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TURQUOISE MOUNTAIN

THE TURQUOISE MOUNTAIN TRUST  
(A Company Limited by Guarantee)

CONSOLIDATED REPORT and FINANCIAL STATEMENTS

For the Year Ended 31 December 2018



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Turquoise Mountain Trust is registered in Scotland as a charity no. SC037343 and as a company no. SC299579

# Contents

	Page
Chief Executive's Introduction	2
Trustees' Report	5
Objectives and Activities	5
Strategic Report:	
- Afghanistan	6
- Myanmar	8
- Saudi Arabia	9
- Jordan	9
Financial Review	11
Plans for Future Periods	12
Principle Risks and Uncertainties	12
Structure, Governance and Management	13
Reference and Administrative Information	15
Trustees' Responsibilities	16
Re-appointment of auditor	16
Independent Auditor's report	17
Financial Statements:	
Consolidated Statement of Financial Activities	20
Consolidated Balance Sheet	21
Trust Balance Sheet	22
Consolidated and Trust Statement of Cash Flows	23
Notes to the Financial Statements	24

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**CHIEF EXECUTIVE'S INTRODUCTION**

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Dear Friends,

We have been able to achieve a huge amount in 2018, thanks to the support of our friends, supporters, and collaborators around the world. The difference made to the lives of artisans and to historic communities is only possible with the support of all of you, and I am especially grateful for the dedication of our trustees and our staff.

Turquoise Mountain continues to work in four countries – Afghanistan, Myanmar, Saudi Arabia, and Jordan. To date, we have restored 150 historic buildings in Kabul and Yangon, trained over 6,000 artisans and builders, treated over 136,000 patients at our Kabul clinic, graduated hundreds of talented students, and generated over \$6m in international sales around the world. We have brought artisans, their unique traditions, and their exquisite handcrafted work to global audiences through exhibitions at the Smithsonian Museum in Washington D.C. and the Buckingham Palace Summer Opening in London. And we have built a growing number of small businesses – over 50 so far – supporting a new generation of artisan entrepreneurs who will not only drive economic development, but also preserve their unique cultures and traditions.

Our work aspires to the initial vision of our Royal Founding Patron, HRH The Prince of Wales, who remains a passionate advocate of Turquoise Mountain's work and shares our love for traditional crafts and the people who keep them alive today.

This year we were able to reach an even wider audience through our collaboration with Google Arts and Culture, which brought viewers all over the world into the streets of Murad Khani through a virtual experience, showing them the beautiful community, architecture, and atmosphere of this part of downtown Kabul, which has been the heart of our work for over a decade.

Artisans like Mustafa are the reason why we do what we do – a graduate of the Institute for Afghan Arts and Architecture in Kabul, Mustafa and his partner Mosa founded a small business, Golden Wood Production Company, in 2013. Golden Wood started working more closely with Turquoise Mountain in 2016; in 2018, they employ 12 people and have sold almost \$40,000 of crafts with our support.

As we expand our carpets programme in Afghanistan, we are thrilled to work with a growing group of talented artisans like Khairul Nesa, who acquired a new skill set and became a local Weaver Representative and Production Supervisor in the village of Qaleen Bafan, and said, "It was a new world for me ... As a group leader I provided awareness raising to 40 other women and I felt like I became stronger day by day."

Over the next five years we will support a growing number of artisans like Mustafa and Khairul Nesa, working with over 3,000 craftswomen and men and bringing to international markets millions of dollars each year of products from these artisan communities. The community in Murad Khani was the first, but we have a similar and growing presence across Afghanistan and in Myanmar, Saudi Arabia and Jordan – dynamic, entrepreneurial hubs that bring together craft, education, economic development, historic buildings, and community, acting as beacons of their culture for the world.

On behalf of the board, and from all of us at Turquoise Mountain, thank you for your support over the last decade, in 2018, and in the years ahead.

Shoshana Stewart  
Chief Executive Officer  
Turquoise Mountain

## THE TURQUOISE MOUNTAIN TRUST (A Company Limited by Guarantee)

### CHIEF EXECUTIVE'S HIGHLIGHTS

#### *Afghanistan*

Our first and largest project continues to grow in the heart of downtown Kabul, Murad Khani, and with artisans across the country. The Institute for Afghan Arts and Architecture is training the next generation of artisans, who go on to set up businesses and drive the craft economy.

This year we have restored five historic buildings (now over 150 to date) and completed construction of a new primary school, dormitory and community garden. We also established a new Design Centre with the support of the British Council Cultural Protection Fund, and we are working with over 32 businesses and almost 500 artisans, across Kabul, Bamiyan, Mazar-e Sharif and Herat, to build the craft economy. We also treated over 16,000 patients in our Kabul clinic, and welcomed 120 students to our primary school.

