

**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 2019**



## **Contents**

	<b>Page</b>
<b>Reference and administrative details of the charity, its trustees and advisers</b>	<b>1</b>
<b>Trustee' report</b>	<b>2 - 10</b>
<b>Independent auditor's report</b>	<b>11 - 13</b>
<b>Statement of financial activities</b>	<b>14</b>
<b>Balance sheet</b>	<b>15</b>
<b>Statement of cash flows</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17 - 26</b>

**Reference and administrative details of the charity, its trustees and advisers  
For the year ended 31 October 2019**

**Trustees**

Mr P Alvey, Chair  
Dr E Moreton  
Dr O J Greene  
Ms I Rockwood  
Ms L Tabassi  
Dr M Harries (retired 16 April 2019)  
Ms M Campbell, Honorary Treasurer (resigned 3 March 2020)  
Mr N Sims  
Mr S Lodgaard (resigned 17 February 2020)  
Mr R Burge (appointed 6 September 2019)

**Company registered  
Number**

03616935

**Charity registered  
Number**

1073051

**Registered office**

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

**Chief Executive Officer**

Mr A Persbo (until 11 November 2019)

**Independent auditors**

Kreston Reeves LLP  
Chartered Accountants  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

**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 2019**

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 2019, 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
- special focusses on matters of interpretation, clarification and concurrence.

### **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 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.

**Trustees' report (continued)**  
**For the year ended 31 October 2019**

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:

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 special projects:

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 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.

**Trustees' report (continued)**

**For the year ended 31 October 2019**

**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 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 will guide our growth strategy for 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 (VM) programme**

VERTIC's Verification and Monitoring programme provides innovative research, new practical tools and practitioner-level forums to support international agreements and norms in the field of non-proliferation, arms control, disarmament and development. The programme brings together expertise across the scientific and policy fields. We engage extensively with governments and other stakeholders globally. Traditionally, the programme has been highly active on nuclear weapons issues. We have also led and contributed to significant initiatives on chemical and biological weapons, conventional arms, natural resources, cyber and emerging technologies.

During FY2018-2019, we carried out a wide range of projects that grew our impact across the field. The programme has expanded in size and improved its gender balance. In addition to the activities outlined below, the programme has been active on the Open Skies Treaty, Additive Manufacturing and implementation of the JCPOA in Iran.

**Building capacity on multilateral verification of nuclear disarmament, Norway MFA**

The objective of this ongoing multiyear project is to facilitate capacity development in countries to enable them to contribute to nuclear disarmament verification (NDV). The project is focusing on engagement in Argentina, Brazil, Kazakhstan and South Africa. The project also explores how to support initiatives at the level of the United Nations. The work builds on our earlier studies examining NDV, including the UK-Norway Initiative, the role of IAEA and the possibility of establishing a Group of Scientific and Technical Experts or a similar body on the subject.

In FY 2018-2019, VERTIC co-hosted workshops on NDV in South Africa and Argentina, aided by project partners Centre for Applied Radiation Science and Technology and NPS Global Foundation. VERTIC also hosted public events focusing on multilateral exchange on verification issues and science diplomacy. These included events at the United Nations in New

York during the 2019 NPT PrepCom, and at the UNGA First Committee for 2019, as well as during the 2019 IAEA General Conference.

**Trustees' report (continued)**  
**For the year ended 31 October 2019**

**Improving standards of chemical security, Sweden, MFA**

In this shorter-term project that ran from September to December 2018, VERTIC examined ways in which the OPCW can improve standards of chemical security and deny non-state actors the ability to use chemicals as weapons. The project

analysed successful approaches from the nuclear security sector and highlighted what lessons they could provide for the chemical sector. VERTIC produced two papers on this issue, one on nuclear security by the IAEA and the second, by an external consultant, on radioactive sources security. Results were shared during a side event organised by Sweden during the Fourth Review Conference of the CWC in The Hague.

**International investigations into biological weapons, US DoS**

This project aims to strengthen the operational capability of the Secretary-General's Mechanism for Investigation of Alleged Use of Chemical and Biological Weapons (UNSGM).

