

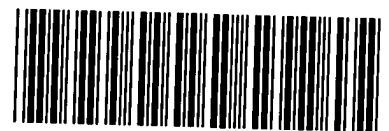
Registered number: 03616935
Charity number: 1073051

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

Trustees' report and financial statements

For the year ended 31 October 2018

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

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The Verification Research Training and Information Centre (VERTIC)
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Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 October 2018

Trustees

Sir WG H Beach, President (resigned 16 March 2018)
Mr P Alvey, Chair
Dr E Moreton
Dr O J Greene
Ms I Rockwood
Ms L Tabassi
Lord Browne of Ladyton (resigned 24 January 2018)
Dr M Harries
Ms M Campbell, Honorary Treasurer
Mr N Sims
Mr S Lodgaard

**Company registered
number**

03616935

**Charity registered
number**

1073051

Registered office

The Greenhouse
244-254 Cambridge Heath Rd
London
E2 9DA

Chief executive officer

Mr A Persbo

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

AF Bank Limited
West Mailing
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Solicitors

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50 Broadway
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The Verification Research Training and Information Centre (VERTIC)
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Trustees' report
For the year ended 31 October 2018

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 2018, 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

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.

b. Strategies for achieving objectives

VERTIC's current strategic plan runs from 1 January 2016 to 1 January 2019. Trustees periodically evaluate progress in implementing the strategic plan and may make annual adjustments to objectives where appropriate.

The plan remained in force throughout the financial year. The charity's trustees, permanent staff and advisers held a joint strategic review workshop on 12 and 13 November 2018. The meeting discussed our achievements to date and agreed on a broad outline for our strategic direction from 1 January 2019 to 1 January 2022. Based on the outcome of this meeting, the Executive Director, assisted by the Programme Directors, started to draft the new Strategic Plan, which will be presented to the Trustees on 8 March 2019.

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

Throughout the year, VERTIC's activities continued to be aligned with the priorities set out in its Strategic Plan 2016-2019. These are:

In regards to verification and monitoring:

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.

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Trustees' report (continued)
For the year ended 31 October 2018

In regards to implementation:

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

d. 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 has been to achieve a better balance of funding across strategic priority areas and a more stable mix of funders. At the beginning of the present Strategic Plan, the charity was considered to be too reliant on a few large funders and too focused on one or two principal issue areas. Subsequently, the withdrawal of one major donor from the disarmament field in 2016 led to deficits in the budget. This development impacted negatively on our capacity to deliver projects, as well as on the level of our free reserves.

Over the last two years, the focus of the Senior Management Group, comprising the Executive Director and the Programme Directors, has been to diversify the funding base, rebuild the charity's ability to deliver on larger projects, and make the organisation's core adequately funded on a sustainable basis. This work has now started to pay off.

In 2018, we met our targets on personnel and income but did not manage to build up our free reserves. The 2019-2022 Strategic Plan will guide our growth strategy for the next three years. In light of present fundraising outcomes, we are likely to embark on an effort to build up our capacity through a recruitment drive in early 2019. A change in our financial procedures has enabled us to fund the centre of the organisation better. Work to optimise our financial processes is continuing.

b. Review of activities

Verification and monitoring (VM) programme

During FY17/18 the VM programme ran projects in four priority areas: nuclear materials; conventional and cyber weapons; chemical weapons precursors; and human, animal and plants pathogens and toxins. Due to capacity problems, it did not run specific projects in its fifth priority area (environment and sustainable development) but maintained a watching brief.

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Trustees' report (continued)
For the year ended 31 October 2018

Nuclear materials

The programme's activities remained focused on how to verify and monitor commitments undertaken concerning nuclear materials (principally uranium and plutonium).

Nuclear non-proliferation

A principal objective of the international non-proliferation regime is to ensure that material and technology enabling a weapons programme do not spread to more countries than the present nine known or assumed nuclear weapon possessors. Over the year we continued to work practically to shore up the existing regime. We provided training on comprehensive safeguards as well as the IAEA 'Additional Protocol' to partner governments. Our work in this area has been funded to a significant degree by the UK's Foreign & Commonwealth Office.