Turquoise Mountain is embarking on a four-year programme funded by USAID, beginning in February 2019, with the goal of reaching hundreds of thousands of weavers and driving exports and artisan to market linkages. The Afghan Jobs Creation Project works with 6 major carpet producers, 30 jewellery companies, and thousands of weavers to harness the power of this unique tradition in Afghanistan, to grow exports, improve working conditions, and double weavers' daily wages while bringing Afghanistan to the world. We are partnering with leading wholesalers and retailers in Europe and the United States such as Christopher Farr in London, ORITOP in Europe and Matt Camron in the United States.

#### *Myanmar*

Turquoise Mountain has almost completed the restoration of the Tourist Burma building, a landmark in downtown Yangon, which has allowed us to train over 350 people in restoration techniques in 2018, supported by partners such as Al Waleed Philanthropies, the Kadoorie Foundation and DfID. Opening in summer 2019, the newly restored site will house a mixture of publicly accessible things, mostly likely including a café, an exhibition space, an urban planning forum, offices, event spaces, and a public roof garden. Open to all, the building will show how historic architectural sites can become relevant public spaces once more and will act as a model for others hoping to breathe life back into the traditional buildings of Yangon.

Our jewellery workshop continues to thrive, with our artisans developing collections with international designers and our Master Goldsmith Tin Win representing Turquoise Mountain at global events such as the World Economic Forum in Davos. We have also begun working with weavers across the country in an ambitious new project to bring textiles made in Chin, Kachin, Rakhine, and elsewhere to global markets. This new project will help to support rural communities and especially the women who make up the majority of these weavers.

#### *Kingdom of Saudi Arabia*

Turquoise Mountain is continuing to support artisans, mostly women, in Saudi Arabia. Our supported artisans have now produced over 4,500 pieces since the start of the project across 19 craft traditions, and commissions for hotels such as the Dur Marriott represent a significant portion of this. We are able to do this thanks to the generous support of the Saudi Commission for Tourism and Heritage. Our artisans were particularly proud to receive a commission from the Radisson Blu in 2018, which involved 60 artisans producing over 1,000 artworks for a permanent installation at their new site in Riyadh.

#### *Jordan*

Our newly launched project in Jordan is now training and supporting over 50 artisans in workshops across the country, supported by the Said Foundation and the British Council. In 2018, we brought artisan-made products from Jordan to international buyers in a series of pop-ups and retail collaborations, from the Museum of Islamic Art to the British Museum Company to The Conduit. A highlight for our supported artisans was our participation in *Prince and Patron*, the exhibition at the Buckingham Palace Summer Opening. A team of Syrian artisans based in Amman produced a walnut wood and mother-of-pearl Damascene Chest which was seen by over 500,000 visitors.

#### *Reaching a Global Audience*

Turquoise Mountain reached new and bigger audiences in 2018, through our exhibitions at the World Economic Forum in Davos and the Buckingham Palace Summer Opening in London. Over 500,000 visitors saw our pieces in the *Prince and Patron* exhibition at Buckingham Palace, a special show in honour of the 70<sup>th</sup> birthday of His Royal Highness The Prince of Wales. We also reached a new customer base through pop-ups across London, including one at the newly-opened Conduit club, and collaborations with internationally-renowned brands, such as our ongoing partnership with Pippa Small, whose designs have recently been worn by the Duchess of Sussex, and our new partnership with iconic British brand Asprey.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**CHIEF EXECUTIVE'S HIGHLIGHTS *(continued)***

*Artisans to Market*

We supported over 1,000 artisans over the course of this year, training them in traditional craft skills and bringing their products to market. With artisans now from Afghanistan, Myanmar, Saudi Arabia, Jordan and Syria, we are able to bring joint lines of products to customers around the world and are finding that their work together is much more powerful and more successful, than on its own.

## THE TURQUOISE MOUNTAIN TRUST (A Company Limited by Guarantee)

### TRUSTEES' REPORT

The Trustees present their report along with the financial statements of Turquoise Mountain Trust for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out on pages 24-26 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### 1. Objectives and Activities

The Turquoise Mountain Trust was established in 2006 by HRH The Prince of Wales. Turquoise Mountain's aim is to revive traditional crafts and to regenerate historic areas, beginning in the old city of Kabul, Afghanistan. Since then we have started projects in Myanmar, Saudi Arabia and Jordan to preserve historic areas and traditional crafts, provide employment, and restore a sense of pride.