Project activities involved research and a tabletop exercise (TTX). VERTIC commissioned reports on Amerithrax, new technologies and investigations in Syria. In late 2019, VERTIC hosted a TTX simulating a UNSGM investigation. The exercise aimed to explore challenges and mitigation approaches related to the cooperation between national responders including law enforcement and public health bodies and international responders including humanitarian relief organisations and UNSGM investigators. The TTX saw the participation of WHO and UN officials, former team members from the UNSGM investigations in Syria, and emergency response specialists from the UK and the US and more. We hope to carry out similar exercises with more countries in the future.

**Supporting safeguards implementation, UK FCO**

In 2018-2019, VERTIC ran two assistance projects on the implementation of IAEA Safeguards. They focused on non-proliferation controls on uranium mining activities and on national stakeholder reporting to support implementation of IAEA Safeguards and the Additional Protocol. As part of these projects, VERTIC provided assistance to Namibia and Senegal, and conducted consultations with Malawi and Cameroon, participated in the 2018 Annual Meeting of the Asia-Pacific Safeguards Network and presented at the 2018 IAEA Symposium on International Safeguards.

**DPRK WMD Assessment and Verification, Canada MFA**

This project aims to generate an assessment of the DPRK's nuclear weapons capabilities using open source material. To do this, VERTIC is modelling the DPRK nuclear fuel cycle using information from satellite images provided by our partner organisation CNS. VERTIC will then channel the results of the modelling to our other project partner – RUSI – for work on verification options.

During FY2018-2019, the VERTIC team conducted in-depth research on methods to estimate the production rate of uranium mines. The team also examined methods to model uranium ore conversion and uranium enrichment, and started to assemble a collection of dedicated software tools for nuclear fuel cycle modelling. In addition to research work, VERTIC conducted outreach with several expert bodies across government technical bodies, international organisations and academia.

**National Implementation Measures (NIM) programme**

During the FY2018-2019, the NIM Programme continued to advise States worldwide on national legislative implementation of their obligations under international legal instruments, applying its methodology consisting of three pillars: awareness-raising, legislative analysis, and legislative drafting and review. It maintained its traditional focus on the non-proliferation of CBRN weapons and security of CBRN materials, CBRN emergency preparedness and response and CBRN waste management. At the same time, the team looked for opportunities to expand its focus into strategic trade controls, terrorism financing, public health, animal health, plant health and food security. NIM diversified its funding with large EU grants, as well as smaller grants from UNODA, Global Affairs Canada, the US Department of State. NIM cooperated and coordinated its work with relevant international organisations and assistance providers, including by joining international consortia.

**Trustees' report (continued)**

**For the year ended 31 October 2019**

On biosecurity and the implementation of the BTWC, related provisions of UNSCR 1540 and IHR, NIM completed the following projects: EU CBRN Centres of Excellence Project 53 on Strengthening the national legal framework and provision of specialised training on biosafety and biosecurity in Central Asian countries; National implementation of biosecurity measures in Mali; BTWC implementation in Morocco; BTWC implementation in Nepal and Lebanon under EU Council Decision 2016/51.

On chemical security and chemicals management, including implementation of the CWC, the NIM Programme continued to implement EU CBRN Centres of Excellence Project 61 for the Sound management of chemicals and their wastes in Southeast Asia (2017-2020).

On CBRN waste management, the NIM team continued implementing EU CBRN Centres of Excellence Project 67 on Strengthening CBRN waste management capabilities in Southeast and Eastern European Countries (2018-2021).

NIM staff reported on CBRN implementing legislation cases in Trust & Verify. They also wrote articles on CBRN international and national law, including in external publications.

**Special Projects (COP) programme**

During the FY2018-2019, the Special project team 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, under a sub-contract from CNS. The team, comprising three staff, all 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 national workshops held in Panama, the Philippines, and Taiwan, and regional workshops held in Barbados, Fiji and South Africa. The team also contributed to the consortium's production of maritime sanctions information materials for States, and reported on topical sanctions avoidance, evasion and enforcement cases in Trust & Verify.

Special Projects staff also contributed its sanctions expertise to workshops on sanctions, organised by RUSI and C4ADS in London, and on arms embargoes, organised by the Small Arms Survey in Geneva.

