cross-cutting priorities include diversifying and strengthening our funding base as well as further developing and implementing a training and education programme, drawing on all of our programmes.

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

Throughout the year, VERTIC's activities were aligned with its Strategic Plan including:

1. To obtain information and conduct research on verification regimes deemed of interest including through a continued series of free and publicly available publications;
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

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

Key financial performance indicators

Our strategic plan specifies that we should aim to diversify and strengthen our funding base through securing new income sources. It also notes that optimising our fundraising and funding structure requires us to have a mix of large grants and smaller supporting amounts, and to prioritise seeking more substantial amounts, even if the lead-time for those can be measured in years rather than months.

VERTIC was in a [positive] position at the end of its FY - 31 October 2023. It has received £2,175,373 in income and made £1,476,783 expenditure. By the end of the organisation's financial year, the organisation had continued the trend of the previous year in running a comparatively large number of projects, around 25, of varying sizes and durations, with a wide range of subjects, activities and stakeholders - see sections below. This has resulted in a strengthened funding base in terms of overall size and diversity. The level of fundraising effort during the year was steady to high with around 10 submissions of which around half were successful.

This situation indicates that we were able to attract substantial and growing support for the organisation and its mission as well as retain confidence in our abilities to deliver. VERTIC has secured funding for a greater number of projects overall this year than in most previous years; which is a good indicator not only of the continuing confidence in VERTIC's capabilities and expertise but also of the continuing relevance of our mission. These funded projects are all in line with our strategic plan and mission. The recent project funding was mainly from governments, institutions and funding bodies with which VERTIC has long standing partnerships. For the purposes of increased resilience, we continue to work to identify new funding sources such as additional governments, branches of government, charitable foundations and non-traditional sources.

Our success in developing new and expanded project activities and funding during this year inevitably led to increased pressures on staff, which were successfully managed. VERTIC's ability to conduct its projects and activities depends on our ability to retain and attract new highly skilled staff. In the past year, there were some departures of valued staff, but we are pleased to report that we have been able to replace them with similarly skilled and experience staff. We plan some further recruitment, to ensure greater core management and administrative capacity and also greater 'surge' capacity to respond to unexpected surges in demand for VERTIC services.

Review of activities

National Implementation Measures (NIM) programme:

During the FY 2022/23, 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 activities in related or other 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. NIM cooperates and coordinates its work with relevant international organisations and assistance providers, including by joining international consortia. NIM's funding basis is a mix of funds from national governments as well as international and regional intergovernmental organisations, as demonstrated by the projects mentioned below, which were in the implementation phase during FY 2022/2023:

Advancing BWC National Implementation in Africa, Latin America and South East Asia, funded by the United States Department of State, 2021-2024. This project is implemented by CRDF Global and the NIM Programme to advance national implementation of the Biological Weapons Convention (BWC) by working with BWC States Parties on their implementing legislation, regulations, and related measures. The project foresees national and regional subprojects with BWC States Parties on legislative implementation.

Advancing BWC National Implementation in Kenya, funded by the United States Department of State, 2022-2023. During this reporting period the team implemented a pilot assistance project to provide legislative assistance for implementation of the BWC with Kenya. The team held preliminary meetings with the Kenyan National Commission for Science, Technology and Innovation, conducted legislative analysis of the State's existing legislative framework, and provided in-depth legislative review of a draft bill. From 17-21 July 2023, VERTIC's NIM Programme and partner CRDF Global held two workshops in Naivasha, Kenya on implementation of the BWC. A legislative drafting workshop was held from 17-19 July, with an awareness raising event following on 20-21 July.



BWC Awareness raising workshop, Kenya, July 2023

Legislative Assistance for National Implementation of the BWC and the CWC, funded by the Norwegian Ministry of Foreign Affairs, 2020-2022, extended through June 2023. The NIM team completed their work under this project in the reporting period. During the first half of 2023, the team continued to make progress on our cooperation with a number of ODA states. Regarding publications, the team completed our new BWC Model Law, an updated version of VERTIC's 2012 Sample Act, as part of our work on updating our publicly available drafting tools. This was published in March 2023 and has been translated into all UN languages. Regarding BWC and Chemical Weapon Convention (CWC)-related meetings and events, the team participated in a number of important engagements including a Regional Meeting for Stakeholders involved in supporting implementation of UNSCR 1540 in Asia, World Organisation for Animal Health) Firatbio Workshop and the Intergovernmental Authority on Development workshop on UNSCR 1540 implementation. Members of the team further delivered a four-day course on non-proliferation and disarmament law to attendees from the RACVIAC - Centre for Security Cooperation, held

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

a side-event to the CWC Fifth Review Conference presenting VERTIC's activities in support of legislative implementation of the CWC, and conducted a CWC legislative drafting workshop with Sierra Leone.



VERTIC Model Law for Model Law for National Implementation of the 1972 Biological and Toxin Weapons Convention and Related Requirements of UN Security Council Resolution 1540



CWC legislative drafting workshop, June 2023, Sierra Leone



Course on non-proliferation and disarmament law, RACVIAC Centre for Security Cooperation, May 2023, Croatia

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

assistance for BTWC implementation), funded by the United Nations (UNODA), 2019 – 2022. The NIM team finalised their work under this project in the reporting period.

Addressing misconceptions about chemical and biological weapons and related legal frameworks, funded by the UK Foreign, Commonwealth and Development Office, 2022-2023. NIM conducted legal research and analysis to develop and launch a publication addressing misconceptions about chemical and biological weapons and related international instruments, to counter efforts to undermine global norms and improve their understanding among relevant stakeholders. The report was launched at a side event to the Ninth Review Conference of the BWC in December 2022, was transformed into an interactive webpage, and also translated into all UN languages in March 2023.



Sound management of chemicals and their wastes in South East Asia Project 61, funded by the EU CoE, 2017- extended to 2022. NIM completed their work under this project in the reporting period, finalising efforts under 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. The project closed with a regional meeting in November 2022, which NIM attended to present on the findings of the project.

Enhanced biosecurity in South East Asia Project 81, funded by the EU CoE, 2019-2022 extended to 2024. NIM continued implementing Work Packages 2 and 7 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. The team joined relevant missions to partner countries and consortium and EU partners to conduct project activities throughout the year. Under Work Package 2, the team worked on the development of the ‘Guidance on Responsible Conduct of Research for Biosecurity’ to be shared with partner countries, which includes guidance on possible elements to be considered when developing codes of conduct or similar frameworks for the oversight of dual-use research as well as a compilation of relevant resources



Survey mission to Lao PDR, January 2023

BWC National Implementation Measures Database, funded by the United States Department of State, 2022-26. In collaboration with the United Nations Disarmament Research Institute (UNIDIR), the team begun work on a project to develop a BWC National Implementation Measures Database. The team held regular meetings with UNIDIR and the United Nations International Computing Centre (UNICC) to develop the database architecture. NIM staff presented at the soft launch event online on 31 May 2023 which showcased the draft database for the first time. The database was officially launched on 15 August 2023 at a side event in the margins of the second meeting of the Working Group on the strengthening of the BWC in Geneva. NIM staff began work to complete and upload country profiles for all 185 States Parties to the BWC.



Side event to Working Group on the strengthening of the BWC, August 2023

Supporting the legislative implementation and universalization of the BWC, CWC and related international instruments, funded by the UK Foreign, Commonwealth and Development Office, 2023-2024. The team was awarded, and begun implementing, a project funded by FCDO in June 2023. This project has a number of strands, including awareness raising, legislative analysis, legislative drafting and universalisation support in relation to the BWC and CWC.

Verification and Monitoring Programme

The Verification and Monitoring Programme (VMP) provides research, tools, and facilitates capacity building and expert dialogue to support international agreements and norms in the field of non-proliferation, arms control, disarmament and development. Programme staff have expertise across the scientific and policy fields. They engage globally with governments, technical agencies, international organisations, private sector, academia and civil society. The Programme carried out activities in the following areas:

United Nations Secretary General Mechanism – training and outreach for experts in Latin America, funded by UK Foreign Commonwealth and Development Office

The project delivered an online event for experts from Latin America on the UNSGM, showcasing its importance and some of the key dynamics that influence a UNSGM investigation. The event was held in March 2023.

Supporting the UNSGM: Mapping internationally available resources and examining challenges in international cooperation funded by US Department of State. This project aims to identify resources within the UN and other International Organisations that could be leveraged in a future investigation of alleged biological weapons. The first part of the project focused on open-source research on the specific resources and capabilities of international organisations of interest, and produced a matrix matching existing capabilities with possible UNSGM mission needs. VERTIC then worked with United Nations Office for Disarmament Affairs and the Institute for International Criminal Investigations to develop training on interviewing skills to UNSGM nominated experts, and to carried out research on short-notice pre-deployment training.

North Korea's WMD: Assessment & Verification – role of Open Sources, funded by Global Affairs Canada

This multi-year 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 DPRK'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: our project partners at the Middlebury Institute of International Studies at Monterey (CNS) are systematically examining available open sources on the North Korean nuclear fuel cycle to provide a new baseline assessment of DPRK nuclear infrastructure; VERTIC is using fuel cycle modelling software, provided by the UK's National Nuclear Laboratory, to estimate present and historical fissile material production based on the inputs provided by CNS; our project partners at the Royal United Services Institute (RUSI) take results from VERTIC's model and use a probabilistic framework to assess priorities for verification. RUSI will also provide assessments of the chemical and biological programmes.

In May we co-hosted a workshop, with the James Martin Centre for Non-proliferation Studies at their Washington DC office, on the limitations of open-source methods for discovering clandestine facilities. In June we presented a poster on our fuel cycle model of North Korea's fuel cycle and a paper on uncovering clandestine nuclear facilities at the Alva Myrdal Centre Annual conference in Uppsala. In July, we participated in a verification priorities workshop hosted with project partners RUSI in cooperation with the Open Nuclear Network at their office in Vienna. In September, we launched the interactive briefing tool at RUSI's offices and provided an in-person briefing to the Japan Atomic Energy Agency in Ibaraki, Japan.



Visit to the JAEA in Tokai, Japan, to discuss recent VERTIC work on DPRK nuclear capabilities

Supporting Global Capacity for Nuclear Disarmament Verification, funded by Norwegian Ministry of Foreign Affairs. The project enables capacity building for nuclear disarmament verification across world regions and supports its consideration at the United Nations. The project is further embedding 'hubs' for nuclear disarmament verification first established under a previous project in Latin America, Central Asia and Africa. Project partners in these regions will support implementation. VERTIC engaged with the process around the work of the United Nations Group of Governmental Experts (GGE) for Nuclear Disarmament Verification, and worked with regional partners to advance the hubs.

Capacity-building and remote assistance on IAEA Safeguards implementation and SSAC development, funded by the UK Department for Energy Security and Net Zero. This project aims to support the IAEA Safeguards system by providing outreach and assistance to IAEA Member States in improving their national implementation of Safeguards. During the reporting period, VERTIC attended the IAEA General Conference and coordinated with other assistance providers and with IAEA Member States requiring assistance to plan activities to be delivered in 2024.

Further Strengthening Safeguards: Preserving Institutional Memory and Supporting Outreach on Safeguards Agreements, Additional Protocols and Small Quantities Protocols, and Training Diplomats and Practitioners in Safeguards, funded by UK Foreign Commonwealth and Development Office, in collaboration with the Vienna Centre for Non-Proliferation and Disarmament. VERTIC is a contractor in

this project run by the Vienna Centre for Non-Proliferation and Disarmament. The project aims to identify the key factors that brought countries to ratify IAEA Safeguards agreements or make significant changes in their Safeguards status (such as amending their Small Quantities Protocol), and to highlight which approaches to outreach have been more successful. VERTIC contributed to interviews with policymakers and to a workshop in January 2023. The project concluded in March 2023, with a joint VERTIC-VCDNP paper launched.