##### *Afghanistan*

In Afghanistan, Turquoise Mountain has since 2006, transformed the old city neighbourhood of Murad Khani, from slum conditions into a vibrant cultural, educational and economic hub. Turquoise Mountain has restored or rebuilt over 150 historic buildings, cleared 36,000 cubic metres of rubbish and installed full infrastructure and services throughout the community. And we have trained over 6,000 artisans and builders in Afghanistan. A primary school and a health clinic that has served over 136,000 patients to date ensure that every member of the community, and many from across the old city, have access to quality primary education and health.

The Institute for Afghan Arts and Architecture, an internationally accredited vocational institute, sits at the heart of Murad Khani training a new generation of Afghan artisans in woodwork, calligraphy and miniature painting, ceramics, jewellery, textiles, and gem-cutting. Craft businesses in Murad Khani and across the country are now exporting at international standards, driving the revival and growth of the Afghan craft industry as a source of incomes and pride for the entire country.

##### *Myanmar*

Turquoise Mountain has been operating in Myanmar since the end of 2014, with a vision to save the iconic urban heritage of Yangon's Downtown and to revive the traditional handicraft industry. We aim to preserve and promote a diverse and shared culture and provide livelihoods and a boost to national pride.

Turquoise Mountain is nearing the completion of the Tourist Burma building, a landmark in Yangon's historic downtown, just steps away from the Sule Pagoda. Built in the early 20th century, this colonial-era building was once home to the 'Burmese Favourite' department store, but in recent years the site was left empty and neglected. We have spent the last 2 years restoring the building to its former glory, repairing its tiled floors, restoring its facades, and opening up its windows and doors once more as a building open to the public, and in 2018 we trained over 350 people on the project.

Turquoise Mountain has also built a jewellery workshop, training over 100 jewellers to set the gold standard for the craft industry. We have sold lines designed by renowned ethical jeweller Pippa Small and others through luxury retailers such as Barneys NY and Net-a-Porter. This year we launched our textiles programme, engaging female artisans in Chin, Kachin, Rakhine and elsewhere in training programmes and helping to bring their textiles to international markets. Turquoise Mountain now brings jewellery, textiles, lacquer, glass, and rattan pieces from Myanmar to export markets around the world and intends to continue to grow the high value craft industry in the country.

##### *Kingdom of Saudi Arabia*

Since 2015, Turquoise Mountain has worked with the Saudi Commission for Tourism and National Heritage (SCTH) on traditional crafts, supporting artisans in the Kingdom to access new markets at home and abroad.

On May 13<sup>th</sup> of 2018, we signed a new agreement with the SCTH, extending and building on our project with the Saudi Handicrafts Programme (SHP). Over the next five years, we will: build a technically advanced core group of sustainable small-scale craft businesses; assist them to expand their product ranges; develop commercial opportunities for them; assist in the training of new artisans across the Kingdom; contribute to SCTH work to oversee the renovation and adaptive reuse of historic buildings in Saudi Arabia; and work in partnership with SCTH to establish a Saudi Artisan Academy that combines Saudi heritage design with practical skills-based training.

**THE TURQUOISE MOUNTAIN TRUST**  
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**TRUSTEES' REPORT (continued)**

**1. Objectives and Activities (continued)**

*Jordan*

Last year, Turquoise Mountain launched a programme in Jordan to support the artisans of the Levant and preserve their traditions. In 2018, this project has worked to train and support master artisans and trainees from Syria, Jordan, Palestine, Iraq and elsewhere, to preserve and revive a positive sense of shared regional heritage and create economic opportunities. Jordan has been the most wonderful home to the project and has inspired us to focus on the many varied and shared traditions that appear in Jordan today.

**2. Strategic Report**

Turquoise Mountain identifies 5 key strategic aims:

1. To restore and preserve historic built heritage.
2. To support and preserve the growth of craft traditions and artisans in selected areas worldwide.
3. To strengthen and grow routes to market for affiliated artisans with both domestic and international clients, increasing incomes and preserving traditions.
4. To communicate, both domestically and internationally, the importance of art, culture, built heritage and traditional skills through a range of channels including exhibitions, print and digital media, events and public speaking.
5. To maintain a strong financial base, with sufficient reserves and significant core funding from a diverse range of funders.