They also conducted disarmament education by participating in a workshop on the Treaty on the Prohibition on Nuclear Weapons, and providing training on nuclear disarmament verification for Australian and New Zealand tertiary students, in New Zealand, and also engaged in outreach activities to the New Zealand Ministry of Foreign Affairs and Under-Secretary for Disarmament and Arms Control. Staff also participated in Pacific regional workshops on UN Security Council Resolution 1540 and the Biological and Toxin Weapons Convention organised by the UN Office for Disarmament Affairs in New Zealand.

**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.



**Trustees' report (continued)**  
**For the year ended 31 October 2019**

**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 £1,667,929 for the year ended 31 October 2019 (2018: £909,622). Of this, £1,648,109 (2018: £852,057) were restricted funds and £19,820 (2018: £57,565) were unrestricted funds. Income is recorded on its grant register by donor and programme.

Over the last three years, VERTIC has received most of its funding from overseas for specific projects. We have received unrestricted donations from funders, the Joseph Rowntree Charitable Trust (JRCT). The JRCT continues to be a key enabler of other services, such as Trust & Verify, as well as core support.

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 2019 is £319,978 (2018: £144,000). 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.

As a result of the charity's recent growth a new finance director was appointed in September 2019 to manage the charity's finance and governance functions. VERTIC maintains a risk register which is reviewed and updated annually.

**Trustees' report (continued)**  
**For the year ended 31 October 2019**

**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 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 and two extra meetings in FY2018-2019. This will increase to four times a year from FY2019-2020 onwards.

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 for the executive search, finances, publications, remuneration, strategic planning, and trustee recruitment. A review of the existing subcommittee structure, including their composition and terms of reference, is planned for 2020.

**c. Trustee recruitment and appointment**

New trustees are typically 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.

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 fourteen full-time staff as at 31 October.

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 an Administrator (collectively referred to as the Office of the Executive Director or OED).

In Autumn a new subcommittee was established to oversee the recruitment of a new Executive Director to succeed the outgoing Executive Director who left in November. External recruitment specialists were appointed to assist with the process and it is anticipated that the position will be filled in mid-2020. In the interim the Deputy Executive Director is Acting Executive Director with delegated authority.

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

**Trustees' report (continued)**  
**For the year ended 31 October 2019**

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 three staff are employed by the charity's 'Special Projects' team. Each programme is led by a Programme Director; the Special Projects team is led by VERTIC's Deputy Executive Director.

The OED and Programme Directors meet periodically as the Senior Management Group 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 'employee handbook' which is updated annually. The Executive Director prepares a 'salary review' for consideration by trustees in October. This document sets out pay progression within the charity, the financial outlook, comparable salaries in other organisations, as well as programme performance. It also takes into account proposals made by the Programme Directors. The 'salary review' proposes a salary settlement for all staff except the Executive Director.

The board of trustees' remuneration committee decides the executive director's salary independently.

**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 2019, 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;

**Trustees' report (continued)**

**For the year ended 31 October 2019**

- 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 13<sup>th</sup> March 2020 and signed on their behalf by:



Peter Alvey, Chair  
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 2019 set out on pages 14 to 26. 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 charitable company's affairs as at 31 October 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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

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

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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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.

As part of an audit in accordance with International Standards on Auditing (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, designs and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

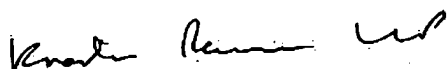
**Independent auditors' report to the members of The Verification Research Training and Information Centre (VERTIC)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

**Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' 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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP  
Chartered Accountants  
Statutory Auditor  
London  
Date: 16th March 2020

Kreston Reeves LLP, are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**Statement of financial activities**  
**(incorporating an income and expenditure account)**  
**For the year ended 31 October 2019**

