



TURQUOISE MOUNTAIN
TRUST

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the Year Ended 31 December 2011



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THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT

The Trustees present their report along with the financial statements of The Turquoise Mountain Trust for the year ended 31 December 2011. The financial statements have been prepared in accordance with the accounting policies set out on pages 16 and 17 and comply with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

1. Reference and Administrative Information

1.1 <u>Registered Scottish Charity Number</u>	SC037343
1.2 <u>Company Number</u>	SC299579
1.3 <u>Registered Office</u>	Broich House, Crieff, Scotland, PH7 3RX
1.4 <u>Advisors</u>	
Auditor:	Chiene + Tait, Chartered Accountants and Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL
Bankers:	Coutts & Co., 440 Strand, London, WC2R 0QS
	Afghanistan International Bank, Shahr-e-Naw, Haji Yaqoob Square, Shahabudin Watt, P.O.Box No, 2074 Kabul – Afghanistan
Solicitors:	Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 0BR

1.5 Directors/Trustees

The Turquoise Mountain Trust is the oversight body for Turquoise Mountain. The Board of Trustees meet quarterly to review progress and approve strategy for Turquoise Mountain. The Trustees hold an Annual General Meeting. The Trustees during 2011 and at the time of the approval of the financial statements were as follows:

- Richard Keith
- Edward Viscount Chelsea
- Joy de Menil
- Sir Thomas Shebbeare
- Khaled Said
- Sir John Tusa KBE
- Tamim Samee
- Shirazuddin Siddiqi (appointment ceased 2 March 2011)
- Richard Derryhouse (appointed as Treasurer from 30 June 2011)

1.6 Executive Chairman and Senior Management Staff

Richard Keith remained Chairman of the Board and Shoshana Clark (formerly Coburn) remained the Managing Director of the Trust throughout the year 2011.

2. Structure, Governance and Management

2.1 Governing Document

The Turquoise Mountain Trust is a charitable organisation registered in Scotland and a company limited by guarantee. It is governed by its Memorandum and Articles of Association. The Trust established a branch, operating as "Turquoise Mountain Foundation" to help achieve its objectives in Afghanistan. Turquoise Mountain Foundation is registered as a charitable organisation in Afghanistan.

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TRUSTEES' REPORT *(cont'd)*

2.2 Recruitment, Appointment, Induction and Training of Trustees

Trustees can be nominated to the board when existing Trustees resign or when the Board agrees that the expertise of additional Trustees is required. Trustees can be nominated at Board meetings and a majority vote will determine if the nominated Trustee will be appointed. New Trustees are inducted during their first quarterly meeting and are required to sign a document outlining their legal obligations to the Trust.

2.3 Organisational Structure

The Board of Trustees, which can have up to 10 members, administers the charity. Decisions are made at quarterly Trustees meetings, or via e-mail agreement based on reports from the Executive Chairman or Managing Director.

2.4 Related Parties

The Turquoise Mountain Trust (TMT) has a close relationship with The Prince's Charities Foundation. This Charitable Foundation has provided introductions to donors and helped to raise the profile of The Turquoise Mountain Trust. Early in 2007, The Turquoise Mountain Trust became one of the nineteen charities that comprise "The Prince's Charities".

Turquoise Mountain Foundation US (TMF US) - based in Washington DC, USA - is a separate organisation which has an administrative role to assist the Trust in its objectives.

The Organisation for Afghan Arts and Architecture (hereinafter referred to as the Turquoise Mountain Institute or TMI), was established in 2011. TMI is registered with the Ministry of Economy, Afghanistan, as a non-profit, non-governmental organisation specialising in the education of traditional arts and architecture and is governed by its Memorandum of Association and its own Board of Directors. TMT functions as a founder and primary donor to TMI.

2.5 Risk Management

The Trustees assess risks to the Trust and Turquoise Mountain at the quarterly Trustees meetings. They respond both to financial and security risks and advise staff to vary activities in accordance with legal obligations and the situation on the ground in Afghanistan.

The Trustees consider the main risk to be an inability to secure long term funding to allow the Trust to continue with its work. The Trustees have secured funding from USAID through to November 2015 and continue to build up unrestricted reserves to carry on activities up to 2030.

3. Objectives and Activities

3.1 Objectives of the Charity

The Trust and Turquoise Mountain's mission is to regenerate Afghanistan's traditional crafts and historic areas, and in so doing create jobs, skills and a renewed sense of national identity.

The Trust's constitution sets out its objectives: to promote education and rural and urban regeneration in areas of social and economic deprivation in the Republic of Afghanistan by all or any of the following:

- Relief of poverty;
- Relief of unemployment;
- Advancement of education, training or retraining, particularly any unemployed people, and providing unemployed people with work experience;
- The creation of training and employment opportunities by the provision of funding, etc;
- The protection of buildings or sites of historical or architectural importance;
- Protection or conservation of the environment; and
- Other charitable purposes related to the above.

TRUSTEES' REPORT *(cont'd)*

3.2 Charity's Aims

The Trust administers Turquoise Mountain Foundation whose aims are outlined as:

- Establish a school of traditional Islamic craft and architecture in the old city of Kabul.
- To preserve and rehabilitate buildings and public spaces in the surrounding areas of the old city.
- From the school, Turquoise Mountain Foundation intends to run short courses for Afghan undergraduates, architects, designers and engineers to encourage art and design.
- Set up historical restoration projects and museum conservation.
- Develop links with construction companies, commercial trading and export houses.

