

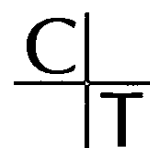
Scottish Charity Number: SC037343
Company Number: SC299579



THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the Year Ended 31 December 2013



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THE TURQUOISE MOUNTAIN TRUST
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TRUSTEES' REPORT

The Trustees present their report along with the financial statements of The Turquoise Mountain Trust for the year ended 31 December 2013. The financial statements have been prepared in accordance with the accounting policies set out on pages 17 and 18 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 (as amended), 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 2013 and at the time of the approval of the financial statements were as follows:

- Richard Keith
- Edward Viscount Chelsea
- Sir Thomas Shebbeare
- Khaled Said
- Sir John Tusa KBE
- Tamim Samee
- Sir William Patey
- Richard Derryhouse

1.6 Executive Chairman and Senior Management Staff

Richard Keith remained Chairman of the Board and Shoshana Clark Stewart remained CEO of the Trust.

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) became a Patronage of HRH Prince of Wales as of 1 September 2012.

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 and the Chief Executive Officer of TMT is also the Chairperson of the Board of Directors of 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.

3. Objectives and Activities

3.1 Objectives of the Charity

In January 2014, the Board agreed, and subsequently the charities commission agreed, to a charter change amended as follows:

The Trust's constitution sets out its objectives: to promote education and rural and urban regeneration in areas of social and economic deprivation in primarily, but not restricted to 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
- The advancement of the arts, heritage, culture or science'
- Other charitable purposes related to the above.

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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 2013 were:

- Supporting Afghan management of TMI as they continue running the Institute for Afghan Arts and Architecture
- Development of the Afghan Arts and Crafts industry
- Culture and Heritage promotion
- Urban Regeneration of Murad Khane (MK)
- Community Development in MK

3.4 Strategies to Achieve the Charity's Objectives

Our strategies to achieve these objectives are:

- On-going restoration and maintenance of Murad Khane in conjunction with the Government of Afghanistan.
- Support the growth and success of the Turquoise Mountain Institute for Afghan Arts & Architecture, created by Turquoise Mountain Trust.
- Raise funds for on-going projects and for the Turquoise Mountain Institute.
- Establish independent business, and associated businesses in the old city to help ensure employment and livelihoods for graduates of Turquoise Mountain Institute and for associated craftswomen and men through export, and to provide financial support to the Institute.
- 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, through a combination of public funding through donors and private funding.
- Manage effectively the finances and assets.

3.5 Volunteers

Turquoise Mountain Trust was assisted by volunteers during 2013.

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TRUSTEES' REPORT *(cont'd)*

4. Achievements and Performance

During the year ending 31 December 2013 Turquoise Mountain's achievements included the following:

- 2013 was a pivotal year for Turquoise Mountain Institute, as students and graduates took on their largest ever international exhibitions as well as setting up their own businesses for the first time. The exhibition "Ferozkoh: Tradition and Continuity in Afghan Art" at the Museum of Islamic Art in Doha marked the culmination of years of training and improvement to revive the traditions by Institute staff and students, and their ability to produce on the world stage. The popularity of the exhibition in Doha, and its invitation to tour to London's Leighton House Museum from November 2013 to February 2014, are a testament to the quality of work of the Institute and its increasing international prestige. At the same time, the exhibition was a springboard for graduate businesses as they foster links with international designers and retailers. During the year graduate businesses in woodwork, jewellery and ceramics were set up, and carried out large-scale orders with prestigious partners: tile-work at the new National Museum complex in Kabul, ceramics for Dubai restaurant chain "Qbara", jewellery for UK high-street retailer Monsoon, and calligraphy and miniature painting sales which raised tens of thousands of dollars for recent graduates.
- The Institute consolidated its position as the premier artisan centre in Afghanistan, winning the first prize in its section of the TVET (Technical & Vocational Education & Training) Expo, and being asked by the Afghan Government to create a special exhibition to celebrate Ghazni's status as the 2013 Capital of Islamic Culture and Civilization. Beyond its strong links with the Afghan Government, Turquoise Mountain strengthened its relationship with the international accreditation body City & Guilds, updating its registration for another two years, and finalising the certification process for 90 students.
- Each month Turquoise Mountain staff toured about 20 national and international visitors around the Institute and local community. These visitors come from international organisations and the media; high profile visitors in 2013 included HE Hamid Karzai, the President of Afghanistan, and many Ambassadors and government officials. The President's visit acted as a springboard for sales; and he has since given Turquoise Mountain products as official gifts.
- The Institute relies on identifying and nurturing young talent, and Turquoise Mountain Institute's new recruitment process for incoming students – including a two-week practical component – ensured that Turquoise Mountain Institute found the very best and most dedicated of Afghan youths. Specialised teaching and mentoring from international educators from the UK, Europe, the Gulf, and India during 2013 combined with continued teacher-training and professional development of our Afghan staff to improve the quality of learning experience of Turquoise Mountain Institute graduates. This excellence has been reflected in the prospects of our graduates, with 80% of graduates employed or in further education. This is a crucial time for the craft industry which continues to grow as a contributor to the Afghan economy.
- Turquoise Mountain Institute has come a long way in supporting graduates to set up their own businesses. In 2013 graduates of the Turquoise Mountain Institute established seven new businesses with the support of Turquoise Mountain. These include two ceramics businesses, two jewellery businesses, two woodwork businesses and one calligraphic art retailer. Turquoise Mountain supports these graduates through mentoring, workspace, equipment, business advice and sales brokering.

