

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
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London
E2 9DA

Chief Executive Officer

Mr Larry MACFAUL, Acting

Independent auditors

Goldwins
Chartered Accountants
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West Hampstead
London
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Bankers

NatWest
PO Box 411
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WC2E 8NN

Solicitors

Bircham Dyson Bell
50 Broadway
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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

	Computer Equipment	Fixtures & Fittings	Total
Cost	£	£	£
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.