**2.1 Afghanistan**

*Urban Regeneration*

**Turquoise Mountain has been restoring historic buildings in the heart of the Old City of Kabul, Murad Khani, since 2006. Working closely with the community of Murad Khani, we have focused on the physical conservation and re-use of existing historic houses and public buildings, and the creation of new traditional buildings on sites of destroyed buildings.**

In 2018, Turquoise Mountain's team of national and international architects and engineers restored 5 community and commercial buildings in Murad Khani, providing emergency masonry and carpentry work, roof plastering and general maintenance. We have just completed the new Primary School, which will accommodate over 130 children, and a dormitory for 20 students and ustadhs (master teachers) from the Institute for Afghan Arts and Architecture. These buildings incorporate traditional Afghan design elements that complement the area's wider historic urban fabric, alongside modern improvements including wheelchair accessibility. The Dorm House allows the Institute to take a greater number of students coming from provinces around the country.

Turquoise Mountain also completed the construction of the Design Centre, which acts as a hub for Afghan design, helping to forge the next generation of Afghan designers who will create new interpretations of Afghan traditions, giving them new life and economic potential. Work is underway on a new Visitor Centre, the restoration of 45 shops in the historic bazaar, new playgrounds for the children of Murad Khani, a beautiful community garden adjacent to the new Dorm House and a new workshop which will serve as a centre for woodwork production and training.

Turquoise Mountain continues to train architects, engineers and site supervisors as well as masons, carpenters, electricians, plumbers, and others in traditional construction methods. In 2018, we trained 485 people.

*Traditional Craft and Heritage*

**Turquoise Mountain is committed to preserving and promoting traditional craft skills and documenting intangible cultural heritage, as well as creating economic opportunities for the artisans of Afghanistan.**

The Institute for Afghan Arts and Architecture was founded by Turquoise Mountain in 2006 to train a new generation of artisans in calligraphy and miniature painting, jewellery and gem-cutting, woodwork, and ceramics, in order to revive these threatened traditions, and create economic opportunities. A full three-year course, accredited by the Ministry of Education and internationally by the UK-based City and Guilds, is training over 100 students per year, 25% of whom are women. More than 70% of the students who graduated from the Institute in 2017 are now employed, teaching, pursuing further studies, or have opened their own independent businesses.

In 2018, Turquoise Mountain completed the documentation of 15 forms of cultural heritage; including Nuristani and Classical carving, five forms of calligraphy and miniature painting, Istalifi Ceramics and traditional construction techniques.

**THE TURQUOISE MOUNTAIN TRUST**  
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**TRUSTEES' REPORT (continued)**

**2.1 Strategic Report – Afghanistan (continued)**

Using the UNESCO 2003 Convention as a template, Turquoise Mountain is mapping the communities of craftsmen and women and involving them in the documentation process. The intangible heritage that this project is helping to protect includes traditional techniques of construction, woodworking, ceramics, jewellery-making, gem-cutting, calligraphy, miniature painting, glass-blowing and the oral history, folklore and rituals of the respective communities. Turquoise Mountain is also training students specifically on this process to carry on future work, and has a Memorandum of Understanding with the Ministry of Information and Culture to join forces in documenting intangible cultural heritage in Afghanistan; in improving public awareness of cultural heritage among Afghans and in representing a powerful narrative of Afghan cultural heritage to the world.

The year 2018 saw an increase in the number of sales events nationally and internationally, resulting in almost \$400,000 in direct sales. The Artisan Development programme assisted 32 independent handicraft businesses, including support with sales, marketing, design development, technical training and business training, with an emphasis on exporting their products to international markets. We supported 480 artisans in total in 2018.

Beginning in 2018, we are piloting and expanding our carpet programme. Carpets are synonymous with Afghanistan and carpet production employs hundreds of thousands in both rural and urban areas. Central to our approach is the construction of weaving centres alongside on-site design, dyeing, washing and finishing facilities. In this way, all production processes are under the supervision of a single producer company who can respond to and meet the standards of the international market at a higher level, attracting and sustaining higher value direct-to-market exports. Turquoise Mountain currently works with six carpet companies in Balkh, Jawzjan and Kabul. Since January 2018, Turquoise Mountain has contributed to the export of 1,491.75 square metres of carpets.

International exhibitions and fairs – such as the MASTERWORKS exhibition at The World Economic Forum in Davos and our exhibition at the Buckingham Palace Summer Opening – have been an important platform to showcase Afghan products. Both exhibitions offered visitors the chance to interact with Afghan crafts and artisans themselves in interactive installation, allowing audiences to discover for themselves the beauty and diversity of Afghan cultural heritage.

In 2018, Turquoise Mountain partnered with Google Arts and Culture to create a virtual platform, allowing users from all over the world to explore the streets of Murad Khani and learn about Afghan craft traditions and the people keeping them alive today.