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TRUSTEES' REPORT *(cont'd)*

4. Achievements and Performance *(cont'd)*

- To date, Turquoise Mountain Institute has trained 404 (275 male, 129 female) students in its three year full time vocational programme and one year programme. For the one-year programme, students are enrolled in three departments- jewellery & gem cutting, woodwork and textiles. They are practicing the basic skills of their chosen craft and learn how to make simple pieces of Woodwork, jewellery and textiles. 29 master craftsmen are leading the practical courses and nine additional supplementary teachers lead the supplementary classes. All their activities are observed and supervised by Turquoise Mountain Institute Education Department.
- A total of 254 students (81female, 173 male) have graduated from TMI three year and one year programmes. In January 2014, 193 graduates participated in the graduate survey. Of these, 43 per cent are in craft-related employment, 18 per cent own craft businesses and 19 per cent are pursuing further studies. Of the remainder, 9 per cent are employed in non-craft related industries and 11 per cent are unemployed.
- In 2013 seven Turquoise Mountain Institute graduates participated in an intensive six-month jewellery training course in India conducted by Future Brilliance. Through the programme they learnt advanced techniques for gem-cutting and modern jewellery design. They also received lessons in business and English language. Turquoise Mountain facilitated their participation in the programme and supported them financially.
- This year, Turquoise Mountain ran the Afghan Contemporary Art Prize for the fourth time with a record number of submissions from across the country. The prize aimed to find the best young artists in Afghanistan, and spur interest in Afghan art. Ten shortlisted artists completed a two-week series of workshops. An exhibition showcasing their final pieces was held in November at the Queen's Palace in Babur's Gardens.
- The Institute completed a full review of all subject curricula and teaching methods in 2013.
- In collaboration with the Qatar Museum of Islamic Art, the Institute held a two-week workshop for art educators in Kabul. The course was conducted by Dr Sabrina Puppin, Head of Art Education and Art Programs at the Museum. Participants included craft masters from the Turquoise Mountain Institute, Kabul University and the Centre for Contemporary Afghan Art. The workshop covered innovative art teaching methods, art history and practical teaching sessions. The course helped raise the general level of art education in Kabul while also reinforcing Turquoise Mountain's good relations with other art institute's in Kabul.
- The Institute organised mid-level training in project management, financial management and quick books to enhance the capacity of 21 administrative and teaching staff. The course took place in March and was run by the Smart International Consultant Company. These staff members are putting into practice the skills they learnt and mentoring other staff in their departments.
- The annual Nawruz event was held on 28 March in Murad Khane. The celebration included craft exhibits, storytelling, a circus show, traditional Afghan music and a presentation by the Murad Khane Public School students. Residents from the local community, donors, government officials, and representatives from various national and international organisations attended the event. The event served to strengthen the relationship with the local community.