In 2018, the programme ran two significant projects in this area. The first project aims to assist national actors in two countries from either South-East Asia or Sub-Saharan Africa becoming more capable of implementing safeguards and more engaged in non-proliferation norms nationally and globally. The second project focused on enhancing non-proliferation norms and safeguards on uranium mining in Africa.

On nuclear security, the programme examined how the Consolidated National Nuclear Security Report (CNNSR) could assist nuclear security reporting rates by countries. In April 2018, it released a VERTIC Brief, titled 'Information-sharing in nuclear security: current initiatives, challenges, and the proposal for a CNNSR.' The Brief provides an overview of the state of international reporting on nuclear security, analyses the current state of the CNNSR initiative, and identifies areas where it can be further developed, as well as proposals for future action.

The programme maintained a watching brief on other areas of interest to the charity, in particular developments in regards to the Joint Comprehensive Plan of Action in force in Iran, nuclear events in North-East Asia, as well as efforts to negotiate a so-called Fissile Material Cut-Off Treaty. The programme reported on these areas in Trust & Verify.

Nuclear disarmament

The verification and monitoring of possible new nuclear weapons agreements focused on verification arrangements for nuclear prohibition and abolition, and to a lesser extent on the limitation and reduction of nuclear forces. The work continued to focus on the conditions for the establishment of a formal Group of Scientific Experts for Nuclear Disarmament Verification (GSE NDV). In November, the programme released a VERTIC report entitled 'Means to Reinforce Research on Nuclear Disarmament Verification: report on a series of regional conversations', Verification Matters, Number 13, November 2017.

Our work in this area continues to be supported principally by the Norwegian Ministry for Foreign Affairs with additional funding drawn from the Joseph Rowntree Charitable Trust. In 2018, work started to examine the establishment of regional centres of excellence to assist in the future development of verification arrangements.

Conventional forces and cyber weapons

The programme concluded its project on the Open Skies Treaty in the year. This project aimed to identify methodologies and equipment that better utilise the full range of technologies permitted under the Open Skies Treaty. The final report is more than 100 pages long and contains much new technical information on the agreement's sensor technologies. We are considering holding a public event on the Treaty in 2019.

The programme continued its effort to start a funded stream of work on the 2013 Arms Trade Treaty, as well as broader projects on conventional arms control in Europe and Asia.

Early in the year, we concluded work on a cyber-security related project. The Remote Control Project launched VERTIC's report in January 2018 entitled 'Cyberspace: an Assessment of Current Threats, Real Consequences and Potential Solutions.' The briefing investigates how cyber could fit into traditional understandings of military

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Trustees' report (continued)
For the year ended 31 October 2018

doctrine and strategy. It discusses the treatment of cyber in the current doctrine of selected states and then examines the opportunities and barriers posed by the integration of cyber capabilities into national deterrence strategies.

We are presently not seeking out further projects in this area.

Chemical weapons precursors, and human, animal and plant pathogens and toxins

During the period, we also carried out work on a project that aims to develop a framework to facilitate the United Nations Office of Disarmament Affairs (UNODA) in strengthening the Secretary General's operational capability for investigating the alleged use of biological weapons. The work involves examining the experience and institutional capability required to carry out bio-forensics at the level of international investigatory missions. Such capacity is currently missing in absolute terms and particularly when compared to areas such as chemical weapons.

The programme maintained a significant watching brief on chemical weapons and their precursors throughout the year, including on continuing chemical weapons use in Syria, the use of a specialised agent on UK territory, as well as international efforts to strengthen state accountability of the use of these weapon systems. The outflow of this brief resulted in several articles in Trust & Verify.

In line with our diversification and sustainability planning, we sought to contribute further to activities countering chemical weapons. We have been successful in this endeavour by starting a 'Study of IAEA Nuclear Security Approaches in support of OPCW Chemical Security Initiatives' for the Ministry of Foreign Affairs, Sweden.

The environment and sustainable development

In October 2015 the United Nations adopted a new development agenda including new Sustainable Development Goals (SDGs). The programme maintained a low level watching brief of the SDGs, the emerging monitoring and reporting requirements, and the implementation issues these raise, particularly for developing countries. In particular, it kept up to date about processes and techniques to monitor sea ice decline in the Arctic and reported on this in Trust & Verify.