Understanding irreversibility in global nuclear politics, funded by UK Foreign Commonwealth and Development Office. This project brought together leading universities and research centres, from the UK and beyond, to systematically investigate the concept of ‘nuclear irreversibility’ in disarmament and arms control. VERTIC authored a paper on the links between irreversibility and verification and commissioned working papers on the legal perspective in Latin American and the diplomatic perspective from South Africa. Finally, we hosted a workshop on the applicability of the IAEA safeguards system to irreversibility of nuclear disarmament. This project ended in March 2023. VERTIC also attended the Wilton Park workshop in Irreversibility in Nuclear Disarmament in March 2023.

Irreversibility in nuclear disarmament: Long-term management and risk monitoring approaches, funded by US Department of State. This project investigates the issue of irreversibility in nuclear disarmament from the perspective of nuclear latency, with a focus on long-term approaches for monitoring latent nuclear capabilities and managing risks. During the reporting period, VERTIC presented on the project to the Science Peace Security conference in Darmstadt, Germany.

Practical Considerations for Irreversibility of Nuclear Disarmament, funded by UK Foreign Commonwealth and Development Office. The project builds on the 2022-2023 project on irreversibility of nuclear disarmament (IND), with a focus on identifying and addressing potential practical issues in implementation of IND, and on fostering debate of the issue among diverse constituencies. VERTIC partnered with the University of York and NPSGlobal for this project. During the reporting period, VERTIC organised a side event at the NPT Preparatory Committee 2023 on the topic.



Side Event on Irreversibility in Nuclear Disarmament
at the NPT Preparatory Commission 2022

Opportunities for Cooperative Overhead Monitoring, funded by US Department of State. This project is developing concepts for new cooperative overhead monitoring arrangements. The aim of the project is to assess the technical and political feasibility of overhead monitoring systems, sensors and other monitoring equipment. During the reporting period, we conducted research on the applicability of satellite imagery, uncrewed aerial vehicles (UAVs), new sensors, new geographic regions and lessons learned from the Open Skies treaty.

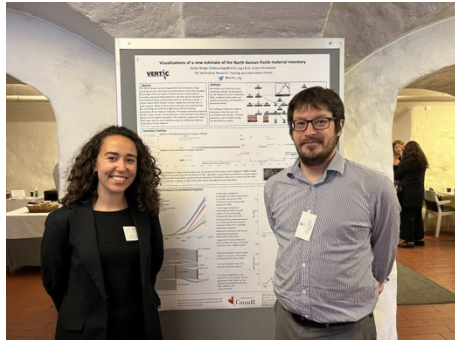
Impact of Quantum Technologies on Verification and Arms Control, funded by US Department of State
Along with our partner CNS, VERTIC looked at the impact of Quantum information science and technologies (QIST) on arms control, non-proliferation and verification. During the reporting period, VERTIC conducted research and interviews with quantum technology developers, end users and those familiar with potential applications.

Indicators and Monitoring Approaches to Support BWC Compliance, funded by US Department of State

This project aims to develop a list of potential indicators of BWC non-compliance based on a number of scenarios of possible BWC violation, and to match existing or proposed monitoring approaches to those indicators. It is being carried out with expert partners at King's College London. During the reporting period, VERTIC concluded collaboration agreements with the project partners and commenced research.

Strengthening nuclear test ban monitoring via non-governmental satellite imagery analysis and mechanisms for resolving compliance concerns, UK Foreign Commonwealth and Development Office

This project aims to equip the international community with new ways to build confidence in the ongoing absence of nuclear weapon test explosions. During the reporting period, VERTIC carried out research under the project, and participated in a visit to the former Soviet nuclear test site at Semipalatinsk (Kazakhstan).



Presenting fuel cycle modelling work at the Alva Myrdal Centre Conference 2023

Compliance Mechanisms and Measures (CMM) Programme

The Compliance Mechanisms and Measures Programme's work is concerned with matters of interpretation, clarification, and concurrence. This entails research on adherence, the role of compliance processes, responses to non-compliance, as well as providing training on compliance.

During the FY 2022/23, the CMM programme continued its work on **United Nations sanctions** research, awareness-raising, and training, 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 Centre for Non-proliferation Studies (CNS) under projects sub-contracted from CNS. The team, comprising two staff, worked on three projects addressing maritime officials, private sector maritime stakeholders and illicit shipping activities that are intended to enhance capacity for North Korea sanctions implementation and compliance.

This work involves significant in-person engagement at workshops around the world. As travel restrictions caused by Covid-19 eased this period, the team recommenced in-country capacity-building activities, including table-top exercises and drafting standard operating procedures, as well as continuing its work with CNS to develop customised training materials for remote online delivery to states and private sector entities in the maritime field, which have been translated into French and Spanish. The team also contributed to the consortium's production of additional maritime sanctions information materials for States, as the scope of work continued to expand to address additional sanctions compliance challenges.

The CMM programme continued its work on **Maritime Confidence- and Security-Building Measures** in the Asia Pacific, in cooperation with the Asia Pacific Leadership Network (APLN), on preventing dangerous maritime incidents and unintended escalation in the Asia-Pacific, supported by the US Department of State. The project engages Asia-Pacific policy practitioners and experts in substantive dialogues on mitigating military incidents at sea and reinvigorating the call for urgent maritime confidence building and crisis-avoidance measures in the Asia-Pacific and develops policy recommendations for risk reduction in the maritime domain.



Bahamas Workshop, April 2023



Philippines Regional Group March 2023

Cross-organisation activities

Over this period staff published analysis on a range of topics across the field of peace and security in *Trust & Verify*. These included current and emerging issues in WMD, emerging technology, conflicts, communication, and law.

- The 10th NPT Review Conference and nuclear disarmament verification
- Post-quantum cryptography
- Modelling North Korea's enrichment programme
- A US perspective on how to mitigate risks of illicit diversion of weapons and conflict escalation when arming Ukraine
- The UNSGM Capstone Exercise: Simulating a biological weapons investigation
- VERTIC's National Implementation Measures programme in support of BWC implementation since the Eighth Review Conference
- Addressing misconceptions about chemical and biological weapons and related legal frameworks
- Showcasing new work on irreversibility in nuclear disarmament
- North Korean operations of the Experimental Light Water Reactor
- Can the BTWC and CWC prevent weaponization of toxins and bioregulators
- Federated States of Micronesia brings criminal proceedings against fraudulent ship registry scheme
- North Korea accelerates vessel purchases despite UN Security Council sanctions
- VERTIC and UNIDIR develop BWC National Implementation Database
- The Chemical Weapons Convention Fifth Review Conference: challenges and outcomes
- UN Security Council unanimously reaffirms support for UNSCR 1540

Events, presentations, lecturers and partners

Staff continued to advance VERTIC's mission through a variety of other activities. VERTIC staff presented on-line and in-person events hosted by other organisations on arms control, disarmament and non-proliferation throughout the year. These were events were hosted by organisations such as on the future of

safeguards at the IAEA, the NPT at Wilton Park, ESARDA Verification Technologies and Methodologies Working Group, Alva Myrdal Centre Annual conference in Uppsala and at KCL. VERTIC also presented at CBWNet on “Chemical and Biological Weapons: the Interconnectivity of Norms” and attended a workshop organised by the Centre for the Study of Existential Risk on the “Ninth Review Conference of the Biological Weapons Convention: Where Next for the UK?” A staff member presented a paper on the role of African governments in implementing and universalising the Treaty on the Prohibition of Nuclear Weapons (TPNW), at a regional seminar hosted by South Africa’s Department of International Relations and Cooperation, in collaboration with the International Committee of the Red Cross.

Staff gave guest lectures on international law to university courses, such as the Nuclear Energy Agency’s International Nuclear Law Essentials programme and to the panel on autonomous weapon systems at the 2022 Conference on Robotic Learning on 15 December 2022 in Auckland, New Zealand.

Staff continued helping the community through their membership, or chairing of working groups, of bodies such the European Safeguards Research and Development Association, New Zealand Disarmament and Security Centre; New Zealand Autonomous Weapons Systems Working Group; the Asia-Pacific Leadership Network for Nuclear Non-Proliferation and Disarmament.

Financial review

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.

Principal funding

VERTIC's income was 2,175,373 for the year ended 31 October 2023 (2022: £1,212,902). Of this, £1,783,473 (2022: £1,164,000) were restricted funds and £391,900 (2022: £48,902) were unrestricted funds. Income is recorded on grant registers by donor and programme.

Details of the restricted project funds are given in note 13 to the accounts. The Trustees are confident that adequate resources are available to enable the completion of these projects.

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 2023 is £370,000 (2022: £261,000). The reserves policy is under continuous review.

Assets

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

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.

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, and the Board and Senior VERTIC Management regularly review the range of identified risks to VERTIC, and takes actions accordingly. Each VERTIC Programme and Project also has specific risk identification and management procedures.

Structure, governance and management

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.

The Board

The Board of Trustees is responsible for the governance and strategic direction of VERTIC. The Board meets regularly and from time to time convenes sub-committees to perform specific delegated duties.

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 fixed terms of three years after which they must retire from office. They may stand for re-election.

Trustee recruitment and appointment

There is a regular process for reviewing and refreshing Board membership. Upon appointment, trustees receive relevant information about VERTIC including a copy of the articles of association and recent board minutes. New trustees also receive the ongoing support of the Chair and the Executive Director.

Staff and management

VERTIC employed 10 staff as at 31 October 2023. The Chief Executive Officer (referred to as the 'Executive Director') is responsible for the day-to-day operational management of VERTIC and is accountable to the board of trustees. He is supported by a Deputy Executive Director and by Programme Directors. The Programme Directors are responsible for managing their programmes and the day-to-day implementation and supervision of projects as well as fundraising. VERTIC also runs a paid internship programme.

Pay and remuneration of staff

VERTIC's policies on remuneration are set out in its 'Staff Handbook'. The Executive Director prepares an annual salary review in consultation with the finance staff. The draft salary review and the annual budget are provided to the Board of Trustees for their consideration, comments and approval. The Board of Trustees decides the Executive Director's salary independently.

Plans for future periods and future developments

The current strategic plan and ongoing strategic review process do not envision any significant changes in the focus and direction of 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

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

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.

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 30th July 2024 and signed on their behalf by:

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

Dr Owen Greene, Chair
Trustee

Opinion

We have audited the financial statements of The Verification Research Training and Information Centre (VERTIC) (the 'Charity') for the year ended 31 October 2023 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 2023 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

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

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

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

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 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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

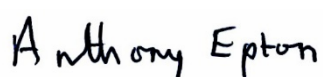
- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of 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.