3.3 Main Objectives for the Period

The main objectives of the Trust for 2011 were the completion and handover to Afghan management of our core projects, which include:

- The Institute for Afghan Arts and Architecture
- Urban regeneration of Murad Khane
- Community Development in Murad Khane
- Development of the Afghan Arts and Crafts industry
- Culture and Heritage promotion

3.4 Strategies to Achieve the Charity's Objectives

Our strategies to achieve these objectives are:

- Complete restoration of Murad Khane according to plans submitted to the Government of Afghanistan in November 2008, and any subsequent projects that are agreed on within Turquoise Mountain's Detailed Regeneration Plan.
- Establish an independent, nationally and internationally recognised Organisation for Afghan Arts and Architecture in Murad Khane, dedicated to the teaching and regeneration of the artistic and crafts traditions of Afghanistan and the region.
- Raise funds and secure land ownership for TMI.
- Establish independent business, and associated businesses in the old city to help ensure employment and livelihoods for graduates of TMI and for associated craftswomen and men through export, and to provide financial support to TMI.
- Strengthen international markets for Afghan crafts through promotional materials, quality and design improvements, and cost reduction.
- Support and amplify Turquoise Mountain's commitment to raising the quality of arts and cultural activities in Afghanistan.
- Ensure that Murad Khane continues to serve as a cultural, educational and commercial destination in Kabul, with shopping, restaurants and public facilities for men, women and children.
- Raise funds to cover funding gaps and the running costs of TMI over a 20 year period, through a combination of public funding through donors and private funding.
- Manage effectively the finances and assets.

3.5 Volunteers

Turquoise Mountain Trust benefited from 11 volunteers during 2011.

TRUSTEES' REPORT *(cont'd)*

4. Achievements and Performance

During the year ending 31 December 2011 Turquoise Mountain's achievements included the following:

- Major reconstruction work in Murad Khane was completed with a final 9 residential, 19 commercial and 14 community buildings repaired and restored.
- TMT succeeded in connecting all houses in Murad Khane to the Kabul city main water and electricity supply.
- 3,620 m2 of paving was laid throughout the community, completing all planned paving projects for 2011.
- During the year, a total of 4,452 m3 of rubbish was cleared from the streets of Murad Khane.
- TMI moved into its permanent home in April with the official opening taking place on May 9th, 2011. The opening ceremony was attended by US Ambassador HE Eikenberry and Canadian Ambassador William Crosbie as well as three Ministers and two Deputy Ministers from the Government of Afghanistan.
- TMI transitioned into a legally independent Afghan managed charity - employing 97 Afghans from the surrounding areas.
- TMI provided arts education and supplementary class to 94 students (75 male, 19 female) this year.
- Of the total number of graduates from 2009 and 2010, 68 are working in the arts and crafts sector, 16 pursued further education, 47 are working in craft related industries, 4 are employed in another industry, and only one is working in an unrelated industry.
- The Murad Khane Public School (MKPS) provided formal and supplementary education to a total of 168 children (91 boys, 77 girls) in Murad Khane.
- MKPS was awarded a Certificate of High Performance by Kabul City's Directorate of Education

4.1 Review of Activities undertaken in the Period and Performance against set Objectives

Turquoise Mountain experienced significant changes during 2011 to the structure of the organisation as well as the location and dynamics of the project. This included the departure of the majority of the international staff who had finished their jobs and/or handed over their responsibilities to their Afghan counterparts. TMI came under the management of an experienced national team. The organisation managed a staff and labour force of 239 with total spending of £2.51 million in 2011.

Turquoise Mountain's programmes were consolidated during 2011, thanks largely to the leverage provided by support from the Governments of USA and Canada. Continued strong relationships with the Government of the Islamic Republic of Afghanistan, the Murad Khane community, as well as a range of other stakeholders and donors, helped to shape and grow Turquoise Mountain's activities.

Turquoise Mountain's Institute for Afghan Arts and Architecture (now TMI) completed its fourth year as a government registered private educational institution and its fifth year of full operation. TMI comprises four Schools; Woodwork, Calligraphy & Miniature Painting, Jewellery & Gem-Cutting, and Ceramics, each with courses of three years' duration. The student body at the end of 2011 stood at 93 students. There are currently 17 masters teaching practical classes, and 6 teachers providing classes in supplementary subjects that include Business, Information Technology, Art History, Design, Technical Drawing, Dari, Pashtu and English. The Institute has accreditation with the international awarding body, City & Guilds, and the second student graduation ceremony was held in February 2011 with a class of 27 internationally certified students.

TRUSTEES' REPORT *(cont'd)*

Urban Regeneration activities focused on restoration of the historic buildings which now serve as the home for the Institute, as well as family homes in Murad Khane, rehabilitating and building infrastructure such as street paving and water pumps, and fully moving TMI and its Schools into their final location. The implementation of community development projects providing education, health and other programmes has ensured that the human element of the urban regeneration effort is well covered. Future funding guarantees also allowed a significant amount of forward planning to take place, as detailed in section 4.2.

The Business Development department continued to expand its sales and as part of creating international demand, the Business Development Director made a successful tour of Europe to strengthen and develop TMT sales networks. The Business Development department also underwent an independent financial review by Afghan Financial Services and recommendations were made to improve financial procedures and systems – enhancing TMT's existing business model. A new commercial website was developed in order to make TMT products more accessible internationally.