*Community*

**Through its community work, Turquoise Mountain aims to improve access to healthcare and education in the communities with which it works.**

The Feroz Koh (Turquoise Mountain) Family Health Centre is an urban clinic offering community-oriented primary health care and training in family medicine, which has been serving the community of Murad Khani in the old city of Kabul since 2011. It focuses on family health and specializes in maternal-child health and community health outreach.

In 2018 Turquoise Mountain provided healthcare to over 16,000 patients. We have widened the scope of our Community Health Program with free care – especially antenatal care – provided to the poorest of families. This has been augmented by a new public health outreach program.

The Turquoise Mountain Primary School provided supplementary education to over 110 students in 2018, including classes in Calligraphy, Miniature Painting, Mathematics, Drawing, Embroidery, English, Islamic education and Dari Dictation. These students receive exemplary education, with an opportunity to learn about Afghan craft, culture and architecture through the school's connection to the Institute for Afghan Arts and Architecture.



**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**

**2.2 Strategic Report – Myanmar**

*Urban Regeneration*

**Turquoise Mountain Myanmar aims to save the iconic urban heritage of Yangon's historic downtown, thereby safeguarding cultural assets, training a workforce of highly skilled conservation practitioners, and providing a sustainable example by which more historic buildings may be saved.**

Following the successful completion of the Merchant Street renovation, the Yangon Regional Government asked Turquoise Mountain to undertake the revitalisation of the old Tourist Burma Building at the heart of Yangon. This landmark building in Yangon's Downtown overlooks the Sule Pagoda and Mahabaddola Park and is a fine example of classical architecture. Through this project, we hope to reconnect the citizens of Yangon with an iconic building, drawing them into its public spaces.

The Enabling Works, which began in November 2017 were completed on schedule in early 2018, and the Main Works commenced in April 2018 and are due to complete summer 2019. Comprehensive training and mentoring programmes are underway, with over 350 people trained in 2018.

Turquoise Mountain has also organised a number of public outreach and awareness raising events at the site throughout the year and will continue to do so in 2019 – from heritage conferences to urban planning consultations.

Between July and October 2018 Turquoise Mountain undertook the renovation of a typical historic 'Chinatown' property in Yangon Downtown for its expanding operations. The space now contains a goldsmith workshop, textiles cut and sew workshop, a design studio, showroom, events space and office, and has already hosted open workshop, community and textiles training events.

*Traditional Craft and Heritage*

**Turquoise Mountain is supporting artisans in Myanmar to preserve the rich traditions of the country and provide economic opportunities through routes to market.**

Turquoise Mountain's jewellery workshop has been flourishing in its first year of being economically sustainable, and we sold over \$200,000 of artisan crafts in 2018. We have completed our sixth collection with ethical jewellery designer Pippa Small, and have started collaborations with designers from Japan, America and New Zealand. A highlight came at the start of the year with the creation of the iconic Opening Lotus by Master Goldsmith Tin Win, who also attended the World Economic Forum in Davos as part of the wider Turquoise Mountain exhibition.

The apprentice programme continues to grow with three new apprentices joining in September 2018, and the first batch looking to graduate to junior goldsmiths early in 2019. In 2018 we were also able to add gem cutting and polishing to our training programme.

In 2018 Turquoise Mountain launched an ambitious and hugely impactful project to work with women weavers across Myanmar to bring their textiles to high value markets, thus securing a better livelihood for them and their families.

Turquoise Mountain began laying the foundations of the project by appointing Regional Coordinators in key weaving geographies across the country and setting up the textiles cut and sew workshop in Yangon. We also completed a 'design guide' as a tool around pattern and colour to inform and inspire new design collaborators.

The training element of the project also got underway in November with a programme of design workshops across the country led by international textiles expert Rebecca Hoyes. This was closely followed by the Fairtrade organisation Label Step visiting in December to carry out workshops and an initial survey of the social and environmental aspects of the industry.

The Myanmar Artisan Toolkit is a practical guide to building a business, designed specifically for the Myanmar craft sector, and adapted from a toolkit developed in Afghanistan and proved over a number of years there. Following on from the successful launch of the Level One Toolkit in 2017, Level Two was launched in June 2018, and over 650 artisans were trained up to the end of 2018. A craft community has formed around the Toolkit and it has proved to be not only a useful resource, but a mechanism for collaborative working across groups working in the craft space.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**

**2.3 Strategic Report – Kingdom of Saudi Arabia**

*Traditional Craft and Heritage*

**Turquoise Mountain is committed to developing a thriving national handicrafts sector in the Kingdom of Saudi Arabia driven by a skilled community of artisans, to preserve unique heritage and generate economic opportunities.**

Turquoise Mountain and the Saudi Handicrafts Programme (SHP) have been working together since 2015 to create employment in cultural heritage and handicrafts, especially for women, and to help artisans develop their crafts skills to create high-quality and commercially viable products rooted in local tradition.