National Implementation Measures (NIM) programme

The NIM programme operated projects in five priority issue areas during FY17/18: biological weapons and materials; nuclear security; chemical weapons and materials; the arms trade; and the International Health Regulations (IHRs) and the Global Health Security Agenda (GHSA). Also, NIM started implementing a new project on CBRN waste management.

Throughout the year, supplemental research conducted by the programme was reflected in Trust & Verify, including a feature article on Central Asia, and national implementation responses to the use of chemical weapons on UK territory.

Biological weapons and materials, IHRs and GHSA

EU CBRN Project 53 implemented in Central Asia aims to raise awareness of the importance of biosafety and biosecurity issues with national stakeholders in the partner countries and to promote national and regional cooperation on these issues. It also aims to assist partner countries in realising their international obligations to harmonise national bio-safety and bio-security legal frameworks with the World Health Organisation's International Health Regulation, the Biological Weapons Convention, and the Codex Alimentarius.

We completed a project designed to build Official Development Assistance (ODA) eligible States capacity in their efforts to develop and adopt legislative and regulatory measures to implement their obligations under the Biological and Toxin Weapons Convention. Our traditional funder in this area was unable to support the activity for the remainder of FY17/18. We nevertheless managed to secure funding from the United Nations Office for Disarmament Affairs (UNODA) to assist two additional States. We are now seeking funding to continue this work elsewhere.

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Trustees' report (continued)
For the year ended 31 October 2018

Separate funding was acquired to assist one North African country in implementing the Biological Weapons Convention. Moreover, additional funding was received to assist one other African country in strengthening its biosafety and biosecurity legal framework. VERTIC also supported some activities in this area through committing parts of its free reserves.

Over the year, the team has built on its cooperation with the World Organisation for Animal Health, joining their Veterinary Legislation Identification Missions to provide expert analysis and advice on biothreats-related aspects of veterinary legislation.

Nuclear security

The programme maintained a watching brief on nuclear security through the Programme Director's participation in the International Nuclear Law Association Board of Management Meeting in Paris, representing the Chair of the Working Group (WG) on Nuclear Security. It also carried out one implementation activity in the Caribbean at the beginning of FY17/18.

Chemical weapons and materials

VERTIC continued to be an implementer within EU CBRN Project 61 on 'SEACHEM – Sound management of chemicals and their associated wastes in Southeast Asia.' Here, the team is leading on aspects of judicial reinforcement concerning the sound management of chemicals and their wastes.

VERTIC started implementing EU CBRN project 67 which supports the following long-term objectives of the governments of the South-East and Eastern European region partner countries: 1) the sustainable development and management of their hazardous CBRN waste materials, resources and contaminated environments, and 2) the safe and secure handling, transportation and the disposal of CBRN waste in the industry and the public domain.

The arms trade

The team continued preparations to assist one country with the aim of strengthening its ability to regulate trade and brokering of munitions, explosives, military equipment and related dual-use items. It seeks to explore further how the country can use its international obligations to regulate strategic trade, as it works in parallel to develop new legislation. Over the year, this effort was subjected to repeated delays beyond the charity's control.

Special Projects (SP)

This programme was initially intended to examine compliance and enforcement issues supplemental to the verification, monitoring and implementation of international law. Subsequently, it started to handle projects that do not immediately fit with our two main programmes. The focus over the last year has been on the United Nations sanctions regime, where the team has implemented two main projects in consortium with other non-governmental organisations.

One project, which provided supplementary funds for the main project, closed in the year. The main project, which will run until the end of 2019, addresses three challenges in implementing and enforcing maritime sanctions, namely a continuing abuse of flags of convenience; persistent gaps in sanctions implementation; and deficiencies in national laws to operationalise enforcement actions, such as vessel interdictions, port call denials and cargo searches. It aims to work with countries to strengthen their systems in this regard.

In addition to desk-based research, the team has engaged in two assistance actions, in Africa and the Pacific. Throughout the year, the programme also contributed to a dedicated section in Trust & Verify.