Use of our report

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

Date: 31 July 2024

The Verification Education Training and Education Centre (VERTIC)
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31 October 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Income :					
Total Income	3	391,900	1,783,473	2,175,373	1,212,902
Total income		391,900	1,783,473	2,175,373	1,212,902
Expenditure on:					
Raising funds		20,831	-	20,831	15,686
Charitable activities:		441,284	1,014,668	1,455,952	1,029,615
Total expenditure	4	462,115	1,014,668	1,476,783	1,045,301
Net Income (Expenditure for the year)		(70,215)	768,805	698,590	167,601
Transfers between funds		356,695	(356,695)	-	-
Net income / (expenditure) before other recognised gains and losses		286,480	412,110	698,590	167,601
Unrealised Gain / (Loss)		-	-	-	(986)
Gains / (losses) on fixed assets		-	-	-	-
Foreign exchange gains / (losses)		(50,643)	(2,473)	(53,116)	109,521
Net movement in funds		235,837	409,637	645,474	276,136
Reconciliation of funds:					
Total funds brought forward		986,748	-	986,748	710,612
Total funds carried forward	13	1,222,585	409,637	1,632,222	986,748

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 22-32 form part of these financial statement

The Verification Education Training and Information Centre (VERTIC)
Balance Sheet
As at 31 October 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets:					
Tangible assets	8		3,353		5,633
			3,353		5,633
Current assets:					
Debtors	9	397,177		102,314	
Cash at bank and in hand	16	1,722,480		1,857,995	
		2,119,657		1,960,309	
Liabilities:					
Creditors: amounts falling due within one year	10	(490,788)		(979,194)	
Net current assets			1,628,869		981,115
Total assets less current liabilities			1,632,222		986,748
			2		
Total net assets			1,632,222		986,748
Charity Funds					
Restricted funds	13		409,637		-
			1,222,585		
Unrestricted funds	13		5		986,748
			1,632,222		
Total funds			2		986,748

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 30th July 2024 and signed on their behalf, by:



Dr Owen Greene, Chair

The notes on pages 22-32 form part of these financial statement.

	Not e	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	15		(80,792)		211,657
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		(1,607)		(3,549)	
Other gains / (loss) of fixed assets		-		-	
Unrealised gains/ (losses)					
Cash provided by / (used in) investing activities			(1,607)		(3,549)
Cash provided by / (used in) financing activities					
			-		-
Change in cash and cash equivalents in the year			(82,399)		208,108
Cash and cash equivalents at the beginning of the year			1,857,995		1,540,366
Change in cash and cash equivalents due to exchange rate movements			(53,116)		109,521
Cash and cash equivalents at the end of the year	16		1,722,480		1,857,995

The notes on pages 22-32 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 £7,893 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.

2. Detailed comparatives for the statement of financial activities

	2022 Unrestricted £	2022 Restricted £	2022 Total £
Income from:			
Donations and legacies	48,902	-	48,902
Charitable activities	-	1,164,000	1,164,000
Investment Activities	-	-	-
Other Income	-	-	-
Total income	48,902	1,164,000	1,212,902
Expenditure on:			
Raising funds	15,686	-	15,686
Charitable activities:	163,179	866,436	1,029,615
Total expenditure	178,865	866,436	1,045,301
Net income / expenditure	(129,963)	297,564	167,601
Transfers between funds	298,731	(298,731)	
Net income / (expenditure) before other recognised gains and losses	168,768	(1,167)	167,601
Unrealised Gain / (Loss)	(986)		(986)
Gains / (losses) on fixed assets	-	-	-
Foreign exchange gains/(loses)	108,354	1,167	109,521
Net movement in funds	276,136	-	276,136
Reconciliation of			

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

funds:

Total funds brought forward	710,612	-	710,612
Total funds carried forward	986,748	-	986,748

3. Total Income

	Unrestricted	Restricted	2023 Total	2022 Total
	£	£	£	£
Charitable activities	290,620	1,783,473	2,074,093	1,164,407
Donations and Legacy	64,551	-	64,551	48,495
Investments	5,948	-	5,948	-
Other Income	30,781	-	30,781	-
Total income	391,900	1,783,473	2,175,373	1,212,902

4

Analysis of expenditure

	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2023	2022
		£	£	£	£	£	£
Charitable Activities	Direct	-	-	-	640,131	640,131	258,499
Legal & Professional Auditor's remuneration	Direct	-	1,317	-	-	1,317	7,439
	Direct	-	7,132	-	-	7,132	7,500
Salaries	Direct	69,436	-	20,831	604,095	694,362	680,072
Staff welfare	Direct	7,583	-	-	-	7,583	14,380
Project cost	Direct	-	-	-	-	-	7,065
Office overheads	Staff	14,235	-	-	-	14,235	-
Insurance	Staff	1,710	-	-	-	1,710	789
PPS	Staff	10,828	-	-	-	10,828	946
Refreshments	Staff	-	-	-	-	-	249
Subscriptions	Staff	976	-	-	-	976	9,930
Rent	Staff	54,395	-	-	-	54,395	49,723
Rates	Staff	-	-	-	-	-	939
Bank charges	Staff	-	-	-	-	-	791
Governance	Staff	-	40,227	-	-	40,227	1,170
Depreciation	Staff	3,887	-	-	-	3,887	5,809
		163,050	48,676	20,831	1,244,226	1,476,783	1,045,301
Support costs		(163,050)			163,050		
Governance costs			(48,676)		48,676		
Total expenditure 2023		-	-	20,831	1,455,952	1,476,783	

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

Total expenditure 2022	15,686	1,029,615	1,045,301
-------------------------------	---------------	------------------	------------------

Of the total expenditure £462,115 was unrestricted (2022: £178,865) and £1,014,668 was restricted (2022: £866,436).

5. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2023	2022
	£	£
Depreciation	3,887	5,809
Auditor's remuneration	6,500	6,500
Projects audit	1,000	1,000
Pension costs	28,405	28,905
Unrealised (gains) / losses	-	986
Foreign exchange (gains) / losses	53,116	(109,521)

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

Staff costs were as follows:	2023	2022
	£	£
Salaries and wages	597,173	590,421
Social security costs	68,784	60,746
Pension contributions	28,405	28,905
	<u>694,362</u>	<u>680,072</u>

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

	2023	2022
	No.	No.
£60,000 - £69,999	3	2
£70,000 - £79,999	2	1

The total employee benefits including pension contributions of the key management personnel were £358,979 (2022: £324,237).

Staff numbers

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

	2023	2022
Raising funds		
Charitable activities	11	11
Support	1	1

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

Governance	1	1
	<u>13</u>	<u>13</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 £
At the start of the year	36,502	2,156	38,658
Additions in year	1,607	-	1,607
Disposals in year	-	-	-
At the end of the year	<u>38,109</u>	<u>2,156</u>	<u>40,265</u>

Depreciation

At the start of the year	30,869	2,156	33,025
Charge for the year	3,887	-	3,887
Eliminated on disposal	-	-	-
At the end of the year	<u>34,756</u>	<u>2,156</u>	<u>36,912</u>

Net book value

At the end of the year	<u>3,353</u>	<u>-</u>	<u>3,353</u>
At the start of the year	<u>5,633</u>	<u>-</u>	<u>5,633</u>

All of the above assets are used for charitable purposes.

9. Debtors

	2023 £	2022 £
Trade debtors	55,288	22,320
Accrued income	341,548	73,391
Prepayments	<u>341</u>	<u>6,603</u>
	<u>397,177</u>	<u>102,314</u>

10. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	53,157	4,172
Taxation and social security	16,668	11,246
Other creditors	8,175	1,903
Accruals	151,877	87,659

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

Deferred income	260,911	874,214
	490,788	979,194

Deferred Income

	2023	2022
	£	£
Balance at the beginning of the year	874,214	816,720
Amount released to income in the year	(874,214))	(816,720)
Amount deferred in the year	260,911	874,214
Balance at the end of the year	260,911	874,214

£260,911 of charitable activity income recognised in 2023 has been deferred at year-end to project costs to be incurred in 2024.

11. Analysis of net assets between funds - current year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	3,353	-	3,353
Current assets	1,486,643	633,014	2,119,657
Current liabilities	(267,411)	(223,377)	(490,788)
Net assets at the end of the year	1,222,585	409,637	1,632,222

12. Analysis of net assets between funds - prior year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	2,830	2,830	5,633
Current assets	1,011,317	948,992	1,960,309
Current liabilities	(27,399)	(951,795)	(979,194)
Net assets at the end of the year	986,748	-	986,748

13. Movements in funds - current year

	Balance at 01 November 2022	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2023
Unrestricted Funds						
General Funds	986,748	391,900	(462,115)		(50,643)	1,222,585

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

				356,695		
Total unrestricted funds	986,748	391,900	(462,115))	356,695	(50,643)	1,222,585
Restricted funds						
NIM programme	-	838,781	(336,827)	(167,756)	49	334,247
VM programme	-	944,693	(677,841)	(188,939)	(2,523)	75,390
Total restricted funds	-	1,783,474	(1,014,668)	(356,695)	(2,474)	409,637
Total funds	986,748	2,175,373	(1,476,783)	-	(53,116)	1,632,222

Restricted funds:

NIM - National Implementation Measures programme

VM - Verification and Monitoring Programme

14. Movements in funds - prior year

	Balance at 1 November 2022	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2022
Unrestricted Funds						
General funds	710,612	48,902	(178,865)	298,731	107,368	986,748
Total unrestricted funds	710,612	48,902	(178,865)	298,731	107,368	986,748
Restricted funds						
NIM programme		264,137	(244,443)	(19,662)	(32)	-
VM programme		611,825	(486,754)	(126,270)	1,199	-
CMM programme		288,038	(135,239)	(152,799)	-	-
Total restricted funds	-	1,164,000	(866,436)	(298,731)	1,167	-
Total funds	710,612	1,212,900	(1,045,301)	-	108,535	986,748

The Verification Research Training and Information Centre (VERTIC)
Notes to the Financial Statement
For the year ended 31 October 2023

2

VERTIC is extremely grateful for the continuing support from our funders to list a few, the Foreign Commonwealth & Development Office £123,762, Norwegian Ministry Of Foreign Affairs £78,743, the US State Department £84,242 and Kings College London £70,000.

During the year, £356,695 was transferred to unrestricted funds as it was part of the grant agreements to keep the funds for the charity's core activities.

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

	2023	2022
	£	£
Net income / (expenditure) for the reporting period	698,590	167,601
(as per the statement of financial activities)		
Depreciation	3,887	5,809
Unrealised (gains)/ losses	-	(986)
(Increase)/ decrease in debtors	(294,863)	37,774
Increase/ (decrease) in creditors	(488,406)	1,459
Net cash provided by / (used in) operating activities	(80,792)	211,657

16. Analysis of cash and cash equivalents

	At 1 November 2022	Cash flows	Other chang es	At 31 October 2023
	£	£	£	£
Cash at bank and in hand	1,857,995	(135,515)	-	1,722,480
Total cash and cash equivalents	1,857,995	(135,515)	-	1,722,480

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 £33,726 (2022 - £28,905) of which £2,794 (2022- £1,903) was payable at the year end.

18. Operating lease commitments

At 31 October 2023 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2023	2022
Within 1 year	20,810	49,944
Between 1 and 5 years	33,220	20,810
	<u>54,030</u>	<u>70,754</u>

19. Trustee remuneration and benefits

During the year, no trustees (2022 – NIL) were paid or received any other benefits from employment with the charitable company.

20. Transaction (s) with related parties

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

Accounts

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 2022

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustee' report	2 - 13
Independent auditor's report	14 - 16
Statement of financial activities	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 - 30

Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 October 2022

Trustees

Prof Owen J Greene, Chair
Mr Peter Alvey, Treasurer (resigned May 2022)
Ms Laura Rockwood, Treasurer (appointed May 2022)
Ms Lisa Tabassi
Mr Nicholas Sims
Mr Richard Burge
Dr John Walker

**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 Larry MacFaul, Acting

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

Trustees' Report

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 2022, 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

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 increase 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:

- assists interested States in national implementation of treaties and related legal instruments; and
- identifies and develops verification and monitoring solutions to enable States to work together confidently and cooperatively; and
- researches the components of compliance, and analyses and enhances the role of compliance processes.