In 2018, Turquoise Mountain supported 500 artisans with training and artisan development support. We helped 74 artisans to generate income through luxury handicrafts by linking them with new sales opportunities, resulting in over \$100,000 in direct sales. In total over 100 artisans have produced for commission since the start of the project, and over 4,500 pieces have been produced across 19 craft traditions.

Turquoise Mountain continues to produce crafts for hotel markets. One highlight for Turquoise Mountain-supported artisans in 2018 has been the project with the new Radisson Blu Hotel and Residence in Riyadh, which has involved 60 artisans producing over 1,000 artworks for a permanent installation at the site, titled *The Living Exhibition*. 300 pieces using 51 designs have also been produced for the Radisson's retail outlet Sogha.

Turquoise Mountain has established the first in-house production unit for artisans and master jewellery maker Um Ahmad was invited to create her new collection in the space. In the long term, this model will be replicated with other artisans in different craft types, allowing for more direct access and support.

In 2018 we showcased Saudi heritage products at a number of national and international festivals and events including Souk Okaz, the meeting of the Global Partnership for Financial Inclusion (GPFI) in Riyadh, the Yanbu Heritage Festival, Rooms Experience Tokyo Trade Show, Saudi Heritage, and Love You Heritage Riyadh.

The TM-SHP partnership continues to create opportunities for collaborations across cultures by linking artisans with international designers and technicians, and by helping artisans from around the world pay homage to traditional motifs and crafts from Saudi Arabia in their work.

We plan to expand our network in the Kingdom to work with more regional development committees to reach those in low-income areas. Turquoise Mountain will also help develop new Centres for Excellence to focus on assisting disadvantaged families to develop craft skills, generate income and become self-sustained. We will continue to seek out new opportunities for artisans in the hotel, corporate and retail markets.

**2.4 Jordan**

*Traditional Craft and Heritage*

**Turquoise Mountain aims to save and rebuild Syrian and wider Levantine craft traditions, to preserve these unique and invaluable parts of world heritage and create economic opportunities.**

We are bringing together the many different nationalities that now call Jordan home to train a new generation of craftswomen and men and provide jobs.

Turquoise Mountain is working with over 50 artisans in Jordan. We are training a new generation in Turquoise Mountain's own training workshops, in refugee camps and in apprenticeship settings which allow trainees to work on real commissions with master artisans. This is done across Wood carpentry, mosaic, mother of pearl inlay, metalwork and jewellery. In 2019, the project will explore other crafts that are at risk but that demonstrate potential, such as 'Ajami painting, stonemasonry, glass-blowing, textiles and other crafts that present themselves.

15 of these artisans are the most skilled Syrian and Jordanian master artisans in Amman and beyond. These artisans have designed products with Turquoise Mountain for international sales in pop-up stores in the UK and the Gulf, selling over \$30,000 in craft products in 2018. Domestic sales opportunities are also presenting through local retail stores and the Jordanian hospitality sector. The project will expand further on the range of products and market connections in the coming year, and of particular note are upcoming product showcases at the Museum of Islamic Art, Doha, and at Fortnum & Mason in London.

**2.4 Strategic Report – Jordan (*continued*)**

Turquoise Mountain has started the implementation of cultural heritage activities in Syrian refugee camps, aiming to give Syrian children a place to learn about regional heritage through hands-on activities that include tile-making, story-telling, archaeology, dance, and other extra-curricular activities, and through creating conversations between the children, their parents, and facilitators. We have trained 400 children and young people so far across the country.

The programme is being expanded to Azraq Camp and a modified programme outside the camps to include Jordanian children is in development as well.

Artisans supported by Turquoise Mountain in Jordan were also proud to be part of a special exhibition at Buckingham Palace to celebrate His Royal Highness Prince Charles' 70<sup>th</sup> birthday, *Prince and Patron*. A team of artisans from Syria, based in Amman, worked on a Damascene wooden chest with intricate mother-of-pearl and tin inlay.