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Trustees' report (continued)
For the year ended 31 October 2018

c. Factors relevant to achieve objectives

Over the past year, our projects continued to be closely aligned with the charity's strategic priorities. In the upcoming strategic plan, VERTIC will focus its effort on fewer priority areas and aim to build up sustainable work in these. The objective to diversify the charity's funding base will remain, including by attempting to widen the base of non-statutory funding sources (see 'principal funding', below, for a description of the present donor base).

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 have worked to put in place a diversification plan for the coming three years.

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 £909,622 for the year ended 31 October 2018 (2017: £698,246). Of this, £852,057 (2017: £540,189) were restricted funds and £57,565 (2017: £158,057) 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. Most of this funding has been restricted to specific projects. We have received unrestricted donations from two funders, the Joseph Rowntree Charitable Trust (JRCT) and the Rufford Foundation. The JRCT continues to be a key enabler of other services, such as Trust & Verify, as well as core support.

The following five entities have supplied 91% of the income over the last three years: Norwegian Ministry of Foreign Affairs, Global Affairs Canada, Foreign & Commonwealth Office, Sandia National Laboratories, US State Department Chemical Security Program (CSP), US State Department Biosecurity Engagement Program (BEP), US State Department Key Verification Assets (KVA) fund, US State Department Export Control and Related Border Security (EXBS) Program, and the European Union. The following entities supplied the remaining 9%: Netherlands Ministry of Foreign Affairs, Nuclear Threat Initiative, Carnegie Corporation of New York, Earth Innovation Institute, Rufford Foundation, International Federation of Biosafety Associations, the Network for Social Change and the Joseph Rowntree Charitable Trust.

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 2018 is £144,000 (2017: £94,000). The reserves policy is under continuous review.

d. Assets

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

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Trustees' report (continued)
For the year ended 31 October 2018

e. Investment performance

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

f. Risks and uncertainties

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

The board continues to review the charity's financial controls.

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 meets three times a year and is responsible for the governance and strategic direction of VERTIC. In 2018 trustees received an independently-led session on their roles and responsibilities with particular reference to the Charity Governance Code and also participated in a joint two-day strategic review workshop with staff and advisers.

From time to time board subcommittees are established to perform specific duties delegated by the full board. During the year four such committees considered issues relating to, finances, remuneration, strategic planning, and publications.

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, and the Administrator.

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.

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Trustees' report (continued)
For the year ended 31 October 2018

d. Staff and management

VERTIC employed twelve fulltime 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).

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

Four staff manage and run the verification and monitoring (VM) programme and another three 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 stipended 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 draft strategy for 2019-2022 does not envision any significant changes in our focus and direction. In the next twelve months, we expect to recover from the capacity loss experienced in 2016 and to grow the organisation's capacity to deliver change beyond this.

In 2018, 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 this 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. Going forward, we intend to remunerate our interns with the London Living Wage, which will enable 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).

The Verification Research Training and Information Centre (VERTIC)
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Trustees' report (continued)
For the year ended 31 October 2018

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

This report was approved by the Trustees, on **8/4/19** and signed on their behalf by:



.....
Peter Alvey, Chair
Trustee

The Verification Research Training and Information Centre (VERTIC)
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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 2018 set out on pages 15 to 30. 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 2018 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 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.

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

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.

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

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, design 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.
- 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.

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)

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: *8th April, 2019*

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

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

Statement of financial activities incorporating income and expenditure account
For the year ended 31 October 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	2	35,000	-	35,000	17,500
Charitable activities	3	22,565	852,057	874,622	680,714
Investments	4	-	-	-	32
Total income		57,565	852,057	909,622	698,246
Expenditure on:					
Charitable activities	5	9,043	827,641	836,684	798,591
Total expenditure	6	9,043	827,641	836,684	798,591
Net income / (expenditure) before transfers		48,522	24,416	72,938	(100,345)
Transfers between Funds	16	(4,175)	4,175	-	-
Net income / (expenditure) before other recognised gains and losses		44,347	28,591	72,938	(100,345)
Net movement in funds		44,347	28,591	72,938	(100,345)
Reconciliation of funds:					
Total funds brought forward		99,389	19,078	118,467	218,812
Total funds carried forward		143,736	47,669	191,405	118,467

The notes on pages 18 to 30 form part of these financial statements.