				<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income from:</b>					
Donations and legacies	<b>3</b>	19,820		19,820	35,000
Charitable activities	<b>3</b>		1,648,109	1,648,109	874,622
<b>Total income</b>		<b>19,820</b>	<b>1,648,109</b>	<b>1,667,929</b>	<b>909,622</b>
<b>Expenditure on:</b>					
Raising funds		32,373		32,373	
Charitable activities:		119,105	1,128,435	1,247,540	836,684
<b>Total expenditure</b>	<b>4</b>	<b>151,478</b>	<b>1,128,435</b>	<b>1,279,913</b>	<b>836,684</b>
<b>Net income / (expenditure) for the year</b>		<b>(131,658)</b>	<b>519,674</b>	<b>388,016</b>	<b>72,938</b>
Transfers between funds		316,900	(316,900)	0	0
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>185,243</b>	<b>202,774</b>	<b>388,016</b>	<b>72,938</b>
Foreign exchange gains / (losses)		13,211	23,000	36,211	0
<b>Net movement in funds</b>	<b>13</b>	<b>198,453</b>	<b>225,774</b>	<b>424,227</b>	<b>72,938</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		143,736	47,669	191,405	118,467
<b>Total funds carried forward</b>		<b>342,189</b>	<b>273,443</b>	<b>615,632</b>	<b>191,405</b>

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 17 to 26 form part of these financial statements.



Registered number: 03616935

Balance sheet

As at 31 October 2019

	Not e	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets:</b>					
Tangible assets	8		15,793		1,646
<b>Current assets:</b>					
Debtors	9	362,674		206,672	
Cash at bank and in hand		<u>1,133,380</u>		<u>375,533</u>	
		1,496,054		582,205	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	10	<u>(896,215)</u>		<u>(392,446)</u>	
<b>Net current assets</b>			<u>599,839</u>		<u>189,759</u>
<b>Total assets less current liabilities</b>			<u>615,632</u>		<u>191,405</u>
<b>Total net assets</b>			<u>615,632</u>		<u>191,405</u>
<b>Charity Funds</b>					
Restricted funds	13		273,443		47,669
Unrestricted funds	13		<u>342,189</u>		<u>143,736</u>
<b>Total funds</b>			<u>615,632</u>		<u>191,405</u>

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

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 13<sup>th</sup> March 2020 and signed on their behalf, by:



Peter Alvey, Chair

The notes on pages 17 to 26 form part of these financial statements.

**Statement of cash flows**

**For the year ended 31 October 2019**

	Note	2019 £	2019 2018	2018 £
<b>Cash flows from operating activities:</b>				
Net cash provided by / (used in) operating activities	15	780,344	236,280	
<b>Cash flows from investing activities:</b>				
Sale/ (purchase) of fixed assets		(22,497)	(1,847)	
Cash provided by / (used in) investing activities		(22,497)	(1,847)	
Change in cash and cash equivalents in the year		<u>757,847</u>	<u>234,433</u>	
Cash and cash equivalents at the beginning of the year		<u>375,533</u>	<u>141,100</u>	
Cash and cash equivalents at the end of the year	16	<u>1,133,380</u>	<u>375,533</u>	

The notes on pages 17 to 26 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**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 £15,793 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.

**Notes to the financial statements  
For the year ended 31 October 2019**

**1. Accounting policies (continued)**

**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

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**1. Accounting policies (continued)**

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.

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**1. Accounting policies (continued)**

**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**

	2018 Unrestricted	2018 Restricted	2018 Total	2017 Total
	£	£	£	£
<b>Income from:</b>				
Donations and legacies	35,000		35,000	17,500
Charitable activities	22,565	852,057	874,622	680,714
Investments			-	32
<b>Total income</b>	<u>57,565</u>	<u>852,057</u>	<u>909,622</u>	<u>698,246</u>
<b>Expenditure on:</b>				
Raising funds		-	-	
Charitable activities:	9,043	827,641	836,684	
<b>Total expenditure</b>	<u>9,043</u>	<u>827,641</u>	<u>836,684</u>	
<b>Net income / expenditure</b>	<u>48,522</u>	<u>24,416</u>	<u>72,938</u>	
Transfers between funds	(4,175)	4,175	-	
<b>Net income / (expenditure) before other recognised gains and losses</b>	<u>44,347</u>	<u>28,591</u>	<u>72,938</u>	
Foreign exchange gains/(loses)				
<b>Net movement in funds</b>	<u>44,347</u>	<u>28,591</u>	<u>72,938</u>	
<b>Reconciliation of funds:</b>				
Total funds brought forward	<u>99,389</u>	<u>19,078</u>	<u>118,467</u>	
<b>Total funds carried forward</b>	<u>143,736</u>	<u>47,669</u>	<u>191,405</u>	