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TRUSTEES' REPORT *(cont'd)*

4. Achievements and Performance *(cont'd)*

- Ustad Sawabi, a miniature painting Professor from Herat University, spent one month at the Institute to work with calligraphy and miniature painting students and improve the current curriculum. The students showed a marked improvement in the quality of their designs over the course of the workshop.
- Site visits were conducted to expose all students to the unique design influences of Afghanistan. Visits were made to: the Kabul Museum, the National Gallery and the Arts of the Moghul Empire Exhibition at Babur Gardens and other sites of historical and cultural significance.
- The Institute significantly expanded its library resources. Over 500 books were added to the library's reference section and hundreds of learning materials have also been produced for supplementary and practical subjects.
- Turquoise Mountain was awarded the 2013 UNESCO Award of Distinction for the restoration of Murad Khane's Great Serai. Turquoise Mountain's project was up against 47 entries from 16 countries across the Asia-Pacific region, and was the only Afghan entry to be considered. UNESCO praised the restoration work for setting a precedent for conservation work in Kabul.
- With major reconstruction work of core buildings in Murad Khane completed by late 2011, There have been ongoing repair works within the community and to the Institute during the past year including: maintenance and enhancements to the Institute and community houses; removing and replacing damaged stone plates; and miscellaneous repairs such as appointing doors, drain cleaning and rebuilding the ruined walls of houses in need. Plastering work and repairs have also been made to Bazaar shops in the local area.
- To date Turquoise Mountain has restored 112 buildings in Murad Khane, including 47 in the Bazaar, 5 in the Institute and 59 residential buildings in the community. 21 buildings have been newly built and 42 toilets have been improved. In 2013, Turquoise Mountain Engineering section completed the restoration work of two community shelters in Murad Khane. In addition, a total of 1,260m³ of rubbish was cleared from the streets of Murad Khane.
- In 2013, Ferozkoh Family Health Centre (FHC) saw almost 18,468 patients, 70% of whom were women and children. The Centre was also officially inaugurated as the first Tuberculosis (TB) control centre in the Old City of Kabul. The TB centre offers free services to TB patients including medicine and treatment. A vaccine centre was also officially inaugurated within the FHC, supported by Expanded Program Immunisation (EPI) directorate on 5 December 2012. The FHC provide free services to community including BCG, OPV, DPT, TT and Measles vaccines. On 1st January 2013, Turquoise Mountain made an agreement with Morning Star Development, a non-profit organisation based in the United States. Through this grant Morning Star provides overall support to Ferozkoh Family Health Centre (FFHC) including health care and related services and is contributing to the creation of a model approach to sustainable primary health care in Murad Khane and beyond.

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TRUSTEES' REPORT *(cont'd)*

4. Achievements and Performance *(cont'd)*

- Since 2008 the Ferozkoh Family Health Centre has provided community health-training sessions on a range of topics including diabetes, hygiene, blood pressure, and antenatal care. 247 members of the community attended a total of 22 sessions. The most commonly attended sessions were on family planning, pregnancy & antenatal care, diabetes, hygiene & sanitation, and blood pressure. In 2013, significant progress was made in providing basic health care services and health education for the people of Murad Khane.
- The Murad Khane Public School (MKPS) is now registered with the Ministry of Education and fully administered by them. Turquoise Mountain Trust continues to provide supplementary education to a total of 144 students (66 boys, 78 girls) in Murad Khane.

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

TMT managed a staff and labour force of 69 with total spending (before losses on foreign exchange) of £2.19 million in 2013. TMT is now under full Afghan management, with an experienced national staff taking over responsibilities.

Continued support from the Governments of USA and UK ensured that the project has flourished in 2013. The US Task Force for Business Stabilization Operations allowed for the development of Turquoise Mountain's business development department. Continued strong links with the Government of the Islamic Republic of Afghanistan, the Murad Khane community, as well as a range of new partners such as the Museum of Islamic Art in Qatar, allowed Turquoise Mountain to build new projects and take advantage of new opportunities.

Turquoise Mountain's Institute for Afghan Arts and Architecture (now TMI) completed its fourth year as a government registered private educational institution and its seventh year of full operation. TMI comprises four Schools; Woodwork, Calligraphy & Miniature Painting, Jewellery & Gem-Cutting, and Ceramics, each with courses of three years' duration. At the same time, TMI now also runs a one-year vocational course in basic woodwork, jewellery, and textiles for 56 (28 male, 28 female) students. The student body at the end of 2013 stood at 188 students, a significant increase on 2012. There are currently 27 masters teaching practical classes, and 9 teachers providing classes in supplementary subjects these include: IT, art history, graphic design, geometric design, business, Sharia law, English, Dari and Pashto. The supplementary classes are conducted according to Ministry of Education TVET requirements. The Institute has accreditation with the international awarding body, City & Guilds, and the student graduation ceremony was held on 16th December 2013, and awarded certificates for 90 students.

Urban Regeneration activities in 2013 centred on the repair and maintenance 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. The work on the built infrastructure of the area has been matched by a range of community development projects providing education, health, and cultural activities.

The Business Development department continued to provide mentoring and support to craft businesses as part of creating international demand, as well as help to set up several graduate businesses in the old city of Kabul Murad Khane. The Business Development staff have made several successful trips to the Middle East, London and Europe to strengthen and develop TMT's sales networks.

Turquoise Mountain also secured its largest ever commission/exhibition: a collection of 40 museum-worthy pieces to be exhibited at the Museum of Islamic Art in Doha, Qatar. This exhibition was a unique opportunity to showcase Afghan arts on a world stage.