The Verification Research Training and Information Centre (VERTIC)

(A company limited by guarantee)

Registered number: 03616935

Balance sheet

As at 31 October 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		1,646		830
Current assets					
Debtors	14	206,672		73,470	
Cash at bank and in hand		375,533		141,100	
		582,205		214,570	
Creditors: amounts falling due within one year	15	(392,446)		(96,933)	
Net current assets			189,759		117,637
Net assets			191,405		118,467
Charity Funds					
Restricted funds	16		47,669		19,078
Unrestricted funds	16		143,736		99,389
Total funds			191,405		118,467

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 **8/4/19** and signed on their behalf, by:



.....
Peter Alvey, Chair

The notes on pages 18 to 30 form part of these financial statements.

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

Statement of cash flows
For the year ended 31 October 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	<u>236,280</u>	<u>(118,596)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(1,847)</u>	<u>(1,245)</u>
Net cash used in investing activities		<u>(1,847)</u>	<u>(1,245)</u>
Change in cash and cash equivalents in the year		234,433	(119,841)
Cash and cash equivalents brought forward		<u>141,100</u>	<u>260,941</u>
Cash and cash equivalents carried forward	19	<u><u>375,533</u></u>	<u><u>141,100</u></u>

The notes on pages 18 to 30 form part of these financial statements.

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

Notes to the financial statements
For the year ended 31 October 2018

1. Accounting policies

1.1 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)), 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.

1.2 Critical accounting estimates and areas of judgment

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

Accounting estimates and assumptions:

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

Areas of judgement:

The charity has recognised tangible assets with a carrying value of £1,646 at the reporting date (see note 13). 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 13 for the carrying amount of tangible fixed assets and note 1.9 for the useful economic lives for each class of 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.

1.3 Going concern

The financial statements have been based on the expectation of the charity continuing as a going concern for the next 12 months. The Trustees believe that there are no uncertainties regarding the accounts being prepared on a going concern basis.

1.4 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 guarantee is limited to £1 per member of the charity.

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

Notes to the financial statements
For the year ended 31 October 2018

1. Accounting policies (continued)

1.5 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated 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.

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.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.7 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

Notes to the financial statements
For the year ended 31 October 2018

1. Accounting policies (continued)

1.8 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.

1.9 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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)

1.10 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.11 Debtors

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

1.12 Cash at Bank and in hand

Cash at bank and 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.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

Notes to the financial statements
For the year ended 31 October 2018

1. Accounting policies (continued)

1.14 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 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.

1.16 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. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
The Joseph Rowntree Charitable Trust	35,000	-	35,000	17,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	17,500	-	17,500	
	<hr/>	<hr/>	<hr/>	

3. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Research, Training & Information	22,565	852,057	874,622	680,714
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	4,733	675,981	680,714	
	<hr/>	<hr/>	<hr/>	

The Verification Research Training and Information Centre (VERTIC)

(A company limited by guarantee)