The Development and Communications team successfully secured additional funding from donors. It also supported the raising of Turquoise Mountain's profile through wide-ranging communications work, including a number of high-profile media pieces.

a. Organisation for Afghan Arts and Architecture

In 2011, TMI continued to improve the quality of education, particularly by bringing its curricula in line with the requirements of City & Guilds and the Afghan Ministry of Education. Notable achievements include:

- A recent assessment of educational institutions in Kabul by the Ministry of Education named TMI the top educational institution in Kabul.
- The new students' enrolment process started in September 2010 for the intake of 46 new students at the beginning of the new academic year in 2011.
- The recruitment process for 2012 student intake started during this reporting period. 2500 application forms were sent to 25 schools, arts and architecture institutions, and cultural organisations around Kabul. Acceptance of new applications was also advertised through Radio Arman and sent via email. In order to attract more students, the Director of TMI was interviewed by Tolo TV to announce the new enrolment programme, which will start in March 2012.
- In order for graduates to connect with local and international markets, they participated in five local and one international exhibition.
- To build the capacity of the teachers, training sessions on curriculum development, lesson planning, classroom discipline, teaching methodologies, leadership and graphic design took place for a period of two months in May and July 2011.
- To help teachers in improving their education qualifications, TMI has supported three teachers, for their two-year degrees/diploma courses in Teacher Training, English Language and IT respectively.
- In September 2011, TMI staff and teachers worked on the next semester's monthly and weekly lesson plans. All subjects' lesson plans (practical and supplementary) have been completed in time for the start of the new semester.
- Registration completed with the Ministry of Economy for the creation of an independent entity for TMI – It is now a separate legal entity with a functioning Board of Directors and managed directly by national staff.

TRUSTEES' REPORT *(cont'd)*

b. The Murad Khane Urban Regeneration Project

The restoration and conservation activities in Murad Khane have progressed well over the past year culminating in the completion of the majority of projects, with only minor additions and repairs to be conducted by the Urban Regeneration team during 2012. Notable achievements include:

- Cleared approximately 4,452m³ of rubbish, with a total of over 22,000m³ over the life of the project.
- Continued work on clearing of drainage channels and paving of streets.
- Restored the historic buildings including the Great Serai, Double Columns Serai, the School of Woodwork and House of Screens was completed during 2011. Work also concluded on new buildings built in a traditional style including the Great Serai Extension, and the Schools of Woodwork and Jewellery. During 2011, these buildings officially became the permanent home of both TMT and TMI.
- Murad Khane health clinic, educational / retail space and other facilities were completed and became operational during this period.
- Work on repairs and restoration of 19 shops in the Bazaar Street was successfully conducted.
- All houses in Murad Khane (approximately 110 households and 610 people) were connected with Kabul city's main water and electricity supply systems.

c. Community Development in Murad Khane

During 2011, the Community Development team was disbanded and the Feroz Koh Family Health Center (FFHC) and the Murad Khane Public School (MKPS) took on separate management for their continued operations. Turquoise Mountain continues to provide financial and organisational support as needed. Notable achievements include:

- Approximately 2,738 patients (1,844 female, 894 male) visited the clinic during 2011.
- Work continued on sustainability and fundraising for the clinic throughout 2011. TM covers all construction costs as well as all medical and laboratory equipment while Hope Family Medicine operates the facility and AMOR Afghanistan provides oversight.
- Service charges were introduced to keep the facility running; however, patients that can't afford the fee are assisted through a "Special Assistance Fund" created on behalf of the implementing partners.
- The Murad Khane Public School provided education to 168 (77 female, 91 male) students – ranging from nursery to grade 5.
- Ministry of Education (MoE) took over running MKPS during 2011. The head of the Kabul Education Department and other officials from the Ministry of Education visit the school regularly. The MoE is now paying salaries and some operational costs while the building's rent and additional costs are supported by TMT.
- Supplementary classes in Mathematics and Dari continued over the period for 86 children (52 girls, 34 boys). Students have also been attending art classes provided by TMI – these classes include calligraphy and woodwork.
- In addition to its connection with Sonoma Academy in California, MKPS has been paired with an Estonian school by the Swedish Committee who operates the Twin Schools project - connecting teachers and students from various countries around the world. The project provides an opportunity for students from diverse backgrounds to communicate, increasing cultural awareness and creating a better sense of global understanding.

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TRUSTEES' REPORT *(cont'd)*

- Although the community based literacy classes for women formally ended in 2010, the community continued the programme through a local craft business, Zareef designs. Thirteen women are now attending embroidery classes in the community courtyard and are given the opportunity to involve themselves in the embroidery business.

d. Business Development of Afghan Arts and Crafts

Sales from the Business Development department have decreased as compared to 2010 and potential opportunities continue to arise in Afghanistan and overseas. In order to improve sales figures, the department is working towards establishing independent and more efficient financial and operational systems. Notable achievements for the year include:

- Sales from the department totalled £272,807 for the year.
- The Business Development Director travelled to Europe for several client meetings where she made connections with other associated members of the Prince's Charities including High Grove Shops. She also met with potential new wholesale customers and designers for jewellery and conducted market and competitive research at Paris Fashion Week.
- TMT / Pippa Small products were sold at a Charity Afghan Fashion Show. Meetings were also held with Pippa Small to discuss pricing and the larger strategic plan for jewellery.
- Work continued with the ceramics production unit to ensure better quality and increased output.
- Design and production of the new Turquoise Mountain Arts website was completed. The website will link buyers directly to retailers distributing Turquoise Mountain Arts products. The site features the unique story of Turquoise Mountain and its artists and artisans providing buyers with a more specialised buying experience.

e. Culture and Heritage

Culture and Heritage now falls under TMI.