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TRUSTEES' REPORT *(cont'd)*

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

- Showcased a major exhibition of the Institute's work at the Museum of Islamic Art in Doha;
- Won first prize in the art and craft category of Technical & Vocational Education & Training (TVET) Expo
- Finalising artworks for an exhibition celebrating Ghazni as the Capital of Islamic Culture and Civilisation
- Held a Graduation Ceremony to distribute City & Guilds certificates to all past graduates
- Improved students' practical work to prepare them for the rigorous standards they must meet if they are to succeed in selling their products in the international market;
- Developed the Institute website and management information system
- Forged strong links with Indian jewellery makers to enhance the quality of jewellery education and production; compilation of six month Indian jewellery training programme
- Recruited new students for the Institute

b. The Murad Khane Urban Regeneration Project

Restoration and conservation activities of core buildings in Murad Khane were completed during 2011. In 2013, there was on-going repair works within the community including: removing and replacing damaged stone plates; garbage removal; and additional repairs such as appointing doors, drain cleaning and rebuilding ruined walls. The Urban Regeneration team has also completed the restoration work of two community shelters in Murad Khane. These shelters have an important role to play in fostering a sense of community and shared public space. The restoration of the historic Symmetrical House is also underway. The Engineering Department constructed a workshop for Institute graduates who have recently established their own woodwork business.

- Cleared approximately 1,260m³ of rubbish, with a total of over 33,000m³ over the life of the project.
- Continued work on clearing of drainage channels and paving of streets.
- Two pavilions were built in Murad Khane.

c. Community Development in Murad Khane

Ferozkoh Family Health Center (FFHC) and the Murad Khane Public School (MKPS) are now under separate management and Turquoise Mountain continues to provide financial and advisory support to these organisations. Notable achievements include:

- 18,468 patients visited the clinic during 2013.
- The vaccine centre was opened at the clinic in December 2012, it now provides free vaccine services to the community including BCG, OPV, DPT, TT and measles vaccines.
- The Tuberculosis Detection Program, set up in January 2012, continues to detect and treat TB cases. Since the inauguration of the programme in December 2011, 181 suspected TB carriers have been examined with 10 cases testing positive. Two patients are currently receiving treatment with a third having made a full recovery.
- The health centre continues to move towards sustainability with a service charge system which charges patients for basic medicine; however, patients that can't afford the fee are assisted through a special assistance fund.

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TRUSTEES' REPORT *(cont'd)*

- Turquoise Mountain Primary School provides a high standard of education for the children of the local community. A recent survey showed that 94 per cent of community members believed the Turquoise Mountain Primary School provided good or very good education. A total of 144 students (66 male, 78 females) are currently studying at the Primary School.
- Community literacy classes continued through a local craft business, Zarif designs. 27 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

Notable achievements for the year include:

- Over the last year Turquoise Mountain's Business Development Department has helped set up seven graduate businesses, and has provided mentoring and support to over five more. Not only has Turquoise Mountain been able to secure work for these young businesses, Turquoise Mountain has also trained staff in quality control, customer relations and production management. The emergence of these independent businesses represents an important stage in the process of building a sustainable and dynamic future for Afghanistan's growing craft industry.
- This year (2013) has seen substantial improvements in the production capabilities of Afghan artisans: both in the quality of work produced, and the scale on which they are able to deliver. This has been emphatically demonstrated in Turquoise Mountain's participation in a number of International and national Exhibitions.
- Turquoise Mountain has continued to foster close relationships with a number of high profile international designers. This year International jewellery designer Pippa Small returned to Afghanistan to work with Turquoise Mountain artisans to produce a second collection for Monsoon, and two of Turquoise Mountain's graduate jewellery businesses are currently in talks with Ippolita, a jewellery designer with over 200 sales points in the United States, to produce a new collection of Afghan jewellery.
- The total sales that broker through Turquoise Mountain are £304,048 for the year.

4.2 Significant Fundraising Activities

Turquoise Mountain consolidated its financial position by securing additional commitments from donors, amounting to £496,661, which provides for running of Business Development and TM core costs. Major donors for the year included USAID, DFID, the Task Force for Business and Stability Operations, British Council, Sonoma and other grant income providers. Incoming resources from these donors during 2013 amounted to £1.3 million. Incoming resources during the year from other donations and other income amounted to £1.1 million.

Turquoise Mountain has raised significant unrestricted funds for the future running of the Institute and its other programmes, and manages this in accordance with its fundraising and investment plan. It also continues to seek funding for on-going and growing programmes.