We plan to launch our new showroom in central Amman in 2019, which will showcase locally produced products and give visitors a glimpse into the workshops through a photo exhibition. This will be a chance for people to look at and learn about regional cultural heritage and locally produced crafts as well as to buy these products.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**

**3 Financial Review**

*Income*

Total £5.2m

Donations £0.4m

Grants £4.1m

Sales £0.1m

Other trading £0.4m

Other £0.1m

Total income in 2018 increased from 2017 largely due to higher donor grants. Grant income has grown by £0.5m with significant new and continuing grant contracts from the British Council and USAID. Sale of goods have decreased by £0.3m representing the move of primary purpose sales from the charity into the subsidiary. This has been a gradual approach to shield the parent charity from liability and risk. The other trading activities income line represents consolidated subsidiary sales and provides the main route for the purchase of artisan made craft items, enhancing the reputation and awareness of the artisans from whom the goods are sourced as well as providing direct economic benefits to the artisans.

Owing to a large number of activities being carried out in US dollars the 'other' category includes exchange variation on presentation in GBP. By comparison in 2017 this was a (£0.3m) loss.

2018 has seen an increase in the advance funding of projects by donors following a policy of requesting this approach where possible. This has reduced the reliance on unrestricted funds in-between payment cycles. New fundraising support and strategies for private giving have been implemented and are expected to increase donations into 2019.

*Expenditure*

Total £6.0m

Urban regeneration £1.2m

Community Development £0.3m

Education £0.8m

Artisan Development £3.1m

Raising funds £0.6m

Comparing 2018 to 2017 there has been a small rise in costs across most areas of work with highest growth in Education connected with British Council supported design training in Kabul adding to the continuing artisan education programmes through the Afghan Institute for Arts and Architecture.

Urban regeneration activity has seen continued progress in Myanmar with completion of the historic Tourist Burma building expected in 2019 and a largely complete Murad Khani site in Afghanistan with community development and building work contributing to most of the vacant plots being filled.

Artisan development work takes place across all our countries of operation with the majority of activity in Saudi Arabia and Afghanistan. Much of this consists of training and artisan development programmes for local artisans who practice traditional crafts and benefit from sharing their skills and building their market links.

We would continue to expect to see expenditure changes next year as we work to bring in a more diversified stream of funding that reflects the changing donor and private donation environment. This revised fundraising approach has led to an increase in fundraising costs in 2018 however the 'raising funds' total also contains the consolidated cost of sales from TMTL of \$0.4m in 2018 (2017 \$0.2m).

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**

*Reserves*

Reserves are represented by the fund balances on the balance sheets on pages 21 and 22. Total reserves as at 31 December 2018 are £1.7m (2017: £2.5m). The level of our reserves is determined by balancing two objectives: maintaining sufficient reserves to enable us to carry on our work when faced with difficult circumstances and ensuring we maximise the resources used for charitable purposes. Our reserves level therefore needs to be adequate to allow us to address potential losses that might arise from our charitable activities, investments, trading and other activities and give us sufficient time to adjust our strategy to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes. The Board assesses the risks that Turquoise Mountain could be exposed to and the appropriate level of reserves that should be maintained. The current assessment of the target range of free reserves is that they currently provide sufficient mitigation against risk.

*Overall Financial Health*

Turquoise Mountain has seen consistent support from a range of donors across recent years that has continued into 2018. Building on the success of attracting international donor support we will continue to diversify and match this level of income with donations in order to increase sustainability.

The Board has developed contingency plans to minimise the effect on our charitable activities should income be adversely affected. We have had a good track record of being able to maintain or increase income as we deliver valued and cost-effective services and generate income from fundraising, trading and other sources.

**4 Plans for Future Periods**

- Continue to grow the strength and size of the artisanal sector, providing support throughout the value chain to artisans and producers across our portfolio and bringing opportunities together with this network of artisanal excellence.
- Continue to develop a network of international designers, ready to be deployed across the charity's span of operations.
- Create and support international and domestic exhibitions.
- Continue to rebuild and restore Kabul's old city, completing the restoration of Murad Khani as a beacon of pride, and a centre for culture, business and education in Afghanistan.
- Provide high quality community primary education and healthcare in the old city of Kabul.
- Retain the Institute for Afghan Arts and Architecture's status as Central Asia's premier vocational craft centre. Expand the offerings and reach of the Institute beyond tradition and heritage and into design, giving traditional artisans better access to international markets.
- Support the preservation and regeneration of downtown Yangon through the restoration of landmark buildings and training of a local heritage restoration workforce.
- Preserve and promote the Myanmar craft industry, in particular jewellery and textiles, and provide incomes to artisans.
- Preserve and promote Saudi craft across the Kingdom of Saudi Arabia to the benefit of predominantly female artisans across the region.
- Preserve and revive Levantine traditions in Jordan through craft and culture, and provide incomes to artisans.