4.2 Significant Fundraising Activities

Turquoise Mountain consolidated its financial position by securing additional funding from donors, amounting to £439,215, which provides for running of TMI, Business Development, and Community Development. Major donors for the year included CIDA, USAID, Government of Afghanistan, The Sonoma Academy, The Australia Embassy, Government of India, The Sackler Trust, The Embassy of Japan, The Task Force for Business and Stability Operations and other public donors. Incoming resources from these donors during 2011 amounted to £1.75 million. Incoming resources during the year from other donations and other income amounted to £0.29 million.

Turquoise Mountain is now funded for the majority of its programmes up to the year 2015, and continues to raise funds to support TMI until 2030. TMT has raised significant funds for this unrestricted fund, and is seeking investment advice according to its fundraising and investment plan.

4.3 Communications Activities

During 2011, the Communications team promoted the organisation's profile in the international as well as in the Afghan media. Major activities included:

- Received coverage through a large number of high-profile international pieces, both in newspapers and on international news networks
- Supported the student graduations, public exhibitions of TMI students' work, and a number of cultural events.

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TRUSTEES' REPORT *(cont'd)*

- Co-ordinated and facilitated donor press / communications, visits by journalists and communications representatives, and other high profile visits of dignitaries, government, and general public.
- Expanded stakeholder relationships, including co-ordination with donors for programme strategy. This included regular communication, newsletters, and major fundraising dinners with HRH, The Prince of Wales in London, and with TMF US Board members and donors in New York.

5. Financial Review

During 2011, considerable emphasis was placed on the capacity building of Afghan staff within the finance department. There was a strengthening of the accounting system and financial controls within the organisation and the management of the finance department has been handed over to an Afghan Chief Finance Officer.

For the purposes of programme sustainability, focus was given to minimising expenditure against the unrestricted reserves of the Turquoise Mountain Trust. The finance team along with the development and reporting team was able to respond to the reporting and compliance demands from donors. In line with the consolidation of programming and the handover of TMI to Afghan leadership, additional capacity building activities were undertaken during the year.

5.1 Results for the Period

Turquoise Mountain consolidated its financial position by continuing activities under donor funding. Incoming resources during 2011 amounted to £1.75 million from donor funding and £0.29 million from unrestricted donations and other income. Total incoming resources thus totalled £2.04 million, as compared to the expended resources of £2.51 million.

Total reserves as at 31 December 2011 amounted to £1.76 million (as at 31 December 2010: £2.23 million). Assets and liabilities as at 31 December 2011 were respectively £2.10 million and £0.34 million; leaving a net assets balance of £1.76 million.

5.2 Principal Funding Sources and how these have been used in line with our Objectives

In line with agreements signed with donors, Turquoise Mountain continued to conduct activities using donor funding. Donations and voluntary philanthropic contributions are mainly kept in reserves for the future sustainability of the Turquoise Mountain programmes, in particular for TMI.

During 2011, restricted expenditure accounted for £1.75 million of total expenditure of £2.51 million and was thus 70% of total expenditure for the year. Expenditure out of unrestricted reserves was £0.76 million i.e. 30% of total expenditure for the year.

5.3 Investment Policy

The organisation has kept reserves liquid during 2011 to allow for changes to the volatile economic situation in Afghanistan and to meet programme needs towards the maturity of most of the programmes and for TMI's move. The organisation currently has bank accounts in the UK and in Afghanistan. Funds are also kept within an interest bearing money market account in the UK.

5.4 Reserves

The reserves as at 31 December 2011 are £1.76 million (funds balance as at 31 December 2010 £2.23 million). These reserves provide for the unrestricted charitable expenditure and are kept liquid to meet the needs of programmes during their current final phases progressing during 2011-12. Once the Urban Regeneration programme concludes and TMI's move to Murad Khane is complete, the Trustees will consider the division of reserves between an endowment fund, for the sustainability of TMI, and the continuing programmes.

TRUSTEES' REPORT *(cont'd)*

6. Plans for Future Periods

The coming year will see TMI consolidate its position and ensure that its activities continue to be recognised as achieving measurable results, under the control of Afghan management, as a sub-grantee to TMT.

Education: Plans for 2012

In 2012, TMI will continue to establish itself in Murad Khane, under an Afghan lead management team. In particular it will:

- Recruit a new class of students for the four schools and begin a new academic year during early 2012.
- Review and maintain the quality of the TMI Curriculum, with input from existing teaching staff and educational consultants.
- Solidify existing and establish new links with Afghan stakeholders in government, culture and civil society, and the private sector.
- Conduct site visits to give students exposure and knowledge of unique local design influences and historic traditions of Afghanistan.
- Conduct workshops for woodworking and jewellery graduates to better achieve their goals to enter competitively into the field of traditional Afghan arts and crafts.
- Provide supplementary lessons for TMI students in subjects such as IT, Business, Shari'a, English, Pashto, Dari, Art History and Technical Drawing and Geometric Design.
- Provide teacher training and assessment of classroom-based activities.
- Strengthen the capacity of TMI management staff.
- Conduct cultural outreach activities providing both students and graduates with opportunities to develop their individual strengths, product lines, entrepreneurialism and vision for their future.
- Promote the work of TMI within the local community of Murad Khane through the annual student art exhibition in Murad Khane.
- Continue the Graduate Opportunities Programme to assist and support TMI graduates to find employment or study opportunities in their related craft. This will also incorporate the biannual survey of the graduated students, the graduate opportunities manual and training in business and management.