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TRUSTEES' REPORT *(cont'd)*

4.3 Communications Activities

During 2013, 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, presses and on international news networks
- Held a number of exhibitions of student and graduate work, helped organise a nation-wide Art Prize competition, and organised a very successful community *Nawroz* celebration to usher in the Afghan New Year.
- Co-ordinated and facilitated donor press / communications, visits by journalists and communications representatives, and other high profile visits of dignitaries, government, and general public.
- Continued to expand stakeholder relationships, including co-ordination with donors for programme strategy. This included regular newsletters.
- Developed and written annual workplan for TMT components to smooth the implementation of the project.

5. Financial Review

The financial review has been outlined in detail in the strategic report at section 9 of this report.

6. Plans for Future Periods

Plans for future periods have been outlined in detail in the strategic report at section 9 of this report.

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 including the Strategic 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 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 principals in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any 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 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 (as amended). 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.

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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 charitable company'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. Strategic Report

The Trustees are pleased to present their strategic report for the year ended 31 December 2013.

9.1 Fair review of the Business including Key Performance Indicators

During 2013, there was on-going emphasis on the strengthening and development of Afghan staff within the finance department. The Afghan Chief Finance Officer continued to strengthen the accounting system and financial controls within the organisation. The finance team along with the development and reporting team responded to the reporting and compliance demands from donors.

Turquoise Mountain consolidated its financial position by continuing activities under donor funding. Incoming resources during 2013 amounted to £1.3 million from restricted donor funding and £1.1 million from unrestricted donations and other income. Total incoming resources thus totalled £2.4 million, as compared to the expended resources of £2.2 million, excluding exchange losses.

Total reserves as at 31 December 2013 amounted to £3.4 million (as at 31 December 2012: £3.3 million). Assets and liabilities as at 31 December 2013 were respectively £3.5 million and £0.1 million; leaving a net assets balance of £3.4 million.

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 used to support the on-going and future charitable activities of TMT.

During 2013, restricted expenditure accounted for £1.2 million, 55% of total expenditure of £2.2 million for the year. Expenditure out of unrestricted reserves was £1 million i.e. 45% of total expenditure for the year.

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TRUSTEES' REPORT *(cont'd)*

9. Strategic Report *(cont'd)*

Investment Policy

The organisation has kept reserves liquid during 2013 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.

Reserves

The reserves as at 31 December 2013 are £3.4 million (funds balance as at 31 December 2012 £3.3 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 2013-14. These reserves will be handled in line with the Investment Policy adopted by the TMT board.

9.2 Principal risks and uncertainties

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.

9.3 Plans for future periods

The coming year will see TMT consolidate its position and ensure that its activities continue to be recognised as achieving measurable results, largely under the control of Afghan management. In 2014 Turquoise Mountain will look to take advantage of the opportunities which present themselves in international and domestic craft sales, and in the further training of skilled workers in the crafts and in building relationships with its donors.

Education: Plans for 2014

In 2014, TMI will continue to maintain its status as Afghanistan's premier arts education facility. Activities will include:

- Recruit a new class of students for the four schools and begin a new academic year during March/April 2014.
- Review and maintain the quality of the TMI Curriculum, with input from existing teaching staff and educational consultants.
- Take on some new staff and assistants to strengthen certain departments, especially the calligraphy and miniature painting department.
- Conduct site visits to give students exposure and knowledge of unique local design influences and historic traditions of Afghanistan.
- 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.
- Develop particular expertise in new techniques, such as paper-making and use of natural pigments in the calligraphy and miniature department.
- Strengthen the capacity of TMI management staff through courses in management, leadership, and Microsoft Excel.
- Conduct cultural outreach activities providing both students and graduates with opportunities to develop their individual strengths, product lines, entrepreneurialism and vision for their future.

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TRUSTEES' REPORT (cont'd)

9. Strategic Report (cont'd)

- Promote the work of TMT 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 TMT 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 2014

In 2014, 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:

- Repair some of the last of the remaining historic buildings, such as the Symmetrical House.
- Continue Community building work, including emergency repairs to residents' houses.
- Develop the bazaar street with the rebuilding of damaged shops, and beautification of the street.

Murad Khane Community Development: Plans for 2014

Community Development will continue its education and health programmes in 2014. In particular TMT will:

- Enable the FFHC to continue operating in the area, managed by Morning Star Development, but with operational costs funded by TMT.
- Deliver community outreach programmes on health and hygiene
- Continue training of teachers and provision of classes to children and community members.
- Continue to discuss community maintenance with the Shura.