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**3. Income from donations and legacies**

	Unrestricted	Restricted	2019 Total	2018 Total
	£	£	£	£
Donations and legacies	19,820		19,820	35,000
Charitable activities		1,648,109	1,648,109	874,622
<b>Total income</b>	<b>19,820</b>	<b>1,648,109</b>	<b>1,667,929</b>	<b>909,622</b>

**4. Analysis of expenditure**

	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2019 Total	2018
		£	£	£	£	£	£
Charitable Activities	Direct				511,789	511,789	77,605
Legal & Professional	Direct		11,613			11,613	-
Accountancy fees	Direct		4,275			4,275	-
Auditor's remuneration	Direct		6,345			6,345	8,280
Wages and salaries	Direct	36,117	9,569	32,373	555,518	633,577	541,083
Staff welfare	Direct	6,004				6,004	5,694
Project cost	Direct				19,910	19,910	97,578
Office overheads	Staff time	676			3,381	4,057	8,503
Insurance	Staff time	1,404				1,404	877
PPS	Staff time	492			2,461	2,953	17,746
Recruitment	Staff time	11,375			2,362	13,737	2,050
Refreshments	Staff time	1,935				1,935	1,660
Subscriptions	Staff time	543				543	786
Rent	Staff time	6,422			32,111	38,533	35,232
Rates	Staff time	83			417	500	2,756
Sundry	Staff time					-	660
Bank charges	Staff time	1,034			296	1,330	1,061
Governance	Staff time		13,058			13,058	34,082
Depreciation	Staff time	8,160			190	8,350	1,031
		74,245	44,860	32,373	1,128,435	1,279,913	836,684
Support costs		(74,245)			74,245	-	
Governance costs			(44,860)		44,860	-	
<b>Total expenditure 2019</b>		<b>0</b>	<b>0</b>	<b>32,373</b>	<b>1,247,540</b>	<b>1,279,913</b>	
<b>Total expenditure 2018</b>					<b>836,684</b>	<b>836,684</b>	<b>836,684</b>

**Notes to the financial statements**  
**For the year ended 31 October 2019**

Of the total expenditure £151,478 was unrestricted (2018: £9,043) and £1,128,435 was restricted (2018: £827,641).

**5. Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	£	£
Depreciation	8,350	1,031
Auditor's remuneration	6,345	8,280
Pension costs	23,728	7,773
Foreign exchange (gains) / losses	<u>36,211</u>	<u>-</u>

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

Staff costs were as follows:	<b>2019</b>	<b>2018</b>
	£	£
Salaries and wages	557,311	503,402
Social security costs	52,538	29,908
Pension contributions	<u>23,728</u>	<u>7,773</u>
	<u><b>633,577</b></u>	<u><b>541,083</b></u>

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

	<b>2019</b>	<b>2018</b>
	No.	No.
£60,000 - £69,999	1	
£70,000 - £79,999	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions of the key management personnel were £152,919 (2018: £74,565).

**Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	No.	No.
Raising funds		
Charitable activities		
Support	10	8
Governance	1	1
	<u>1</u>	<u>1</u>
	<u><b>12</b></u>	<u><b>10</b></u>

**7. Taxation**

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



**Notes to the financial statements**  
**For the year ended 31 October 2019**

**8. Tangible fixed assets**

	Computer Equipment	Fixtures & Fittings	Total 2019
	£	£	£
<b>Cost</b>			
At the start of the year	25,719	-	25,719
Additions in year	20,341	2,156	22,497
Disposals in year	-	-	-
At the end of the year	46,060	2,156	48,216
<b>Depreciation</b>			
At the start of the year	24,073	-	24,073
Charge for the year	7,811	539	8,350
Eliminated on disposal	-	-	-
At the end of the year	31,884	539	32,423
<b>Net book value</b>			
At the end of the year	14,176	1,617	15,793
At the start of the year	1,646	-	1,646

All of the above assets are used for charitable purposes.