Murad Khane Urban Regeneration Project: Plans for 2012

In 2012, the Murad Khane Architecture and Engineering team will continue the conservation work by renovating and completing work on community buildings and public spaces. In particular we will:

- Complete final finishes on restoration projects in Murad Khane.
- Continue Community building work, including emergency repairs to residents' houses.
- Continue garbage removal from the streets of Murad Khane, to keep streets free of litter, remove the cause of threats to infrastructure, and reduce accidents and the level of disease in the community.
- Implementation of further paving in Murad Khane.

Murad Khane Community Development: Plans for 2012

Community Development will continue its education and health programmes in 2012, and Turquoise Mountain will continue to support the sustainability of those programmes. In particular TMI will:

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TRUSTEES' REPORT *(cont'd)*

- Enable the FFHC to continue operating in the area as per the MoU with AMOR Afghanistan Health Organisation and Hope Family Medicine Afghanistan.
- Continue training of teachers in the public school, in subjects ranging from English to personal development, in order to build the capacity of teachers and improve the quality of teaching.
- Continue to discuss community maintenance with the Shura.

Business Development: Plans for 2012

The Business Development department will continue to focus on market development locally and internationally, consolidate the existing product portfolio, continue developing new products, raise the quality of the craftsmanship and refine its marketing strategy. In particular we will:

- Raise sales volume on 2011 figures.
- Engage in marketing strategies nationally and internationally, including work with international distributors.
- Expand distribution channels for targeted distribution.
- Continue on-going training of Afghan national staff.
- Create a new commercial website and enhance sales and outreach through the Internet.
- Have Afghan Financial Services review and amend policies and procedures to suit better the financial tracking needs, including the installation and set up of QuickBooks.
- Conduct business trips to the UK in pursuance of potential new sales and market agents.

Communications: Plans for 2012

2011 was a successful year in expanding our message and securing funding for TMI. The priorities for 2012 include:

- The successful management and monitoring of all resources and grants, including the production of timely and accurate reports for donors.
- Transferring communications responsibilities to Afghan national staff under the supervision of the manager for Development and Communications.
- Securing funds to cover remaining funding gaps and develop strategies for further fundraising and establishment of the spend down fund.

7. Trustees' Responsibilities

The Trustees (who are also Directors of The Turquoise Mountain Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income and expenditure, of the charitable company for the year. In preparing the financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;

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TRUSTEES' REPORT *(cont'd)*

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The applicable law also sets out the trustees' responsibilities for the preparation and content of the Trustees' Report. The Trustees 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.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

8. Re-appointment of Auditor

A resolution will be proposed at the Annual General Meeting that Chiene + Tait be re-appointed as auditor to the Trust for the ensuing year.

9. Small Company Exemptions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Trustees on 21 September 2012 and signed on their behalf by:



Richard Keith (Chairman)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE TURQUOISE MOUNTAIN TRUST



We have audited the financial statements of The Turquoise Mountain Trust for the year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 10 and 11, the trustees (who are also the directors of the charitable company 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 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 applicable to Smaller Entities; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
THE TURQUOISE MOUNTAIN TRUST (cont'd)**



Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.

Malcolm Beveridge

Malcolm Beveridge BA CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh, EH3 6NL

27 SEPTEMBER 2012

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STATEMENT of FINANCIAL ACTIVITIES

For the year ended 31 December 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income: grants and donations	3	11,958	1,752,030	1,763,988	3,589,512
Investment income: bank interest		690	-	690	741
<i>Incoming resources from charitable activities</i>					
Sale of goods		272,807	-	272,807	305,194
<i>Other incoming resources</i>					
Foreign exchange gains		8,421	-	8,421	60,827
Total incoming resources		293,876	1,752,030	2,045,906	3,956,274
Resources expended					
<i>Costs of generating funds</i>					
Cost of generating voluntary income	5	23,352	44,529	67,881	83,361
<i>Charitable activities</i>					
Urban Regeneration	6	217,753	521,682	739,435	1,970,886
Community Development		43,321	139,361	182,682	234,189
Institute		65,085	500,346	565,431	785,040
Institute (Sub-Grants)		2,406	209,977	212,383	-
Business Development		373,109	258,896	632,005	713,075
Culture		13,874	34,836	48,710	106,826
Rural Outreach		-	-	-	4,638
<i>Governance costs</i>	8	28,626	38,384	67,010	87,897
Total resources expended		767,526	1,748,011	2,515,537	3,985,912
Net (outgoing)/incoming resources before transfers					
Gross transfers between funds	18	(473,650)	4,019	(469,631)	(29,638)
		4,019	(4,019)	-	-
Net outgoing resources		(469,631)	-	(469,631)	(29,638)
Total funds brought forward	18	2,229,960	-	2,229,960	2,259,598
Total funds carried forward	18	1,760,329	-	1,760,329	2,229,960

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities.