Strategy for achieving objectives

VERTIC's current strategic plan runs from January 2019 to June 2022, and was extended until completion of the new strategic review, which is ongoing. The plan was monitored, and reflected on, throughout the reporting period. Our strategic priorities, which are reflected in the way we divide our work among Programmes, are as follows:

National implementation:

1. Maintain the organisation's traditional focus on the non-proliferation of CBRN weapons, security of materials, and emergency preparedness and response, and waste management.
2. 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.

Verification and Monitoring:

1. Maintain the organisation's traditional focus on nuclear arms controls and disarmament agreements, with a view to strengthening existing or proposed verification and monitoring mechanisms,
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 areas including other classes of weapons of mass destruction, conventional forces and new and emerging technologies.

Compliance Mechanisms and Measures:

1. 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.
2. 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.

Cross-cutting priorities include diversifying and strengthening our funding base as well as further developing and implementing a training and education programme, drawing on all of our programmes.

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

Throughout the year, VERTIC's activities were aligned with its Strategic Plan including:

1. To obtain information and conduct research on verification regimes deemed of interest including through a continued series of free and publicly available publications;
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
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

Key financial performance indicators

Our strategic plan specifies that we should aim to diversify and strengthen our funding base through securing new income sources. It also notes that optimising our fundraising and funding structure requires us to have a mix of large grants and smaller supporting amounts, and to prioritise seeking more substantial amounts, even if the lead-time for those can be measured in years rather than months.

By the end of the organisation's financial year, the organisation had grown significantly in terms of the number of projects being operated and in terms of its forward-looking budget. The level of fundraising effort carried out during year was high, as was the success ratio of submissions. The consequent expanded demands on the organisation in the immediate term and with regards to the uncertainty of future trends in donor priorities and capabilities in the longer term require constant assessment and response.

The projects covered traditional areas for the organisation as well as several new subjects and activities providing diversity in support. There is a wide mix in the funding size and duration of the projects.

The breadth and depth of activities we are carrying out and our success in fundraising shows the trust and value that governments, international funders and partners place in us. The contracts we have been given demonstrate confidence in our ability to contribute and deliver across the field of traditional and new matters in peace and security - both in the realm of practical assistance and stakeholder engagement, as well as generating new ideas and concepts.

Review of activities

National Implementation Measures (NIM) programme:

The NIM Programme methodology consists of three pillars: awareness-raising through publications and participation in events; legislative analysis; and legislative drafting and review. NIM cooperates and coordinates its work with relevant international organisations and assistance providers, including by joining international consortiums. The experience of the Covid-19 pandemic and climate change considerations continued to reshape programme activities and project implementation with the ongoing use of online means to conduct our activities.

During the FY 2021/22, 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 activities in related or other areas such as biological emergency preparedness and response and public health.

Advancing BWC National Implementation in Africa, Latin America and South East Asia, funded by the US DoS
This project is implemented by CRDF Global and VERTIC to advance national implementation of the BWC by working with BWC States Parties on their implementing legislation, regulations, and related measures. The project foresees national and regional subprojects with BWC States Parties on legislative implementation.



Preparatory Committee for the BWC Review Conference, Geneva, April 2022

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.

In this project, the NIM team has completed comprehensive analyses of legislation and continued to publish revised and translated versions of its awareness-raising and legislative analysis tools on BWC and CWC implementing legislation. The team participated in remote and in-person events, conducted outreach, preliminary and follow-up activities for legislative analysis and drafting in interested countries, in coordination with relevant partners.



BWC Workshop, RACVIAC Centre for Security Cooperation, May 2022, Croatia

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 assistance for BTWC implementation), funded by the United Nations (UNODA)

During this project, the NIM team conducted preparatory activities with a view to organising drafting workshops in four countries, in coordination with UNODA/the BWC Implementation Support Unit, and consistent with activities conducted under the Norway-funded project noted above.

Addressing misconceptions about chemical and biological weapons and related legal frameworks, funded by the UK Foreign Commonwealth and Development Office

Under this project, the team conducted legal research and analysis to develop a publication addressing misconceptions about chemical and biological weapons and related international instruments, to counter efforts to undermine global norms and improve their understanding among relevant stakeholders.

Biosafety Association for Central Asia and the Caucasus (BACAC) conference on 'COVID-19 Lessons Learned', 3-7 October 2022, Tbilisi, Georgia, funded by the International Science and Technology Center

Under this project, the team prepared for and delivered pre-conference workshops, a roundtable discussion and a conference session on legislation during the BACAC conference on “Covid-19 Lessons learned” during 3-7 October in Tbilisi, Georgia.



BACAC Conference 'COVID-19 Lessons Learned', 3-7 October 2022, Tbilisi, Georgia

Enhanced biosecurity in South East Asia Project 81, funded by the EU CoE

Under this project, the team assessed 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 analysed legislation either adopted or applied, or both, during the Covid-19 pandemic.

Sound management of chemicals and their wastes in South East Asia Project 61, funded by the EU CoE.

Under this project, we worked to assess partner countries' legislation on management of chemicals and their wastes, and to provide tailored recommendations and guidelines to strengthen legislation.

Strengthening CBRN waste management capabilities in South-East and Eastern European countries, funded by the EU CoE

NIM completed all deliverables under this project in 2019, but participated virtually in the project closing meeting in September 2022 to present on the projects legal outputs.

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).

The team completed the final version of the study foreseen under this project in October 2022, in close coordination with the UN Counter Terrorism Centre of UNOCT.

Verification and Monitoring Programme

The Verification and Monitoring Programme (VMP) provides research, tools and facilitates capacity building and expert dialogue to support international agreements and norms in the field of non-proliferation, arms control, disarmament and development. Programme staff have expertise across the scientific and policy fields. We engage globally with governments, technical agencies, international organisations, private sector, academia and civil society. The Programme carried out activities in the following areas:

UN Secretary-General Mechanism – increasing participation and strengthening practical knowledge-bases, funded by UK FCDO

This project continued VERTIC's work to strengthen the UNSGM. The project delivered an adapted version of VERTIC's 2019 UNSGM TTX in a regional context in Central Asia (carried out remotely through videoconferencing tools). This served as an awareness-raising event on the UNSGM while also providing an opportunity to look at region-specific dynamics and challenges. This project was completed in March 2022.

UN Secretary General Mechanism – training and outreach event for experts in Latin America, funded by UK FCDO

This project draws on the approaches and resources prepared for the above project on 'UN Secretary General Mechanism – increasing participation and strengthening practical knowledge-base'. The project's goal was to hold an online event for relevant experts from Latin America on the UNSGM, showcasing its importance and some of the key dynamics that influence a UNSGM investigation.

Supporting the UN Secretary General Mechanism - mapping internationally available resources and examining challenges in international cooperation, funded by the US Department of State

This project aims to identify resources within the UN and other International Organisations that could be leveraged in a future investigation of alleged biological weapons use and to consider challenges in making them available due to logistical, legal or institutional factors, as well as appropriate mitigation strategies.

Supporting Global Capacity for Nuclear Disarmament Verification, funded by the funded by the Norwegian Ministry of Foreign Affairs

The project enables capacity building for NDV across world regions and supports its consideration at the United Nations. The project will embed 'hubs' for nuclear disarmament verification established under a previous project in Latin America, Central Asia and Africa. Project partners in the regions will support implementation. During this year, VERTIC has engaged with the work of the United Nations Group of Governmental Experts (GGE) for Nuclear Disarmament Verification, and provided briefings and commentary to GGE representatives upon request. We also hosted a side event at the 2020 Review Conference of the Nuclear Nonproliferation Treaty, held in New York in August 2022.

North Korea's WMD: Assessment & Verification – role of Open Sources, funded by Global Affairs Canada

This multi-year 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 DPRK'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 will produce imagery and material data sets as well as policy proposals designed to facilitate future negotiations and in-country verification efforts.

The project consists of three linked workflows: project partners at the Middlebury Institute of International Studies at Monterey (CNS) examine open sources on the North Korean nuclear fuel cycle to provide a new baseline assessment of DPRK nuclear infrastructure; VERTIC uses fuel cycle modelling software, provided by the UK's National Nuclear Laboratory, to estimate present and historical fissile material production based on the inputs provided by CNS; project partners at the Royal United Services Institute (RUSI) take results from VERTIC's model and use probabilistic framework to assess priorities for verification. RUSI also provide assessments of the chemical and biological programmes. In September 2022, we signed an additional extension agreement with Global Affairs Canada.



AMC conference 2022 - K4 (21 Oct)

VERTIC presenting first public research on modelling for North Korean nuclear fuel cycle at the Alva Myrdal Centre for Nuclear Disarmament, Sweden.

Capacity-building and remote assistance on IAEA Safeguards implementation and SSAC development, funded by the UK Department for Business, Energy and Industrial Strategy

This project aims to support nuclear non-proliferation through the IAEA Safeguards system. VERTIC provides outreach and assistance to IAEA Member States in improving implementation of safeguards, with a focus on domestic regulatory practices (often called State System of Accountancy and Control – SSAC). During the year, VERTIC conducted outreach to several countries to coordinate potential assistance activities, held an outreach event during the Tenth Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons, UN, and spoke to a side event on SSAC assistance during the IAEA General Conference.

In addition, VERTIC provided support to the IAEA for the 2022 Symposium on International Safeguards. VERTIC staff contributed to the formulation of the symposium's scientific programme and to the creation of a 'futures' tool investigating different trends and scenarios relevant to the IAEA Safeguards regime over the next 35 years.



VERTIC at the IAEA Symposium on International Safeguards, 2022

Further Strengthening Safeguards: Preserving Institutional Memory and Supporting Outreach on Safeguards Agreements, Additional Protocols and Small Quantities Protocols, and Training Diplomats and Practitioners in Safeguards, funded by the UK FCDO, in collaboration with the Vienna Center for Non-Proliferation and Disarmament (VCDNP)

VERTIC was contracted by the VCDNP to assist in this project which aims to identify the key factors that brought countries to ratify IAEA Safeguards agreements or make significant changes in their Safeguards status, such as amending their Small Quantities Protocol. The project interviewed policy-makers and specialists from various countries to research their decision-making history.

Understanding irreversibility in global nuclear politics, funded by the UK FCDO

This project brings together universities and research centres, from the UK and beyond in a consortium to investigate the concept of 'nuclear irreversibility' in disarmament and arms control. The project seeks to generate new conceptual and empirical insights to aid understanding about nuclear irreversibility in the context of the NPT Review process. VERTIC is a member of this consortium with CSIS, The European Leadership Network, The University of York, led by King's College London. VERTIC is also working with networks in Central Asia, Africa and Latin America to produce regional perspective papers on this issue.

Irreversibility in nuclear disarmament: Long-term management and risk monitoring approaches, funded by the US Department of State

This project investigates the issue of irreversibility in nuclear disarmament from the perspective of nuclear latency, with a focus on long-term approaches for monitoring latent nuclear capabilities and managing risks. This work will include developing a list of possible indicators of latent nuclear weapons capability, and matching them to appropriate monitoring and verification techniques.