**9. Debtors**

	2019	2018
	£	£
Trade debtors	193,990	203
Accrued income	106,441	204,133
Prepayments	62,243	2,336
	<u>362,674</u>	<u>206,672</u>

**10. Creditors: amounts falling due within one year**

	2019	2018
	£	£
Bank loans and overdraft	28,795	
Trade creditors	23,303	9,477
Taxation and social security	9,761	2,246
Other creditors	215,394	34,840
Accruals	<u>618,962</u>	<u>345,883</u>
	<u>896,215</u>	<u>392,446</u>

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**Deferred Income**

£618,962 of charitable activity income recognised in 2019 has been deferred at year-end to project costs to be incurred in 2020

	2019 £	2018 £
Balance at the beginning of the year	345,883	74,151
Amount released to income in the year	(345,883)	(74,151)
Amount deferred in the year	<u>618,962</u>	<u>345,883</u>
Balance at the end of the year	<u>618,962</u>	<u>345,883</u>

**11. Analysis of net assets between funds - current year**

	Unrestricted £	Restricted £	Total funds £
Tangible fixed assets	15,223	571	15,794
Net current assets	366,332	1,129,723	1,496,055
Creditors due within one year	<u>(47,840)</u>	<u>(834,547)</u>	<u>(882,387)</u>
Net assets at the end of the year	<u>333,715</u>	<u>295,747</u>	<u>629,462</u>

**12. Analysis of net assets between funds - prior year**

	Unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,646		1,646
Net current assets	181,470	400,735	582,205
Creditors due within one year	<u>(39,380)</u>	<u>(353,066)</u>	<u>(392,446)</u>
Net assets at the end of the year	<u>143,736</u>	<u>47,669</u>	<u>191,405</u>

**13. Movements in funds - current year**

	Balance at 1 November 2018	Income	Expenditure	Transfer in/out	Exchange 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
<b>Total funds</b>	<u>191,405</u>	<u>1,667,929</u>	<u>(1,279,913)</u>	<u>-</u>	<u>36,211</u>	<u>615,632</u>

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**14. Movements in funds - prior year**

	Balance at 1 November 2017	Income	Expenditure	Transfe r in/out	Exchang e gains / losses	Balance at 31 October 2018
<b>General funds</b>	99,389	57,565	(9,043)	(4,175)		143,736
<b>Restricted funds:</b>	19,078	852,057	(827,641)	4,175		47,669
<b>Total funds</b>	<u>118,467</u>	<u>909,622</u>	<u>(836,684)</u>	<u>-</u>	<u>-</u>	<u>191,405</u>

VERTIC is extremely grateful for the continuing support from its funders such as European Commission representatives, Foreign Ministries, Institutes, Legal Institutions and others that contributed £310,265, £822,187, £408,766, £75,561, £31,330 respectively of which £562,198 came from Canadian MFA.

During the year, £316,900 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**

	2019 £	2018 £
<b>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</b>	388,016	72,938
Depreciation	8,350	1,031
Exchange (gain) / loss	36,211	
	(156,003)	
(Increase)/ decrease in debtors	)	(133,202)
Increase/ (decrease) in creditors	503,769	295,513
<b>Net cash provided by / (used in) operating activities</b>	<u>780,344</u>	<u>236,280</u>

**16. Analysis of cash and cash equivalents**

	At 1 November 2018 £	Cash flows £	At 31 October 2019 £
Cash at bank and in hand	375,533	757,847	1,133,380
<b>Total cash and cash equivalents</b>	<u>375,533</u>	<u>757,847</u>	<u>1,133,380</u>

**Notes to the financial statements**  
**For the year ended 31 October 2019**

**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 £33,517 (2018 - £7,773) of which £25,124 (2018- £2,246) was payable at the year end.

**18. Operating lease commitments**

At 31 October 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

Amounts payable:	2019	2018
Within 1 year	44,585	32,662
Between 1 and 5 years	161,332	132,483
	<u>205,917</u>	<u>165,145</u>

**19. Trustee remuneration and benefits**

During the year, no trustees (2018 – NIL) were paid or received any other benefits from employment with the charitable company. Four trustees (2018 – 4) were reimbursed for travel and meeting expenses amounting to £2,489.90 (2018 - £1,937).

**20. Transaction (s) with related parties**

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