The notes on pages 16 to 23 form part of these financial statements.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)


BALANCE SHEET

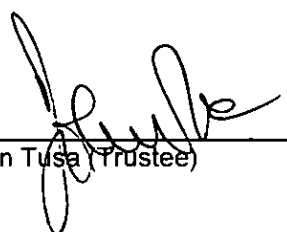
As at 31 December 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	12		107,112		80,421
Current assets					
Stock	13	92,272		90,724	
Debtors	14	497,636		455,526	
Cash at bank and in hand		1,401,327		1,990,145	
		1,991,235		2,536,395	
Creditors:					
amounts falling due within one year	15	338,018		386,856	
Net current assets			1,653,217		2,149,539
Net assets			1,760,329		2,229,960
Reserves					
Unrestricted funds	18		1,760,329		2,229,960
Restricted funds	18		-		-
			1,760,329		2,229,960

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 21 September 2012 and are signed on their behalf by:


Richard Keith (Chairman)


Sir John Tusa (Trustee)

Company Number: SC299579

The notes on pages 16 to 23 form part of these financial statements.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

1. Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

b) Incoming resources

Grants and donations

Voluntary income including donations that provide core funding or are of a general nature are recognised in the period in which they are receivable; which is when the Trust becomes entitled to the income, there is certainty of receipt and the amount can be measured with sufficient reliability.

Investment income

Investment income consists of bank interest and is included in the period in which it is receivable.

Activities for generating funds

Income derived from the sale of Arts and Crafts produced by the Business Development department is recognised on a receivable basis.

Volunteers

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution of volunteers can be found in the Trustees' Report.

c) Resources expended

Expenditure is recognised when a liability is incurred. Grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- Costs of generating funds are those associated with generating incoming resources, and charitable activities costs are those expended on meeting the Trust's objectives.
- Charitable activities include expenditure associated with the provision of programmes in Afghanistan to meet the Trust's primary objectives and include both the direct costs and the support costs relating to these activities.
- Governance costs are those of a constitutional, strategic or statutory nature with respect to the general running of the Trust, rather than day to day management.
- Costs directly attributable to charitable activities and governance are allocated to the appropriate activity. Support costs, including staff costs, which cannot be directly attributed to an activity are allocated on the basis of an estimate of the time or resource expended on each activity.

The Trust is not registered for VAT and therefore expenditure is stated inclusive of VAT.

d) Foreign exchange gains and losses

Transactions in foreign currencies are recorded at an average rate over the financial period. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All currency differences are taken to the SOFA.

e) Tangible fixed assets

All assets costing £200 (\$300) or more are initially capitalised at cost, plus any incidental costs of acquisition.

f) Depreciation

Depreciation is provided on fixed assets at rates calculated to write off the cost or valuation over their expected useful lives as follows:

Furniture and fixtures	- 20% straight line
Tools and equipment	- 20% straight line
Computers and software	- 33% straight line
Motor vehicles	- 30% straight line
Leasehold buildings	- 20% straight line or term of the lease

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

g) Funds

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the Trustees. As at year end a number of projects of the Trust are in progress mainly under restricted donor funding; therefore the unrestricted funds will be used for meeting those objectives of the Trust that are not covered under restricted donor funding.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Further details are disclosed in note 18.

h) Stock

Stocks of materials used by the Trust and products produced by the Business Development department are stated at the lower of cost and net realisable value.

2. Legal status of the Trust

The Trust is a company limited by guarantee that has no share capital. The liability of each member in the event of a winding up is limited to £1.

3. Incoming resources from generated funds

	Unrestricted funds	Restricted funds	Total 2011	Total 2010
	£	£	£	£
Voluntary income:				
Donations received	11,958	-	11,958	222,609
Grants received	-	1,752,030	1,752,030	3,366,903
	11,958	1,752,030	1,763,988	3,589,512
	=====	=====	=====	=====

4. Net incoming resources

	2011	2010
	£	£
This is stated after charging:		
Depreciation and loss of disposal of assets	64,894	109,323
Auditor's remuneration - audit services	17,469	23,423
- other services	18,511	21,277
	=====	=====

5. Costs of generating voluntary income

	Direct costs	Support costs	Total 2011	Total 2010
	£	£	£	£
Staff costs	7,801	-	7,801	7,832
Other direct costs	11,596	48,484	60,080	75,529
	19,397	48,484	67,881	83,361
	=====	=====	=====	=====

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

6. Charitable activities	Direct costs	Support costs	Total 2011	Total 2010
	£	£	£	£
Urban Regeneration	473,315	266,120	739,435	1,970,886
Community Development	111,003	71,679	182,682	234,189
Institute	403,024	162,407	565,431	785,040
Institute (Sub-Grants)	212,383	-	212,383	-
Business Development	482,105	149,900	632,005	713,075
Culture	15,261	33,449	48,710	106,826
Rural Outreach	-	-	-	4,638
	<u>1,697,091</u>	<u>683,555</u>	<u>2,380,646</u>	<u>3,814,654</u>
	=====	=====	=====	=====

Details of support costs are included in note 7.

7. Support costs of charitable activities

	General management	Financial management	Human resources	Information technology
	£	£	£	£
Urban Regeneration	37,606	20,336	1,943	1,813
Community Development	10,906	5,898	486	725
Institute	30,460	16,472	1,215	1,813
Institute (Sub-Grants)	-	-	-	-
Business Development	22,563	12,202	874	1,813
Culture	3,761	2,034	97	725
Rural Outreach	-	-	-	-
	<u>105,296</u>	<u>56,942</u>	<u>4,615</u>	<u>6,889</u>
Costs of generating voluntary income	22,563	12,202	121	181
Governance costs	22,563	12,202	121	181
	<u>150,422</u>	<u>81,346</u>	<u>4,857</u>	<u>7,251</u>
	=====	=====	=====	=====
	Premises & facilities	Programme support	Total 2011	Total 2010
	£	£	£	£
Urban Regeneration	10,236	194,186	266,120	300,649
Community Development	5,118	48,546	71,679	84,163
Institute	15,354	97,093	162,407	197,887
Institute (Sub-Grants)	-	-	-	-
Business Development	15,355	97,093	149,900	180,678
Culture	2,559	24,273	33,449	39,099
Rural Outreach	-	-	-	836
	<u>48,622</u>	<u>461,191</u>	<u>683,555</u>	<u>803,312</u>
Costs of generating voluntary income	1,280	12,137	48,484	65,141
Governance costs	1,280	12,137	48,484	65,141
	<u>51,182</u>	<u>485,465</u>	<u>780,523</u>	<u>933,594</u>
	=====	=====	=====	=====