**Notes to the financial statements
For the year ended 31 October 2018**

Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Global Affairs Canada/National Implementation	-	213,363	213,363	110,250
Network for Social Change/Cybersecurity	-	96,090	96,090	4,768
Sustainable Criminal Justice Solutions/EU CBRN P53	-	100,355	100,355	119,992
EU Non-proliferation Consortium	-	-	-	415
UK Foreign & Commonwealth Office/National Implementation - Africa Fund	-	-	-	328
UK Foreign & Commonwealth Office/National Implementation - Morocco	-	8,579	8,579	-
UK Foreign & Commonwealth Office/National Implementation	-	28,187	28,187	21,813
UK Foreign & Commonwealth Office/National Implementation Safeguards Assistance	-	-	-	23,742
UK Foreign & Commonwealth Office/Safeguards Assistance 2017/18	-	41,874	41,874	3,956
UK Foreign & Commonwealth Office/Safeguards Assistance 2018/19	-	13,002	13,002	-
UK Foreign & Commonwealth Office/Uranium Mining Safeguards	-	29,746	29,746	-
International Federation of Biosafety Associations/National Implementation	13,080	-	13,080	-
Ministry of Foreign Affairs (Netherlands)/National Implementation	-	6,230	6,230	20,296
Ministry of Foreign Affairs (Netherlands)/Nuclear Threat Initiative/Nuclear security	-	-	-	30,595
Sustainable Criminal Justice Solutions/EU CBRN P67	-	7,578	7,578	-
Ministry of Foreign Affairs (Norway)/Multilateral Nuclear Disarmament Verification	-	37,891	37,891	231,655
Ministry of Foreign Affairs (Netherlands)/Nuclear Threat Initiative/Nuclear security	-	(7,176)	(7,176)	27,848
World Organisation for Animal Health	-	-	-	2,035
Ministry of Foreign Affairs (Sweden)/Chemical Security	-	3,307	3,307	-
Publications, yearbooks & subscription	1,289	-	1,289	-
Sandia National Laboratories	-	-	-	13,764
UK Foreign & Commonwealth Office/National Implementation - Strategic Programme Fund	-	-	-	33,532
US State Department/National Implementation	-	-	-	133
US State Department/BWC investigatory mechanisms	-	64,345	64,345	-
CRDF Global	-	16,108	16,108	9,605
US State Department/Open Skies	-	38,998	38,998	21,668
US State Department/Sanctions Assistance	-	147,080	147,080	-
World Organisation for Animal Health (OIE)	8,196	-	8,196	-
CNS Honorarium	6,500	-	6,500	1,319
Total	29,065	845,557	874,622	677,714

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

Notes to the financial statements
For the year ended 31 October 2018

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	-	-	-	32
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total 2017	<u> 32 </u>	<u> - </u>	<u> 32 </u>	

5. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support & Governance costs 2018 £	Total 2018 £	Total 2017 £
Research, Training & Information	619,719	208,685	828,404	790,551
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total 2017	<u> 569,547 </u>	<u> 221,004 </u>	<u> 790,551 </u>	

6. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Research, Training & Information	541,083	1,031	286,290	828,404	790,551
Expenditure on governance	-	-	8,280	8,280	8,040
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> 541,083 </u>	<u> 1,031 </u>	<u> 294,570 </u>	<u> 836,684 </u>	<u> 798,591 </u>
Total 2017	<u> 459,758 </u>	<u> 1,404 </u>	<u> 337,429 </u>	<u> 798,591 </u>	

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

Notes to the financial statements
For the year ended 31 October 2018

7. Direct costs

	Research, Training & Information £	Total 2018 £	Total 2017 £
Verification research, training and provision of information	77,605	77,605	108,385
Wages and salaries	503,402	503,402	432,146
National insurance	29,908	29,908	21,643
Pension cost	7,773	7,773	5,969
Depreciation	1,031	1,031	1,404
	619,719	619,719	569,547
Total 2017	569,547	569,547	

8. Support costs

	Research, Training & Information £	Total 2018 £	Total 2017 £
Verification research, training and provision of information	172,603	172,603	186,016
Governance	34,082	34,082	34,988
Total	206,685	206,685	221,004
Total 2017	221,004	221,004	

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

Notes to the financial statements
For the year ended 31 October 2018

Support costs

	Research, Training & Information £	Total 2018 £	Total 2017 £
Subscriptions	786	786	1,716
Printing and postage	17,746	17,746	4,875
Recruitment	2,050	2,050	247
Project costs	97,578	97,578	122,004
Bank charges	1,061	1,061	1,555
Office overheads	8,503	8,503	9,129
Insurance	877	877	779
Refreshments	1,660	1,660	1,533
Rent	35,232	35,232	38,048
Rates	2,756	2,756	2,032
Staff welfare	5,694	5,694	4,446
Governance	34,082	34,082	34,988
Sundry	660	660	(348)
Total	208,685	208,685	221,004

9. Governance costs

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Governance Auditors' remuneration	8,280	-	8,280	8,040

10. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,031	1,404
Auditors' remuneration - audit	8,280	8,040
Pension costs	7,773	5,969

During the year, no Trustees received any remuneration (2017 - £NIL) nor benefits in kind (2017 - £NIL).
During the year, four Trustees claimed reimbursement of travel expenses totalling £1,937 (2017 - £145).

11. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £8,280 (2017 - £8,040).