Business Development: Plans for 2014

The Business Development Department will help graduates businesses to set up and function independently and register with AISA. Work will then be sub-contracted by Turquoise Mountain to these independent businesses, and in some cases taken directly. Main activities for this year will include:

- Support the development of Afghan craft businesses
- Conduct business mentoring sessions
- Assist businesses in reaching international quality standards
- Run business development workshops
- Generate and help businesses to fulfil commissions
- Promote traditional Afghan crafts through international exhibition and sales events
- Pursue and oversee the fulfilment of commissions
- Develop marketing materials and the Turquoise Mountain brand
- Promote traditional Afghan crafts through national sales events and exhibitions

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT *(cont'd)*

Communications: Plans for 2014

The priorities for 2014 include:

- Secure funds for programmes, support the set-up of new activities, and develop strategies for further fundraising.
- The successful management and monitoring of all resources and grants, including the production of timely and accurate reports for donors.
- Maintain relations with existing and potential donors
- Manage Communications Department information systems
- Support evidence-based programme planning
- Produce communications and public relations materials

The Trustees' Report and the Strategic Report have been approved by the Trustees on 12 Sep 2014 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 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 charitable company's members and 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 charitable company, the charitable company's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 requirement of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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



Opinion on other matter prescribed by the Companies Act 2006

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

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.

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

12 SEPTEMBER 2014

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL ACTIVITIES

For the year ended 31 December 2013

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income: donations	3	841,488	-	841,488	1,850,342
Investment income: bank interest		789	-	789	802
<i>Incoming resources from charitable activities</i>					
Grants received		-	1,298,037	1,298,037	1,399,327
Sale of goods		304,048	-	304,048	192,213
Total incoming resources		1,146,325	1,298,037	2,444,362	3,442,684
Resources expended					
<i>Costs of generating funds</i>					
Cost of generating voluntary income	5	30,995	2,844	33,839	24,735
<i>Charitable activities</i>					
Urban Regeneration	5	268,911	16,461	285,372	309,813
Community Development		98,247	11,702	109,949	59,906
Institute		153,150	45,134	198,284	226,136
Institute (Sub-Grants)		-	785,255	785,255	655,555
Business Development		381,543	330,957	712,500	523,971
Culture		-	-	-	11,242
<i>Governance costs</i>	5	58,331	2,979	61,310	29,126
Resources expended for programmes		991,177	1,195,332	2,186,509	1,840,484
Foreign exchange losses		82,471	-	82,471	104,703
Total resources expended		1,073,648	1,195,332	2,268,980	1,945,187
Net incoming resources before transfers		72,677	102,705	175,382	1,497,497
Gross transfers between funds	16	102,705	(102,705)	-	-
Net incoming resources		175,382	-	175,382	1,497,497
Total funds brought forward	15	3,257,826	-	3,257,826	1,760,329
Total funds carried forward	15	3,433,208	-	3,433,208	3,257,826

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 20 to 27 form part of these financial statements.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

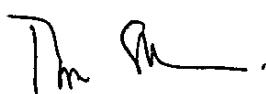
BALANCE SHEET

As at 31 December 2013

	Notes	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	9		65,322		103,462
Current assets					
Stock	10	125,891		219,692	
Debtors	11	538,245		638,492	
Cash at bank and in hand		2,793,182		2,511,187	
		<u>3,457,318</u>		<u>3,369,371</u>	
Creditors:					
Amounts falling due within one year	12	89,432		215,007	
		<u>89,432</u>		<u>215,007</u>	
Net current assets			3,367,886		3,154,364
Net assets			<u>3,433,208</u> =====		<u>3,257,826</u> =====
Reserves					
Unrestricted funds	15		3,433,208		3,257,826
Restricted funds	15		-		-
			<u>3,433,208</u> =====		<u>3,257,826</u> =====

The financial statements were approved by the Trustees on **12 SEP** 2014 and are signed on their behalf by:


Richard Keith (Chairman)


Sir Thomas Shebbeare (Trustee)

Company Number: SC299579

The notes on pages 20 to 27 form part of these financial statements.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT

For the year ended 31 December 2013

	2013 £	2012 £
Reconciliation of net incoming resources to		
Net cash flow from operations		
Net incoming resources	175,382	1,497,497
Interest received	(789)	(802)
Depreciation	46,238	61,694
Decrease/(increase) in stocks	93,802	(127,420)
Decrease/(increase) in debtors	100,248	(140,856)
Decrease in creditors	(125,575)	(123,011)
Net cash inflow from operations	<u>289,306</u>	<u>1,167,102</u>

CASH FLOW STATEMENT

Net cash inflow from operations	289,306	1,167,102
Returns on investments and servicing of finance		
Interest received	789	802
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(8,103)	(58,042)
Increase in cash in the year	<u>281,992</u>	<u>1,109,862</u>

Analysis of movement in net funds during the year

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash at bank	2,511,187	281,992	2,793,179
	<u>=====</u>	<u>=====</u>	<u>=====</u>

The notes on pages 20 to 27 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 2013

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), and the Companies Act 2006.

b) Going concern

The financial statements have been prepared on a going concern basis. The Trustees have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

c) Incoming resources

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.