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

7. Support costs of charitable activities (cont'd)

Support costs have been allocated on the following bases:

General management	<i>Estimated time spent</i>
Financial management	<i>Estimated time spent</i>
Human resources	<i>Salary costs</i>
Information technology	<i>Estimated usage</i>
Premises and facilities	<i>Estimated usage</i>
Programme support	<i>Pro-rata by expenditure</i>

8. Governance costs	Direct costs	Support costs	Total 2011	Total 2010
	£	£	£	£
Staff costs	7,802	-	7,802	7,832
Other direct costs	10,724	48,484	59,208	80,065
	-----	-----	-----	-----
	18,526	48,484	67,010	87,897
	=====	=====	=====	=====

9. Staff costs	2011	2010
	£	£
Wages and salaries	841,375	1,572,192
Employer's national insurance	2,353	5,904
	-----	-----
	843,728	1,578,096
	=====	=====

The average number of employees during the year was 239 (2010: 246).

One employee earned between £80,000 - £90,000 during the year (2010: 1).

10. Trustee remuneration and expenses

During the year no Trustee was remunerated for services, although such payments are permitted by the Memorandum of Understanding.

As at the close of 2011, outstanding pension payable to Rory Stewart, the former Executive Chairman, is £23,900 (2010: £22,967) and receivables of £381 (2010: £nil). It is intended that these sums will be settled during 2012.

Three Trustees received reimbursement of travelling expenses incurred on Trust activities amounting to £1,514 (2010: £1,498).

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

11. Taxation

The Turquoise Mountain Trust's charitable activities fall within the exemptions afforded by part 11 of the Corporation Tax Act 2010. Accordingly, there is no Corporation Tax charge in these financial statements.

12. Tangible assets

	Furniture and fixtures £	Tools and equipment £	Computers and software £	Motor vehicles £	Leasehold buildings £	Total £
Cost or valuation						
At 1 January 2011	18,277	190,909	59,135	34,037	95,380	397,738
Additions	2,314	66,488	22,783	-	-	91,585
Disposals	-	-	-	(5,822)	-	(5,822)
	-----	-----	-----	-----	-----	-----
At 31 December 2011	20,591	257,397	81,918	28,215	95,380	483,501
	-----	-----	-----	-----	-----	-----
Depreciation						
At 1 January 2011	12,918	120,509	54,479	34,031	95,380	317,317
Charge for year	3,876	49,759	11,258	-	-	64,893
Disposals	-	-	-	(5,821)	-	(5,821)
	-----	-----	-----	-----	-----	-----
At 31 December 2011	16,794	170,268	65,737	28,210	95,380	376,389
	-----	-----	-----	-----	-----	-----
Net book value						
At 31 December 2011	3,797	87,129	16,181	5	-	107,112
	=====	=====	=====	=====	=====	=====
Net book value						
At 31 December 2010	5,359	70,400	4,656	6	-	80,421
	=====	=====	=====	=====	=====	=====

13. Stock

	2011 £	2010 £
Raw materials	18,804	45,841
Finished goods	73,468	44,883
	-----	-----
	92,272	90,724
	=====	=====

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

14. Debtors	2011	2010
	£	£
Trade debtors	101,589	70,939
Sundry debtors	44,065	27,704
Salary and other advances	-	142
Deposits	78	24,943
Prepayments	4,319	17,489
Accrued income - grants	347,585	314,309
	-----	-----
	497,636	455,526
	=====	=====

15. Creditors: amounts falling due within one year	2011	2010
	£	£
Trade creditors	38,334	81,324
Other creditors and accruals	46,620	90,476
Deferred income - grants	253,064	215,056
	-----	-----
	338,018	386,856
	=====	=====

Details of deferred grant income is as follows:

	1	Received	Released	31
	January	during	to	December
	2011	the year	income	2011
	£	£	£	£
The Bonita Trust	16,046	-	(16,046)	-
Canadian International Development Agency	-	1,064,950	(944,839)	120,111
US Embassy	8,464	-	(8,464)	-
USAID	31,811	431,059	(462,870)	-
Freedom to Create	765	-	(765)	-
The Sackler Trust	119,122	-	(49,587)	69,535
Sonoma Academy	29,095	-	(19,317)	9,778
Reach Out to Asia	1,323	-	(1,323)	-
Masako and James Shinn	6,392	-	78	6,470
Juniper Trust	2,038	655	(2,693)	-
Australia Embassy	-	9,241	(4,549)	4,692
Japan Embassy	-	66,134	(28,946)	37,188
TFBSO	-	43,430	(38,140)	5,290
	-----	-----	-----	-----
	215,056	1,615,469	(1,577,461)	253,064
	=====	=====	=====	=====

The above grants have been deferred where conditions for their recognition in respect of matching expenditure or timing of expenditure have not been met as at 31 December 2011.