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

Notes to the financial statements
For the year ended 31 October 2018

12. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	503,402	432,146
Social security costs	29,908	21,643
Other pension costs	7,773	5,969
	<u>541,083</u>	<u>459,758</u>

The average number of persons employed by the charity during the year was as follows:

	2018	2017
	No.	No.
Executive Director	1	1
Administrator	1	1
Project staff	8	6
	<u>10</u>	<u>8</u>

The number of higher paid employees was:

	2018	2017
	No.	No.
In the band £70,001 - £80,000	1	1

Key management personnel received remuneration and benefits of £74,565 (£75,906)

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

Notes to the financial statements
For the year ended 31 October 2018

13. Tangible fixed assets

	Computer equipment £
Cost	
At 1 November 2017	23,872
Additions	1,847
At 31 October 2018	<u>25,719</u>
Depreciation	
At 1 November 2017	23,042
Charge for the year	1,031
At 31 October 2018	<u>24,073</u>
Net book value	
At 31 October 2018	<u>1,646</u>
At 31 October 2017	<u>830</u>

14. Debtors

	2018 £	2017 £
Other debtors	203	-
Prepayments and accrued income	206,469	73,470
	<u>206,672</u>	<u>73,470</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	9,477	-
Other creditors	2,246	639
Accruals and deferred income	380,723	96,294
	<u>392,446</u>	<u>96,933</u>
		£
Deferred income		
Deferred income at 1 November 2017		74,151
Resources deferred during the year		345,883
Amounts released from previous years		<u>(74,151)</u>
Deferred income at 31 October 2018		<u>345,883</u>

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

Notes to the financial statements
For the year ended 31 October 2018

16. Statement of funds

Statement of funds - current year

	Balance at 1 November 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2018 £
Unrestricted funds					
General Funds	99,389	57,565	(9,043)	(4,175)	143,736
Restricted funds					
Verification and monitoring programme	14,850	330,807	(323,581)	4,175	26,251
National Implementation Measures programme	4,228	374,171	(356,981)	-	21,418
Special Projects	-	147,079	(147,079)	-	-
	19,078	852,057	(827,641)	4,175	47,669
Total of funds	118,467	909,622	(836,684)	-	191,405

Statement of funds - prior year

	Balance at 1 November 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2017 £
General funds					
General Funds	171,902	158,057	(213,175)	(17,395)	99,389
Restricted funds					
Verification and monitoring programme	46,910	540,189	(585,416)	17,395	19,078

Summary of funds - current year

	Balance at 1 November 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2018 £
General funds	99,389	57,565	(9,043)	(4,175)	143,736
Restricted funds	19,078	852,057	(827,641)	4,175	47,669
	118,467	909,622	(836,684)	-	191,405

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

Notes to the financial statements
For the year ended 31 October 2018

16. Statement of funds (continued)

Summary of funds - prior year

	Balance at 1 November 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 October 2017 £
General funds	171,902	158,057	(213,175)	(17,395)	99,389
Restricted funds	46,910	540,189	(585,416)	17,395	19,078
	<u>218,812</u>	<u>698,246</u>	<u>(798,591)</u>	<u>-</u>	<u>118,467</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	1,646	-	1,646
Current assets	181,470	400,735	582,205
Creditors due within one year	(39,380)	(353,066)	(392,446)
	<u>143,736</u>	<u>47,669</u>	<u>191,405</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	830	-	830
Current assets	142,532	72,038	214,570
Creditors due within one year	(43,973)	(52,960)	(96,933)
	<u>99,389</u>	<u>19,078</u>	<u>118,467</u>

The Verification Research Training and Information Centre (VERTIC)
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Notes to the financial statements
For the year ended 31 October 2018

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	72,938	(100,345)
Adjustment for:		
Depreciation charges	1,031	1,404
Increase in debtors	(133,202)	(30,143)
Increase in creditors	295,513	10,488
Net cash provided by/(used in) operating activities	236,280	(118,596)

19. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	375,533	141,100
Total	375,533	141,100

20. 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 and amounted to £7,773 (2017- £5,959) of which £2,246 (2017- £639) was payable at the year end.

21. Operating lease commitments

At 31 October 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	32,662	38,213
Between 1 and 5 years	132,483	15,360
Total	165,145	53,573