Opportunities for Cooperative Aerial Monitoring, funded by the US Department of State

This project considers and develops concepts for new cooperative aerial monitoring regimes. The project follows VERTIC's work on the Open Skies Treaty. The aim of the project is to assess the technical and political feasibility of using certain overhead monitoring systems, sensors and other monitoring equipment, and the possible geographic extent for cooperative aerial monitoring.

The Impact of Quantum Technologies on Verification and Arms Control, funded by the US Department of State

This project looks at the impact of Quantum information science and technologies (QIST) on arms control, non-proliferation and verification. Quantum technologies are expected to impact and disrupt current verification activities by enabling the development of new sensors and challenging secure data transfer and storage. Meanwhile, developments in the use of QIST for accurate chemical and biological modelling are expected to cause additional challenges and opportunities for WMD risk reduction. VERTIC is leading this project and has partnered with CNS to deliver it.

Building capacity to detect, respond to and investigate targeted CBRN events in Eastern Europe, funded by the US Department of State

This project engages stakeholders in Europe to bring specialised training on detecting, responding and investigating small-scale, targeted CBRN incidents. VERTIC will coordinate activities and convene training by competent practitioners from a range of institutions.

Compliance Mechanisms and Measures (CMM) programme:

The Compliance Mechanisms and Measures Programme's work is concerned with matters of interpretation, clarification, and concurrence. This entails research on adherence, the role of compliance processes, responses to non-compliance, as well as providing training on compliance.

During the FY 2021/22, the CMM programme continued its work on United Nations sanctions research, awareness-raising, and training, maintaining a particular focus on the maritime sanctions concerning North Korea. VERTIC is conducting this work as part of a consortium with (CNS) and KCL, under projects sub-contracted from CNS. The team, comprising two staff, both women, worked on three projects addressing maritime officials, private sector maritime stakeholders and illicit shipping activities that are intended to enhance capacity for North Korea sanctions implementation and compliance.

This work usually involves significant in-person engagement at workshops around the world. Due to the ongoing travel restrictions caused by Covid-19, the team continued its work with CNS and KCL to develop customised training materials for remote online delivery to states and private sector entities in the

maritime field, which have been translated into French and Spanish, and to hold virtual workshops online. The team also contributed to the consortium's production of additional maritime sanctions information materials for States, as the scope of work continued to expand to address additional sanctions compliance challenges.

The CMM programme started a new project this FY on Maritime Confidence- and Security-Building Measures in the Asia Pacific, in cooperation with the Asia Pacific Leadership Network (APLN), on preventing dangerous maritime incidents and unintended escalation in the Asia-Pacific, supported by the US Department of State. The project engages Asia-Pacific policy practitioners and experts in a substantive dialogue on mitigating military incidents at sea and reinvigorating the call for urgent maritime confidence building and crisis-avoidance measures in the Asia-Pacific.

Cross-organisation activities

Publications and events

VERTIC staff presented at numerous events at numerous on-line and in-person events hosted by other organisations on arms control, disarmament and non-proliferation throughout the year such as the Asia-Pacific branch of the Emerging Voices Network, Stockholm Security Conference and a course organised by the OECD Nuclear Energy Agency.

Staff also wrote articles for VERTIC's periodical publication *Trust & Verify*, such as on the 2020 NPT Review Conference; Fractional Orbital Bombardment Systems; prospects for an ASAT treaty; EU Recast Dual-Use Regulation; applicability of international law to the security of nuclear and chemical facilities in Ukraine; state practice in redistributing assets frozen during sanctions enforcement, and on the nature of sanctions applied against Russia. We also had external authors provide articles on cyber-security coverage within the Convention on the Physical Protection of Nuclear Material and the role of women in the BWC.

Staff continued to advance VERTIC's mission through their membership, or chairing of working groups, of bodies such as Council for Security Cooperation in the Asia-Pacific (CSCAP)'s Non-proliferation and Disarmament Study Group; the Asia-Pacific Leadership Network for Nuclear Non-Proliferation and Disarmament (APLN), International Nuclear Law Association (INLA), and the European Safeguards Research and Development Association (ESARDA).

Partnerships

VERTIC's institutional partnerships have grown during the reporting period. In December 2021, we signed an organisational-level agreement between the International Atomic Energy Agency and VERTIC, formalizing the approach to cooperation on nuclear safeguards. As anticipated and described above, we cooperated extensively on the development and execution of flagship elements of the 2022 IAEA International Safeguards Symposium.



VERTIC signing agreement with IAEA

Later in the reporting period, we agreed another organisational-level partnership. This new agreement is with ESARDA. VERTIC is the first NGO that has become an associated member. Its traditional membership includes national and European-level atomic energy commissions and research institutes as well as national nuclear laboratories in the UK and US. VERTIC has engaged with ESARDA for many years on research and publications. VERTIC staff are contributing through chairing a working group.

Strategic Review

Throughout the year, VERTIC sought the views staff, trustees and a small number of external expert colleagues and friends of the organisation to inform our next Strategic Plan. We held three substantive meetings on:

- Biological and chemical weapons security and safety, and international public health
- Nuclear Disarmament, Non-Proliferation, Security and Arms Control, and
- Transformations - Emerging areas of concern and opportunity.

The meetings covered our organisation's work in the field, provided an assessment of the trends in the sector, including those relating to funding, and outlined interests and goals that VERTIC could pursue. The remaining meetings will focus on operations.

Financial review

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.

Principal funding

VERTIC's income was £1,212,902 for the year ended 31 October 2022 (2021: £1,368,649). Of this, £1,164,000 (2020: £1,348,159) were restricted funds and £48,902 (2021: £20,490) 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.

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 2022 is £261,000 (2021: £236,830). The reserves policy is under continuous review.

Assets

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

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.

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.

Structure, governance and management

Constitution

The Verification Research Training and Information Centre (VERTIC) (A company limited by guarantee)
Trustees' report for the year ended 31 October 2022

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.

The Board

The Board of Trustees is responsible for the governance and strategic direction of VERTIC. The Board meets regularly and from time to time convenes sub-committees to perform specific delegated duties delegated.

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 fixed terms of three years after which they must retire from office. They may stand for re-election.

Trustee recruitment and appointment

There is a regular process for reviewing and refreshing Board membership. Upon appointment, trustees receive relevant information about VERTIC including a copy of the articles of association and recent board minutes. New trustees also receive the ongoing support of the Chair and the Executive Director.

Staff and management

VERTIC employed ten full-time staff as at 31 October 2022. 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. He is supported by a Deputy Executive Director and a Senior Management Group (SMG). Programme Directors are responsible for the day-to-day implementation and supervision of projects. VERTIC also runs a paid internship programme.

Pay and remuneration of staff

VERTIC's policies on remuneration are set out in its 'Staff Handbook'. The Executive Director prepares a salary review in consultation with the Finance Director, during September- October each year. The draft salary review and the annual budget are provided to the Board of Trustees for their consideration, comments and approval. The Board of Trustees decides the Executive Director's salary independently.

Plans for future periods and future developments

The current strategic plan and ongoing strategic review process do not envision any significant changes in our focus and direction.

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.

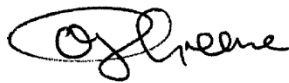
Disclosure of information to auditors

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 10 July 2023 and signed on their behalf by:

Prof Owen Greene, Chair

A handwritten signature in black ink, appearing to read 'O. Greene', written over a horizontal line.

**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 2022 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 2022 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

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

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

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

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 misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

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

- We inspected the minutes of meetings of those charged with governance.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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 (Senior Statutory Auditor)
for and on behalf of
Goldwins Limited
Statutory Auditor
Chartered Accountants
75 Maygrove Road
West Hampstead
London
NW6 2EG**

12 July 2023

The Verification Research Training and Information Centre (VERTIC)

Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 October 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Income from:					
Charitable activities	3	48,902	1,164,000	1,212,902	1,368,649
Total income		48,902	1,164,000	1,212,902	1,368,649
Expenditure on:					
Raising funds		15,686	-	15,686	38,001
Charitable activities:		163,179	866,436	1,029,615	1,225,398
Total expenditure	4.	178,865	866,436	1,045,301	1,263,399
Net income / (expenditure) for the year		(129,963)	297,564	167,601	105,250
Transfers between funds		298,731	(298,731)	-	-
Net income / (expenditure) before other recognised gains and losses		168,768	(1,167)	167,601	105,250
Unrealised Gain / (Loss)		(986)		(986)	
Gains / (losses) on fixed assets					(498)
Foreign exchange gains / (losses)		108,354	1,167	109,521	(32,314)
Net movement in funds	13	276,136	-	276,136	72,438
Reconciliation of funds:					
Total funds brought forward		710,612		710,612	638,174
Total funds carried forward		986,748	-	986,748	710,612

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 20-30 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

Balance sheet

As at 31 October 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets:					
Tangible assets	8		5,633		7,893
			5,633		7,893
Current assets:					
Debtors	9	102,314		140,088	
Cash at bank and in hand	16	1,857,995		1,540,366	
		1,960,309		1,680,454	
Liabilities:					
Creditors: amounts falling due within one year	10	(979,194)		(977,735)	
Net current assets			981,115		702,719
Total assets less current liabilities			986,748		710,612
Total net assets			986,748		710,612
Charity Funds					
Restricted funds	13		-		-
Unrestricted funds	13		986,748		710,612
Total funds			986,748		710,612

The financial statements were approved and authorised for issue by the Trustees on the 10 July 2023, and signed on their behalf, by:



Prof Owen Greene, Chair

The notes on pages 20-30 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

Statement of cash flows

For the year ended 31 October 2022

	Note	2022 £	2022	2021	2021 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	15		211,657		(145,016)
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		(3,549)		(6,506)	
Other gains / (loss) of fixed assets		-		(498)	
Unrealised gains/ (losses)					
Cash provided by / (used in) investing activities			(3,549)		(7,004)
Cash provided by / (used in) financing activities			-		-
Change in cash and cash equivalents in the year			208,108		(152,020)
Cash and cash equivalents at the beginning of the year			1,540,366		1,724,700
Change in cash and cash equivalents due to exchange rate movements			109,521		(32,314)
Cash and cash equivalents at the end of the year	16		1,857,995		1,540,366

The notes on pages 20-30
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 £7,893 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.