16. Related party transactions

Details of related party transactions are provided on page 2 and within note 10. In addition, Turquoise Mountain Foundation US provided a donation of £nil during 2011 (2010: £168,272) and owes £33,917 (2010: £27,094) as at 31 December 2011. The Turquoise Mountain trust also provided direct grant funding of £10,580 and indirect grant funding of £201,803 to The Institute.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

17. Operating lease commitments

Annual commitments under operating leases at 31 December are analysed below:-

	2011 £	2010 £
Operating leases for land and buildings which expire:		
- within 1 year	2,217	51,559
- between 2 to 5 years	12,227	36,364
- after more than 5 years	15,915	20,212
	----- 30,359	----- 108,135
	=====	=====

18. Reserves

	1 January 2011 £	Resources recognised to income £	Resources expended £	Transfers £	31 December 2011 £
<u>Restricted</u>					
The Bonita Trust	-	15,664	(15,664)	-	-
Canadian International Development Agency	-	949,678	(949,678)	-	-
Government of the Islamic Republic of Afghanistan	-	67,154	(67,154)	-	-
Embassy of India, Kabul	-	7,850	(5,726)	(2,124)	-
Kathy Evans Trust	-	(258)	-	258	-
Reach Out to Asia	-	1,292	-	(1,292)	-
Australian Embassy	-	4,716	(4,724)	8	-
SONOMA Academy	-	18,970	(18,970)	-	-
Freedom To Create	-	746	-	(746)	-
USAID	-	550,851	(550,851)	-	-
Juniper Trust	-	2,645	(2,522)	(123)	-
The Sackler Trust	-	49,218	(49,218)	-	-
Japan Embassy	-	30,266	(30,266)	-	-
TFBSO	-	38,327	(38,327)	-	-
DFID	-	14,911	(14,911)	-	-
	----- -	----- 1,752,030	----- (1,748,011)	----- (4,019)	----- -
Unrestricted funds	2,229,960	293,876	(767,526)	4,019	1,760,329
	----- 2,229,960	----- 2,045,906	----- (2,515,537)	----- -	----- 1,760,329
	=====	=====	=====	=====	=====

Restricted fund projects:

- i. The **Bonita Trust** is providing funds for Turquoise Mountain to implement a sanitation project and to support a water provision in Murad Khane.
- ii. **Canadian International Development Agency (CIDA)** have provided significant funding and support towards a broad range of Turquoise Mountain's projects, including security of premises.
- iii. **Government of the Islamic Republic of Afghanistan (GoIRA)**, through the Ministry of Urban Development, have provided support for building projects within Murad Khane, including the two Woodwork Schools sites, the Great Serai Extension, and the Double Column Serai.
- iv. **The Embassy of India, Kabul** is providing a grant to restore the "House of Screens" building as part of the Institute complex.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS

For the Year Ended 31 December 2011 (cont'd)

- v. A legacy from the **Kathy Evans Trust** has enabled the establishment of the Institute Jewellery School, including the building and equipping of premises, and the operation of the School.
- vi. **Reach Out to Asia (ROTA)** are working with Turquoise Mountain on a variety of Community Development projects. Their funding primarily goes towards the Women's Courtyard and other Community Development activities.
- vii. **The Australian Embassy**, Kabul provided funds for a Ceramics production workshop for graduates from the School of Ceramics.
- viii. **SONOMA Academy** provided funding for the construction and running costs of the Murad Khane Public School.
- ix. **Freedom to Create** provided support for the 3rd Afghan Contemporary Art Prize.
- x. **USAID** - Turquoise Mountain has entered into an eight year contract agreement with USAID which will provide significant funding and support for a large percentage of Turquoise Mountain activities. The USAID funded projects are predominately based around economic growth both for the residents of Murad Khane and the students within the Institute.
- xi. **The Juniper Trust** supported the Murad Khane Public School, particularly early childhood development training and improvement to the school facilities.
- xii. **Sackler Trust** provided funding for the transitional move of the Institute to Murad Khane and its related fit-outs.
- xiii. **The Japan Embassy (GAGP)** have provided funding for the construction and set up of the *FerozKoh* Family Health Clinic. They helped purchase various medical equipment and assisted in the completion of the construction of the Clinic.
- xiv. **Task Force for Business and Stabilization Operations (TFBSO)** is focused solely on the Business Development department to determine target markets, research and develop new products, develop promotional and sales materials, create new sales channels and build Afghan capacity and mentor local businesses.
- xv. **DFID** supports weekly vocational training programme for unskilled women and men which provides them the necessary skills to gain employment in the Afghan crafts sector. The training takes place on Saturdays in order to allow participants to work full-time.

19. Transfers

There were transfers during the year between unrestricted and restricted funds. These transfers related to assets that were purchased and effectively expensed under the grant agreements and residual amounts left on grant payments that it has been agreed by the donors can be used towards unfunded operating costs.

20. Contingent liability

There are governmental assurances and signed documents in place such that the ownership of the Institute buildings will pass to the Institute. This process of compulsory purchase of the properties will result in some recompense to the existing owners; however the amount cannot be accurately quantified at this stage.

21. Capital Commitments

As at 31 December 2011, the charity had the following capital commitments:

	2011 £	2010 £
Contracted for not yet invoiced	-	11,120
Authorised not yet contracted for	-	-
	-----	-----
	-	11,120
	=====	=====