Charitable activities

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

Grant income for specific projects is recognised in the period in which it is 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.

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.

d) 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.

e) 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.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 December 2013

1. Accounting policies (cont'd)

f) Tangible fixed assets

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

g) 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

h) 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 15.

i) 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.

j) Pensions

UK employees are entitled to join a defined contribution scheme. The assets of the scheme are held separately from those of the Trust in independently administered funds. The pension charge represents contributions payable by the Trust.

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 2013 £	Total 2012 £
Voluntary income:				
Donations received	841,488	-	841,488	1,850,342
	=====	=====	=====	=====

4. Net incoming resources

This is stated after charging:

	2013 £	2012 £
Depreciation and loss on disposal of assets	46,238	61,694
Auditor's remuneration - audit services	14,824	13,917
- other services	876	876
	=====	=====

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 December 2013

5. Resources expended

	Staff costs £	Direct costs £	Sub-total 2013 £	General Management £	Financial Management £	Human Resources £	Information Technology £	Premises and Facilities £	Program Support £	Total 2013 £	Total 2012 £
Charitable activities											
Urban Regeneration	135,350	82,107	217,457	26,513	498	104	49	268	40,483	285,372	309,813
Community Development	28,652	67,559	96,211	2,040	27	21	11	72	11,567	109,949	59,906
Institute	5,169	11,482	16,651	93,814	1,274	171	100	680	85,594	198,284	226,136
Institute (Sub-Grants)	-	785,255	785,255	-	-	-	-	-	-	785,255	655,555
Business Development	153,402	405,381	558,783	71,381	831	103	73	362	80,967	712,500	523,971
Culture	-	-	-	-	-	-	-	-	-	-	11,242
	<u>322,573</u>	<u>1,351,784</u>	<u>1,674,357</u>	<u>193,748</u>	<u>2,630</u>	<u>399</u>	<u>233</u>	<u>1,382</u>	<u>218,611</u>	<u>2,091,360</u>	<u>1,786,623</u>
Costs of generating voluntary income	12,893	9,943	22,836	5,099	69	10	6	36	5,783	33,839	24,735
Governance costs	12,893	36,267	49,160	5,099	69	8	4	29	6,940	61,310	29,126
	<u>348,359</u>	<u>1,397,994</u>	<u>1,746,353</u>	<u>203,946</u>	<u>2,768</u>	<u>417</u>	<u>244</u>	<u>1,447</u>	<u>231,334</u>	<u>2,186,509</u>	<u>1,840,484</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Support costs have been allocated on the following bases:

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

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS *(cont'd)*

For the Year Ended 31 December 2013

6. Staff costs	2013	2012
	£	£
Wages and salaries	533,232	524,091
Employer's national insurance	4,101	2,206
Pension costs	7,196	-
	<u>544,529</u>	<u>526,297</u>
	=====	=====

The average number of employees during the year was as follows:

Afghan National Staff	61	90
International Staff	7	6
UK Staff	1	1
	<u>69</u>	<u>97</u>
	===	===

One employee earned between £70,000 and £80,000 during the year (2012: no employees earned more than £60,000 during the year). The company paid pension contributions totalling £7,196 (2012: £nil) in respect of the employee earning between £70,000 and £80,000 during the year.

7. Trustee remuneration and expenses

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

Two Trustees received reimbursement of travelling expenses incurred on Trust activities amounting to £2,812 (2012: £1,838). In addition the Trust provided Trustee Indemnity Insurance with a cost of £1,213 (2012: £1,141).

8. 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.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 December 2013

9. Tangible assets

	Furniture and fixtures £	Tools and equipment £	Computers and software £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2013	40,309	282,786	94,590	28,215	445,900
Additions	1,635	1,992	4,476	-	8,103
Disposals	-	(538)	(635)	-	(1,173)
At 31 December 2013	41,944	284,240	98,431	28,215	452,830
Depreciation					
At 1 January 2013	23,028	212,654	78,548	28,210	342,440
Charge for year	4,852	27,653	13,733	-	46,238
Disposals	-	(538)	(635)	-	(1,173)
At 31 December 2013	27,880	239,769	91,646	28,210	387,505
Net book value					
At 31 December 2013	14,064	44,471	6,785	5	65,325
Net book value					
At 31 December 2012	17,281	70,132	16,042	5	103,460