2. Detailed comparatives for the statement of financial activities

	2021	2021	2021
	Unrestricted	Restricted	Total
	£	£	£
Income from:			
Donations and legacies			
Charitable activities	20,490	1,348,159	1,368,649
Total income	20,490	1,348,159	1,368,649
Expenditure on:			
Raising funds	38,001	-	38,001
Charitable activities:	163,548	1,061,850	1,225,398
Total expenditure	201,549	1,061,850	1,263,399
Net income / expenditure	(181,059)	286,309	105,250
Transfers between funds	508,361	(508,361)	
Net income / (expenditure) before other recognised gains and losses	327,302	(222,051)	105,250
Gains / (losses) on fixed assets	-	(498)	(498)
Foreign exchange gains/(loses)	(20,928)	(11,386)	(32,314)
Net movement in funds	306,374	(233,936)	72,438
Reconciliation of funds:			
Total funds brought forward	404,238	233,936	638,174
Total funds carried forward	710,612	-	710,612

3. Income from charitable activities

	Unrestricted	Restricted	2022	2021
	£	£	Total	Total
	£	£	£	£
Charitable activities	407	1,164,000	1,164,407	1,368,649
Joseph Rowntree Charitable Trust	48,495		48,495	20,000
Total income	48,902	1,164,000	1,212,902	1,388,649

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2022

4. Analysis of expenditure							
	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2022	2021
		£	£	£	£	£	£
Charitable Activities	Direct	5,166	-	-	253,333	258,499	392,682
Legal & Professional	Direct	-	5,181	-	2,258	7,439	8,537
Auditor's remuneration	Direct	-	6,500	-	1,000	7,500	9,362
Salaries	Direct	66,158	-	15,686	598,228	680,072	760,036
Staff welfare	Direct	14,230	-	-	150	14,380	13,601
Project cost	Direct	4,554	-	-	2,511	7,065	6,292
Office overheads	Staff	-	-	-	-	-	8
Insurance	Staff	789	-	-	-	789	818
PPS	Staff	885	-	-	61	946	1,184
Refreshments	Staff	249	-	-	-	249	259
Subscriptions	Staff	5,206	-	-	4,724	9,930	8,167
Rent	Staff	49,723	-	-	-	49,723	47,718
Rates	Staff	939	-	-	-	939	2,253
Bank charges	Staff	474	-	-	317	791	690
Governance	Staff	-	1,170	-	-	1,170	1,984
Depreciation	Staff	1,955	-	-	3,854	5,809	9,808
		150,328	12,851	15,686	866,436	1,045,301	1,263,399
Support costs		(150,328)			150,328		
Governance costs			(12,851)		12,851		
Total expenditure 2022		-	-	15,686	1,029,615	1,045,301	
Total expenditure 2021		-	-	38,001	1,225,398		1,263,399

Of the total expenditure £178,865 was unrestricted (2021: £201,549) and £866,436 was restricted (2021: £1,061,850).

5. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2022	2021
	£	£
Depreciation	5,809	9,809
Auditor's remuneration	6,500	6,500
Projects audit	1,000	2,862
Pension costs	28,905	31,208
Unrealised (gains) / losses	986	-
Foreign exchange (gains) / losses	(109,521)	(32,314)

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

Staff costs were as follows:	2022	2021
	£	£
Salaries and wages	590,421	658,736
Social security costs	60,746	70,092
Pension contributions	28,905	31,208
	680,072	760,036

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

	2022	2021
	No.	No.
£60,000 - £69,999	2	2
£70,000 - £79,999	1	1

The total employee benefits including pension contributions of the key management personnel were £242,240 (2021: £324,237).

Staff numbers

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

	2022	2021
Raising funds	11	11
Charitable activities	1	1
Support	1	1
Governance	1	1
	13	13

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	32,953	2,156	35,109
Additions in year	3,549		3,549
Disposals in year			-
At the end of the year	36,502	2,156	38,658
Depreciation			
At the start of the year	25,599	1,617	27,216
Charge for the year	5,270	539	5,809
Eliminated on disposal			
At the end of the year	30,869	2,156	33,025
Net book value			
At the end of the year	5,633	-	5,633
At the start of the year	7,354	539	7,893

All of the above assets are used for charitable purposes.

9. Debtors

	2022	2021
	£	£
Trade debtors	22,320	72,133
Accrued income	73,391	63,720
Prepayments	6,603	4,235
	<u>102,314</u>	<u>140,088</u>

10. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	4,172	116
Taxation and social security	11,246	21,274
Other creditors	1,903	19,793
Accruals	87,659	119,832
Deferred income	874,214	816,720
	<u>979,194</u>	<u>977,735</u>

Deferred Income

	2022	2021
	£	£
Balance at the beginning of the year	816,720	905,434
Amount released to income in the year	(816,720)	(905,434)
Amount deferred in the year	874,214	816,720
Balance at the end of the year	<u>874,214</u>	<u>816,720</u>

£874,214 of charitable activity income recognised in 2022 has been deferred at year-end to project costs to be incurred in 2023.

11. Analysis of net assets between funds - current year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	2,830	2,803	5,633
Current assets	1,011,317	948,992	1,960,309
Current liabilities	<u>(27,399)</u>	<u>(951,795)</u>	<u>(979,194)</u>
Net assets at the end of the year	<u>986,748</u>	<u>-</u>	<u>986,748</u>

12. Analysis of net assets between funds - prior year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	539	7,354	7,893
Current assets	729,708	950,746	1,680,454
Current liabilities	<u>(19,635)</u>	<u>(958,100)</u>	<u>(977,735)</u>
Net assets at the end of the year	<u>710,612</u>	<u>-</u>	<u>710,612</u>

The Verification Research Training and Information Centre (VERTIC)
Notes to the financial statements
For the year ended 31 October 2022

13. Movements in funds - current year

	Balance at 1 November 2021	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2022
General funds	710,612	48,902	(178,865)	298,731	107,368	986,748
Restricted funds						
NIM programme	-	264,137	(244,443)	(19,662)	(32)	-
VM programme	-	611,825	(486,754)	(126,270)	1,199	-
CMM programme	-	288,038	(135,239)	(152,799)	-	-
Other restricted funds	-	-	-	-	-	-
Total restricted funds	-	1,164,000	(866,436)	(298,731)	1,167	-
Total funds	710,612	1,212,902	(1,045,301)	-	108,535	986,748

Restricted funds:

NIM - National Implementation Measures programme

VM - Verification and Monitoring Programme

CMM - Compliance Mechanisms and Measures programme

14. Movements in funds - prior year

	Balance at 1 November 2020	Income	Expenditure	Transfer in/out	Unrealised gains / losses	Balance at 31 October 2021
General funds	404,238	20,490	(201,549)	508,361	(20,928)	710,612
Restricted funds						
NIM programme	-	295,508	(232,878)	(62,123)	(507)	-
VM programme	-	801,236	(706,154)	(83,705)	(11,377)	-
CMM programme	-	251,415	(122,818)	(128,597)	-	-
Other restricted funds	233,936			(233,936)	-	-
Total restricted funds	233,936	1,348,159	(1,061,850)	(508,361)	(11,884)	-
Total funds	638,174	1,368,649	(1,263,399)	-	(32,812)	710,612

VERTIC is extremely grateful for the continuing support from its funders such as European Commission representatives, Foreign Ministries, Institutes and Legal Institutions, United Nations and others that contributed £48,490, £741,661, £288,038, £34,857, £34,917 and £16,037 respectively of which £284,899 came from Canadian MFA.

During the year, £298,731 was transferred to unrestricted funds as it was part of the grant agreements to keep the funds for the charity's core activities.

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

	2022	2021
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	167,601	105,250
Depreciation	5,809	9,809
Unrealised (gains)/ losses	(986)	-
Loss/ (profit) on the sale of fixed assets	-	498
(Increase)/ decrease in debtors	37,774	(31,778)
Increase/ (decrease) in creditors	1,459	(228,794)
Net cash provided by / (used in) operating activities	211,657	(145,015)

16. Analysis of cash and cash equivalents

	At 1 November 2021	Cash flows	Other changes	At 31 October 2022
	£	£	£	
Cash at bank and in hand	1,540,366	317,629		1,857,995
Overdraft facility (repayable on demand)				
Total cash and cash equivalents	1,540,366	317,629		1,857,995

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 £28,905 (2021 - £31,208) of which £1,903 (2021- £5,574) was payable at the year end.

18. Operating lease commitments

At 31 October 2021 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2022	2021
Within 1 year	49,944	48,904
Between 1 and 5 years	20,810	70,002
	70,754	118,906

19. Trustee remuneration and benefits

During the year, no trustees (2021 – NIL) were paid or received any other benefits from employment with the charitable company.

20. Transaction (s) with related parties

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

THE VERIFICATION RESEARCH TRAINING AND INFORMATION CENTRE (VERTIC)

England & Wales - Charity number 1073051

Accounts

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 2021

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustee' report	2 - 16
Independent auditor's report	17 - 20
Statement of financial activities	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 35

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

Trustees

Prof Owen J Greene, Chair
Peter Alvey, Chair
Ms Laura Rockwood
Ms Lisa Tabassi
Mr Nicholas Sims
Mr Richard Burge
Dr John Walker

**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 Larry MACFAUL, Acting

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 2021

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 2021, 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;

Trustees' report (continued)
For the year ended 31 October 2021

- national implementation assists interested States in the implementation of treaties and related legal instruments; and
- special focusses on matters of interpretation, clarification and concurrence.

b.Strategies for achieving objectives

VERTIC's new strategic plan runs from **January 2019 to June 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 controls and disarmament agreements, with a view of strengthening existing or proposed verification and monitoring 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 convention forces.

In regards to national implementation:

1. Maintain the organisation's traditional focus on the non-proliferation of CBRN weapons, security of materials, and emergency preparedness and response, and waste management.
2. 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 special projects:

1. 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.
2. 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.

Trustees' report (continued)
For the year ended 31 October 2021

3. 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 will 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;
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
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.

a. 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

Trustees' report (continued)
For the year ended 31 October 2021

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 has guided our financial strategy; with careful adjustments and risk mitigation measures to address recent challenges, particularly the impacts and risks associated with the COVID-19 Pandemic. The Strategy will be reviewed and further developed by Summer 2022, to guide the next three years with a continued focus on diversifying and strengthening our funding base. We need to continue to improve our mix of large grants and smaller, supporting donations, and prioritise seeking more substantial donations in the longer term.

b. Review of activities

Verification and Monitoring Programme

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

Over the period, the programme was grateful for financial support for our projects from the Norwegian Ministry of Foreign Affairs, Global Affairs Canada, the UK Foreign Commonwealth and Development Office, the UK Department for Business, Energy and Industrial Strategy 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. However, due to the pandemic the VMP did not complete any overseas travel in 2021, including attendance at international conferences and project-related activities. Activities involving travel were moved to online only engagements.

Building Capacity on Multilateral Verification of Nuclear Disarmament, funded by the Norwegian Ministry of Foreign Affairs:

Trustees' report (continued)

For the year ended 31 October 2021

This multi-year project aims at enabling countries' capacity for contributing to nuclear disarmament verification (NDV). Project activities included research and collaborative activities in Argentina, Brazil, Kazakhstan, South Africa and many other countries in their respective regions to establish and sustain a NDV hub. The project also focuses on NDV at the international level, including work within the United Nations, and how to make more progress on the issue globally.

This project was completed in November 2021, capped by a Trilateral Conference, hosted by VERTIC, between the three NDV hub regions. Representatives from South Africa, Kazakhstan and Latin America joined together to discuss the status, action plan and long-term sustainability of the hubs. Conference participants discussed inter alia how each hub could support ongoing research into NDV measures and provide a platform to also examine related conceptual issues. A session was also devoted to addressing the possibility of having the hubs form the basis of a NDV network consisting of universities, governmental initiatives and applied policy research institutes from the Global North and the Global South.

The organisation highlighted work under this project during several online events with other organisation. In addition, VERTIC published VERTIC Brief No. 33: Encouraging Education in the Field of Nuclear Disarmament Verification, and an article titled 'Ongoing Initiatives On Verification Of Nuclear Disarmament' in the National Nuclear Centre of Kazakhstan's journal *Man. Energy. Atom* (article available only in Russian).

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 DPRK'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: our project partners at the Middlebury Institute of International Studies at Monterey (CNS) are systematically examining available open sources on the North Korean nuclear fuel cycle to provide a new baseline assessment of DPRK nuclear infrastructure; VERTIC is using fuel cycle modelling software, provided by the UK's National Nuclear Laboratory, to estimate present and historical fissile material production based on the inputs provided by CNS; our project partners at the Royal United Services Institute (RUSI) take results from VERTIC's model and use probabilistic framework to assess priorities for verification. RUSI will also provide assessments of the chemical and biological programmes. The project will produce imagery and material data sets as well as policy proposals designed to facilitate future negotiations and in-country verification efforts.

In January 2021, we signed an extension agreement with Global Affairs Canada. The project will now be completed in 2022.

Trustees' report (continued)

For the year ended 31 October 2021

Building capacity to identify medium-long term approaches to the Iranian nuclear programme, funded by the UK Foreign Commonwealth and Development Office:

This project looked at medium-to-long term approaches to the Iranian nuclear programme in its wider context. First, the project assessed the novel verification techniques in the Joint Comprehensive Plan of Action (JCPOA); second, the project designed proliferation-resistant scenarios for Iranian energy futures; and finally, the project looked at medium-long term engagement strategies with Iran. The project uses a mixture of technical and policy assessment methodologies, including nuclear fuel cycle modelling and research on energy and development needs. The VMP partnered with the European Leadership Network to carry out this project.

Capacity-building and remote assistance on IAEA Safeguards implementation and SSAC development, funded by UK National Nuclear Laboratory

This project sees VERTIC provide assistance and capacity-building to developing countries on effective implementation of IAEA Safeguards, with a focus on legislation and regulatory practices. The project began at the end of September 2021.

UN Secretary General Mechanism – increasing participation and strengthening practical knowledge-bases, funded by UK Foreign Commonwealth and Development Office:

This project will expand on VERTIC's recent activities on bioforensics investigations in the context of the UN Secretary-General's Mechanism. The project will deliver an adapted version of VERTIC's 2019 UNSGM TTX in a regional context in Central Asia (carried out remotely through videoconferencing tools). This will serve as an awareness-raising event on UNSGM while also providing an opportunity to look at region-specific dynamics and challenges. The contract for this project was signed in late August 2021.

Supporting the UNSGM: Mapping internationally available resources and examining challenges in international cooperation funded by the US Department of State

This project aims to identify resources within the UN and other International Organisations that could be leveraged in a future investigation of alleged biological weapons use and consider possible challenges in making them available due to logistical, legal or institutional factors, as well as appropriate mitigation strategies. The funder approved the project proposal in October 2021, with substantive implementation set to start in 2022.

Other programme activities

With regard to VERTIC's periodical publication *Trust & Verify*, on current arms control issues, VMP staff published articles on the JCPOA, negotiations with North Korea, and prospects for US-Russian dialogue. We also provided commentary on arms control governance: a collection of articles on the NPT Review Conference, commentary on the UN Cybersecurity process and on the UK's Integrated Review. On technology issues we

Trustees' report (continued)

For the year ended 31 October 2021

published two articles on Space and on verification of Lethal Autonomous Weapons Systems.

VMP staff presented at numerous events hosted by other organisations on arms control, disarmament and non-proliferation, including a China-Europe dialogue on global arms control organised by the University of Bradford, UK PONI's annual seminar on nuclear policy, the joint INMM-ESARDA meeting 2021, and a Consultation on UK's National Report pursuant to Actions 5, 20, and 21 of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) 2010 Review Conference. In addition, the programme engaged on the topics of space security and responsible behaviours in space. These included a Next Gen Lunar Ethics panel on exploration and sustainability, a Stockholm Security Conference panel on IHR and Space, the Girls Security UK Symposium, a Space Court Foundation event on 'Competing for Space Superiority', and participation in Ploughshares' 'Press the Button' podcast to discuss the Russian ASAT test.

VMP staff also presented research at the INMM-ESARDA conference and the SPS 21' Conference.

Additional publications from VMP staff include an article in an edited volume published by King's College London on the UK's Integrated Review and a policy paper on 'Peaceful Uses, Nuclear Safety and Security: Engaging the Next Generation on Isotope Hydrology' for the joint Emerging Voices Network/UNODA plenary.

VMP also hosted two Webinars, on being a policy maker in the nuclear field and becoming an expert in Open-Source Intelligence.

National Implementation Measures (NIM) programme

During the FY 2020/21, 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 activities in related or other areas such as biological emergency preparedness and response and public health as well as space law.

NIM's methodology consists of three pillars: awareness-raising through publications and participation in events, legislative analysis, and legislative drafting and review. The Covid-19 pandemic continues to reshape programme activities and project implementation and we are adapting to conduct our activities in all three pillars through online means. NIM cooperates and coordinates its work with relevant international organisations and assistance providers, including by joining international consortia.

NIM's funding basis is a mix of funds from national governments as well as international and regional intergovernmental organisations, as demonstrated by the projects mentioned below, which were in the implementation phase during FY 2020/2021:

Trustees' report (continued)
For the year ended 31 October 2021

Advancing BWC National Implementation in Africa, Latin America and South East Asia, funded by the United States Department of State, 2021-2024

This project is implemented by CRDF Global and the NIM Programme to advance national implementation of the BWC by working with BWC States Parties on their implementing legislation, regulations, and related measures. The project foresees national and regional subprojects with BWC States Parties on legislative implementation.

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 completed comprehensive analyses of legislation and published major revisions of its awareness-raising and legislative analysis tools on BWC and CWC implementing legislation. 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 assistance for BTWC implementation), funded by the United Nations (UNODA), 2019 – 2022.

The NIM team 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 continued 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.

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

Trustees' report (continued)
For the year ended 31 October 2021

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 and analysis and gathered data for the 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.

The e-learning unit on non-proliferation and disarmament law was published as Learning Unit Number 17 by the EU Non-proliferation and disarmament consortium in June 2021. In five chapters, the Learning Unit addresses non-proliferation and disarmament as an area of international law; related areas of international law; national implementation; national enforcement; and European non-proliferation and disarmament law. Due to Covid-19 restrictions, videos could not be recorded on site. Instead, Dr Sonia Drobysz and Yasemin Balci made audio-recordings that were presented with relevant visuals.

In addition to the abovementioned projects, NIM staff contributed articles to VERTIC's publication Trust & Verify and external publications such as WorldECR and The Non-Proliferation Review and participated in non-project activities including delivering presentations during online events, such as courses organised by the OECD Nuclear Energy Agency.

Compliance Mechanisms and Measures (CMM) programme

The Compliance Mechanisms and Measures Programme's work is concerned with matters of interpretation, clarification, and concurrence. This entails research on adherence, the role of compliance processes, responses to non-compliance, as well as providing training on compliance.

During the FY 2020/21, the CMM programme continued its work on United Nations sanctions research, awareness-raising, and training, 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 two projects addressing flag registries and illicit shipping activities that are intended to enhance capacity for North Korea sanctions implementation and compliance.

Trustees' report (continued)

For the year ended 31 October 2021

This work usually involves significant in-person engagement at workshops around the world. Due to the ongoing travel restrictions caused by Covid-19, the team continued its work with CNS and KCL to develop customised training materials for remote online delivery to states and private sector entities in the maritime field, which have been translated into French and Spanish, and to hold virtual workshops online. The team also contributed to the consortium's production of additional maritime sanctions information materials for States, as the scope of work has expanded to address additional sanctions compliance challenges.

CMM staff reported on compliance-related issues in VERTIC's publication *Trust & Verify*, such as on the UN sanctions concerning North Korea, the Hague Code of Conduct and other confidence-building measures, COP26 commitments, Iran and the 1955 Amity treaty, and UK and EU human rights sanctions. Externally, CMM staff published articles on maritime sanctions and security issues in industry journals, including the FISC (Financial Institutions Sanctions Compliance) Journal and the *WorldECR* (World Export Controls Review). Staff also contributed solicited articles on nuclear weapons compliance-related issues for the *Korean Journal of Nuclear Non-Proliferation and Energy*, and the *Nuclear Weapons Ban Monitor*.

CMM staff also conducted outreach activities involving peer organisations and the public by giving talks on VERTIC-wide research and participating in webinars and online events. CMM staff also continued to advance VERTIC's mission through their membership of regional networking groups, including the Council for Security Cooperation in the Asia-Pacific (CSCAP)'s Nonproliferation and Disarmament Study Group, and the Asia-Pacific Leadership Network for Nuclear Non-Proliferation and Disarmament (APLN).

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. As is clear from the above discussion, we have adapted and successfully coped with the challenges posed by the impacts of the COVID-19 pandemic.

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 diversify the charity's funding base will continue under the current and next 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

Trustees' report (continued)
For the year ended 31 October 2021

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 £1,368,649 for the year ended 31 October 2021 (2020: £1,347,324). Of this, £1,348,159 (2020: £1,321,542) were restricted funds and £20,490 (2020: £25,782) 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 2021 is £236,830 (2020: £281,327). 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. Risk mitigation and response has been particularly intensive during this financial year, as we have assessed and mitigated risks associated with the COVID-19 pandemic and also from the implications of BREXIT.

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

Structure, governance and management

a. Constitution

Trustees' report (continued)
For the year ended 31 October 2021

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 fixed terms of three years after which they must 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.

From time to time the board convenes sub-committees to perform specific duties delegated by the full board. During the year sub-committees were responsible finances, publications, remuneration, strategic planning.

c. Trustee recruitment and appointment

There is a regular process for reviewing and refreshing Board membership. In the past, new trustees have typically been identified through discussion with existing trustees and members of the senior management team with the overall aim of ensuring that a good mix of skills, knowledge and experience are represented on the board. In 2021 the Board decided to revise these procedures as part of its commitment to ensuring appropriate skills and diversity on the Board; so the Board recruitment process will now include which will include an open invitation for expressions of interest, and a subsequent selection process.

Upon appointment, trustees receive relevant information about VERTIC including a copy of the articles of association and recent board minutes. New trustees also receive the ongoing support of the Chair, the Executive Director.

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 thirteen full-time staff as at 31 October 2021.

Trustees' report (continued)

For the year ended 31 October 2021

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. He is supported by a Deputy Executive Director (Acting) and a Senior Management Group (SMG).

During this financial year, the process of recruiting a new Executive Director was suspended in the context of the wider risk mitigation in the context of uncertainties and risks posed by impacts of COVID-19. The Deputy Director became acting director until April 2021, since when the Acting Director role was transferred to another member of VERTIC's Senior Management Team. This temporary leadership arrangement has been closely monitored by the Board, and is working well. In 2022, the Board will review the arrangements with a view to recruiting a permanent Executive Director.

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 four 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 Executive Director prepares a 'salary review' in consultation with the Finance Director, during September- October each year. The draft 'salary review' and the annual budget are then considered by a sub-committee of the Board of Trustees, who raise questions and consult on the document with the Executive Director. The Executive Director then prepares a revised proposal, taking into account the consultations with the sub-committee, and presents the resulting proposal to the full Board of Trustees for consideration and approval.

The board of trustees' remuneration committee decides the Executive Director's salary independently.

Plans for future periods

a. Future developments

Trustees' report (continued)

For the year ended 31 October 2021

The strategic plan for 2019-2022, and the initial process for planning the new Strategic plan for 2022-24, does not envision any significant changes in our focus and direction.

In 2021, staff were subject to very high workload, which we expect to ease up as more capacity is brought on-board and trained up. 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. 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 2021

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 28 February 2022 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Owen Greene', with a large, stylized initial 'O'.

Prof Owen Greene, Chair
Trustee

Opinion

We have audited the financial statements of The Verification Research Training and Information Centre (VERTIC) (the 'Charity') for the year ended 31 October 2021 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 2021 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

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

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

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

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 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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

A further description of our responsibilities for the audit of 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.