10. Stock

	2013 £	2012 £
Raw materials	18,475	31,351
Finished goods	107,416	188,341
	125,891	219,692

11. Debtors

	2013 £	2012 £
Trade debtors	35,586	37,937
Sundry debtors	94,779	140,404
Deposits	375	74
Prepayments	24,570	3,362
Accrued income - grants	382,935	456,715
	538,245	638,492

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 December 2013

12. Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	20,842	15,932
Other creditors and accruals	44,818	46,783
Deferred income - grants	23,772	152,292
	-----	-----
	89,432	215,007
	=====	=====

Details of deferred grant income is as follows:

	1 January 2013	Received during the year	Released to income	31 December 2013
	£	£	£	£
Canadian International Development Agency	-	474,038	(474,038)	-
Sonoma Academy	9,170	-	(9,170)	-
Australia Embassy	2,259	-	(2,259)	-
Japan Embassy	10,019	-	(10,019)	-
DFID	1,274	37,836	(38,144)	966
British Council	48,805	-	(26,500)	22,305
Qatar Museums Authority	80,765	-	(80,765)	-
Leighton House	-	7,201	(6,700)	501
	-----	-----	-----	-----
	152,292	519,075	(647,595)	23,772
	=====	=====	=====	=====

The above grants have been deferred where conditions for their recognition have not been met as at 31 December 2013.

13. Related party transactions

Details of related party transactions are provided on page 2 and within note 7. In addition, Turquoise Mountain Foundation US provided a donation of £319,600 during 2013 (2012: £Nil) and owes £26,616 (2012: £25,479) as at 31 December 2013. The Turquoise Mountain Trust also provided direct grant funding of £16,039 (2012: £10,935) and indirect grant funding of £769,216 (2012: £644,622) to the Institute and is owed £59,724 (2012: £112,610) by the Institute as at 31 December 2013.

14. Operating lease commitments

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

	2013	2012
	£	£
Operating leases for land and buildings which expire:		
- within 1 year	10,875	-
- between 2 to 5 years	-	11,690
- after more than 5 years	14,883	15,215
	-----	-----
	25,758	26,905
	=====	=====

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (cont'd)

For the Year Ended 31 December 2013

15. Reserves	1 January 2013	Resources recognised to income	Resources expended	Transfers	31 December 2013
	£	£	£	£	£
Restricted					
USAID	-	733,352	(733,443)	91	-
CIDA	-	88,677	-	(88,677)	-
GolRA	-	413	-	(413)	-
SONOMA Academy	-	9,477	(9,477)	-	-
Australian Embassy	-	2,335	-	(2,335)	-
Japan Embassy	-	10,355	-	(10,355)	-
TFBSO	-	383,128	(383,128)	-	-
DFID	-	38,133	(38,133)	-	-
Qatar Museums Authority	-	(1,379)	2,395	(1,016)	-
British Embassy	-	26,874	(26,874)	-	-
Leighton House	-	6,672	(6,672)	-	-
	-	1,298,037	(1,195,332)	(102,705)	-
Unrestricted funds	3,257,826	1,146,325	(1,073,648)	102,705	3,433,208
	3,257,826	2,444,362	(2,268,980)	-	3,433,208
	=====	=====	=====	=====	=====

Restricted fund projects:

- i. **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.
- 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 (GolRA)**, 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. **SONOMA Academy** provided funding for the construction and running costs of the Murad Khane Public School.
- v. **The Australian Embassy**, Kabul provided funds for a Ceramics production workshop for graduates from the School of Ceramics.
- vi. **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.
- vii. **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.
- viii. **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.

THE TURQUOISE MOUNTAIN TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS *(cont'd)*

For the Year Ended 31 December 2013

- ix. **Qatar Museums Authority** provided funding for an exhibition of products at the Museum of Islamic Art, Doha, Qatar in March to June 2013.
- x. **British Embassy** have provided funding to develop the jewellery and calligraphy departments at the Institute.
- xi. **Leighton House** provided funding to support a Learning and Events Manager to oversee the Leighton House exhibition, and financial support to bring an Afghan artisan to London for events around the opening exhibition.

16. Transfers

The charitable company made transfers in the year from restricted to unrestricted funds of the residual amounts on grant payments which the donors had agreed can be retained by the Trust to meet its charitable objectives.

17. Pensions

UK employees are entitled to join a defined contribution scheme. The assets of the scheme are held separately from those of the Trust in independently administered funds. The pension charge represents contributions payable by the Trust amounting to £7,196 (2012: £nil). Pension contributions outstanding at 31 December 2013 were £7,196 (2012: £nil).