Use of our report

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

28 February 2022

The Verification Research Training and Information Centre (VERTIC)

Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 October 2021

	Note	Unrestricted	Restricted	2021 Total	2020 Total
		£	£	£	£
Income from:					
Charitable activities	3	20,490	1,348,159	1,368,649	1,347,324
Total income		20,490	1,348,159	1,368,649	1,347,324
Expenditure on:					
Raising funds		38,001	-	38,001	37,092
Charitable activities:		163,548	1,061,850	1,225,398	1,313,012
Total expenditure	4	201,549	1,061,850	1,263,399	1,350,104
Net income / (expenditure) for the year		(181,059)	286,309	105,250	(2,780)
Transfers between funds		508,361	(508,361)	-	-
Net income / (expenditure) before other recognised gains		327,302	(222,052)	105,250	(2,780)
Gains / (losses) on fixed assets		-	(498)	(498)	(232)
Foreign exchange gains / (losses)		(20,928)	(11,386)	(32,314)	25,554
Net movement in funds	13	306,374	(233,936)	72,438	22,542
Reconciliation of funds:					
Total funds brought forward		404,238	233,936	638,174	615,632
Total funds carried forward		710,612	-	710,612	638,174

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 24-35 form part of these financial statements.

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets	8		7,893		11,693
Current assets:					
Debtors	9	140,088		108,310	
Cash at bank and in hand	16	<u>1,540,366</u>		<u>1,724,700</u>	
		1,680,454		1,833,010	
Liabilities:					
Creditors: amounts falling due within one year	10	<u>(977,735)</u>		<u>(1,206,529)</u>	
Net current assets			702,719		626,481
Total net assets			<u>710,612</u>		<u>638,174</u>
Charity Funds					
Restricted funds	13		-		233,936
Unrestricted funds	13		710,612		404,238
Total funds			<u>710,612</u>		<u>638,174</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 28 February 2022, and signed on their behalf, by:



Prof Owen Greene, Chair

The notes on pages 24-35 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

Statement of cash flows

For the year ended 31 October 2021

	Note	2021 £	2021	2020	2020 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	15		(145,016)		571,752
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		(6,506)		(5,754)	
Other gains / (loss) of fixed assets		(498)		(232)	
Cash provided by / (used in) investing activities			(7,004)		(5,986)
Cash provided by / (used in) financing activities			-		-
Change in cash and cash equivalents in the year			(152,020)		565,766
Cash and cash equivalents at the beginning of the year			1,724,700		1,133,380
Change in cash and cash equivalents due to exchange rate movements			(32,314)		25,554
Cash and cash equivalents at the end of the year	16		1,540,366		1,724,700

The notes on pages 24-35 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 £7,893 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.

2. Detailed comparatives for the statement of financial activities

	2020 Unrestrict £	2020 Restricted £	2020 Total £
Income from:			
Donations and legacies			
Charitable activities	25,782	1,321,542	1,347,324
Total income	<u>25,782</u>	<u>1,321,542</u>	<u>1,347,324</u>
Expenditure on:			
Raising funds	37,092	-	37,092
Charitable activities:	126,309	1,186,703	1,313,012
Total expenditure	<u>163,401</u>	<u>1,186,703</u>	<u>1,350,104</u>
Net income / expenditure	(137,619)	134,839	(2,780)
Transfers between funds	174,051	(174,051)	-
Net income / (expenditure) before other recognised gains and losses	36,432	(39,211)	(2,780)
Gains / (losses) on fixed assets	-	(232)	(232)
Foreign exchange gains/(losses)	25,617	(63)	25,554
Net movement in funds	<u>62,049</u>	<u>(39,507)</u>	<u>22,542</u>
Reconciliation of funds:			
Total funds brought forward	342,189	273,443	615,632
Total funds carried forward	<u>404,238</u>	<u>233,936</u>	<u>638,174</u>

3. Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Charitable activities	20,490	1,348,159	1,368,649	1,347,324
Total income	<u>20,490</u>	<u>1,348,159</u>	<u>1,368,649</u>	<u>1,347,324</u>

4. Analysis of expenditure							
	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2021	2020
		£	£	£	£	£	£
Charitable Activities	Direct	1,265	-	-	391,417	392,682	502,640
Legal & Professional	Direct	-	5,817	-	2,720	8,537	9,821
Auditor's remuneration	Direct	-	6,500	-	2,862	9,362	6,500
Wages and salaries	Direct	75,687	-	38,001	646,348	760,036	741,849
Staff welfare	Direct	10,948	-	-	2,653	13,601	1,832
Project cost	Direct	560	-	-	5,732	6,292	9,914
Office overheads	Staff	8	-	-	-	8	26
Insurance	Staff	818	-	-	-	818	868
PPS	Staff	1,179	-	-	5	1,184	1,404
Recruitment	Staff	-	-	-	-	-	12,700
Refreshments	Staff	259	-	-	-	259	739
Subscriptions	Staff	6,891	-	-	1,276	8,167	7,014
Rent	Staff	47,718	-	-	-	47,718	36,092
Rates	Staff	2,253	-	-	-	2,253	2,239
Bank charges	Staff	515	-	-	175	690	1,225
Governance	Staff	-	1,984	-	-	1,984	5,387
Depreciation	Staff	1,146	-	-	8,662	9,808	9,854
		149,247	14,301	38,001	1,061,850	1,263,399	1,350,104
Support costs		(149,247)	-	-	149,247		
Governance costs			(14,301)	-	14,301		
Total expenditure 2021		-	-	38,001	1,225,398	1,263,399	
Total expenditure 2020				37,092	1,313,012		1,350,104

Of the total expenditure £201,549 was unrestricted (2020: £163,401) and £1,061,850 was restricted (2020: £1,186,703).

5. Net income / (expenditure) for the year

This is stated after charging / (crediting):	2021	2020
	£	£
Depreciation	9,809	9,854
Auditor's remuneration	6,500	6,500
Projects audit	2,862	-
Pension costs	31,208	30,118
Foreign exchange (gains) / losses	(32,314)	(25,554)

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

Staff costs were as follows:	2021	2020
	£	£
Salaries and wages	658,736	644,211
Social security costs	70,092	67,520
Pension contributions	31,208	30,118
	<u>760,036</u>	<u>741,849</u>

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

	2021	2020
	No.	No.
£60,000 - £69,999	2	1
£70,000 - £79,999	1	1

The total employee benefits including pension contributions of the key management personnel were £324,237 (2020: £173,131).

Staff numbers

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

	2021	2020
	No.	No.
Raising funds		
Charitable activities	11	10
Support	1	1
Governance	1	1
	<u>13</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

Cost	Computer Equipment £	Fixtures & Fittings £	Total £
At the start of the year	27,942	2,156	30,098
Additions in year	6,506	-	6,506
Disposals in year	(1,495)	-	(1,495)
At the end of the year	32,953	2,156	35,109

Depreciation

At the start of the year	17,327	1,078	18,405
Charge for the year	9,269	539	9,808
Eliminated on disposal	(997)	-	(997)
At the end of the year	25,599	1,617	27,216

Net book value

At the end of the year	7,354	539	7,893
At the start of the year	10,615	1,078	11,693

All of the above assets are used for charitable purposes.

9. Debtors

	2021 £	2020 £
Trade debtors	72,133	14,909
Accrued income	63,720	87,388
Prepayments	4,235	6,013
	140,088	108,310

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	116	1,265
Taxation and social security	21,274	18,293
Other creditors	19,793	14,664
Accruals	119,832	266,873
Deferred income	816,720	905,434
	977,735	1,206,529

Deferred Income

	2021	2020
	£	£
Balance at the beginning of the year	905,434	618,962
Amount released to income in the year	(905,434)	(618,962)
Amount deferred in the year	816,720	905,434
Balance at the end of the year	<u>816,720</u>	<u>905,434</u>

£816,720 of charitable activity income recognised in 2021 has been deferred at year-end to project costs to be incurred in 2022.

11. Analysis of net assets between funds - current year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	539	7,354	7,893
Current assets	729,708	950,746	1,680,454
Current liabilities	<u>(19,635)</u>	<u>(958,100)</u>	<u>(977,735)</u>
Net assets at the end of the year	<u>710,612</u>	<u>-</u>	<u>710,612</u>

12. Analysis of net assets between funds - prior year

	Unrestricted	Restricted	Total funds
	£	£	£
Tangible fixed assets	1,078	10,615	11,693
Current assets	407,702	1,425,308	1,833,010
Current liabilities	<u>(4,542)</u>	<u>(1,201,987)</u>	<u>(1,206,529)</u>
Net assets at the end of the year	<u>404,238</u>	<u>233,936</u>	<u>638,174</u>

13. Movements in funds - current year

	Balance at 1 November 2020	Income	Expenditure	Transfer in/out	Other gains / losses	Balance at 31 October 2021
General funds	404,238	20,490	(201,549)	508,361	(20,928)	710,612
Restricted funds						
NIM programme	-	295,508	(232,878)	(62,123)	(507)	-
VM programme	-	801,236	(706,154)	(83,705)	(11,377)	-
CMM programme	-	251,415	(122,818)	(128,597)	-	-
Other restricted funds	233,936			(233,936)	-	-
Total restricted funds	233,936	1,348,159	(1,061,850)	(508,361)	(11,884)	-
Total funds	638,174	1,368,649	(1,263,399)	-	(32,812)	710,612

Restricted funds:

NIM - National Implementation Measures programme

VM - Verification and Monitoring Programme

CMM - Compliance Mechanisms and Measures programme

14. Movements in funds - prior 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:						
NIM programme	-	284,030	(191,320)	(92,710)	-	-
VM programme	-	848,518	(862,326)	13,808	-	-
CMM programme	-	188,994	(133,057)	(55,937)	-	-
Other restricted funds	273,443	-	-	(39,212)	(295)	233,936
Total restricted funds	273,443	1,321,542	(1,186,703)	-	(295)	233,936
Total funds	615,632	1,347,324	(1,350,104)	-	25,322	638,174

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 £104,416, £972,378, £251,415, £40,440 respectively of which £375,322 came from Canadian MFA and £20,000 from Joseph Rowntree Charitable Trust.

During the year, £508,361 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

	2021	2020
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	105,250	(2,780)
Depreciation	9,808	9,854
Loss/ (profit) on the sale of fixed assets	498	-
(Increase)/ decrease in debtors	(31,778)	254,364
Increase/ (decrease) in creditors	(228,794)	310,314
Net cash provided by / (used in) operating activities	<u>(145,016)</u>	<u>571,752</u>

16. Analysis of cash and cash equivalents

	At 1 November 2020 £	Cash flows £	Other changes £	At 31 October 2021
Cash at bank and in hand	1,724,700	(184,334)		1,540,366
Total cash and cash equivalents	<u>1,724,700</u>	<u>(184,334)</u>		<u>1,540,366</u>

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 £31,208 (2020 - £30,492) of which £5,574(2020- £4,820) was payable at the year end.

18. Operating lease commitments

At 31 October 2021 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2021	2020
Within 1 year	48,904	46,302
Between 1 and 5 years	70,002	115,029
	<u>118,906</u>	<u>161,331</u>

19. Trustee remuneration and benefits

During the year, no trustees (2020 – NIL) were paid or received any other benefits from employment with the charitable company.

20. Transaction (s) with related parties

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

Accounts

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

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	2019
		£	£	Total	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

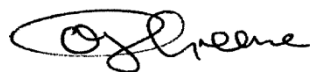
Balance sheet

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.

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
	<u> </u>	<u> </u>

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.