**5 Principle Risks and Uncertainties**

Turquoise Mountain's Board has responsibility for ensuring that:

- The charity has an appropriate system of financial and non-financial controls to provide reasonable assurance that it is operating efficiently and effectively;
- The charity's assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained; and,
- Financial and operational information used within the charity or for publication is reliable.

Turquoise Mountain complies with relevant laws and regulations. The key components of Turquoise Mountain's internal control and risk management environment include the following:

- A documented framework of delegated authority with procedures for reporting decisions;
- An approved business plan and annual budget against which progress is reported on a regular basis, including monthly financial reporting of actual results compared with budgets and forecasts; and,
- Regular review of the critical business systems and policy areas of our operations.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**

**5 Principle Risks and Uncertainties (continued)**

Turquoise Mountain operates a formal risk-management process, culminating in a corporate risk register that identifies the top risks, their likelihood and impact, and the consequent actions necessary to manage them effectively. The process follows good practice methods and guidance from the Charity Commission and others, with risks mapped against the objectives of the charity.

The principal risk that we have identified as having a serious potential impact on performance and future prospects continues to be a significantly worsened security land-scape within Afghanistan, prohibiting the organisation from fulfilling its obligations to funders and meeting its charitable aims in country.

The second highest value risk is funding pressure originating from two main sources; credit risk from suppliers where overseas clients fail to pay on time thus causing short to medium pressure on cashflows and lower unrestricted income making payment on core activities and resources more difficult.

The Board and senior management are satisfied that appropriate actions have been identified and are being taken so risks are managed effectively.

**6 Structure, Governance and Management**

The Turquoise Mountain Trust is a company limited by guarantee (registered in Scotland, company number SC299579). It operates worldwide and is a charity registered in Scotland (Office of the Scottish Charity Regulator registration number SC037343). It is governed by Articles of Association, last reviewed and revised in 2013. The Articles of Association set out the following charitable purposes 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;
- The advancement of the arts, heritage, culture or science; and,
- Other charitable purposes related to the above.

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.

*Board of 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 2018 and at the time of the approval of the financial statements were as follows:

- Richard Keith
- Edward Viscount Chelsea
- Khaled Said
- Sir John Tusa KBE
- Tamim Samee
- Sir William Patey
- Henrietta Martin Fisher
- Sir Richard Stagg
- Thiri Thant Mon

# THE TURQUOISE MOUNTAIN TRUST

(A Company Limited by Guarantee)

## TRUSTEES' REPORT (continued)

### 6 Structure, Governance and Management (continued)

#### *Board of Trustees (continued)*

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 provided with an introduction to their responsibilities during their first quarter in office. 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 Chairman or CEO. Richard Keith remained Chairman of the Board and Shoshana Stewart remained CEO of the Trust.

#### *Related Parties*

Turquoise Mountain Trust (TMT) enjoys Royal Founding Patronage from His Royal Highness the Prince of Wales. Turquoise Mountain Foundation US (TMF US) – a 501c3 based in Washington DC, USA - is a separate organisation which works to support 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.

Turquoise Mountain Trading Limited (TMTL) is a 100% subsidiary of TMT and was established in the UK in 2014.

Myanmar Artisans Limited (MAL) is a Myanmar registered company. TMT provides a service to MAL of practical support and management advice as part of a social enterprise model. MAL is not a subsidiary of TMT and it is not part of the Group.

#### *Remuneration Policy for Senior Staff*

To deliver our charitable aims and to meet the needs of various grant agreements, Turquoise Mountain employs a significant number of staff alongside the vital support that our volunteers provide.

We are committed to ensuring that we pay our staff a fair and appropriate salary while always making sure we have the ability to do so. This is to enable us to attract and retain people with the right skills and therefore have the greatest impact in delivering our objectives.

The key management personnel of the Trust comprise the Trustees, the Chief Executive Officer, the Operations Director, the Finance Director and the Country Directors for each of Afghanistan, Myanmar, Saudi Arabia and Jordan.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEE'S REPORT (continued)**

**7 Reference and Administrative Information**

Registered Scottish Charity Number: SC037343

Company Number: SC299579

Registered Office: Turcan Connell LLP  
Princes Exchange  
1 Earl Grey Street  
Edinburgh  
EH3 9EE

*Advisors*

Auditor: Chiene + Tait LLP  
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



**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEE'S REPORT (continued)**

**8 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 (FRS 102);
- 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; and,
- 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.

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.

**9 Re-appointment of auditor**

In accordance with section 487 of the Companies Act 2006, Chiene & Tait LLP will be deemed to be re-appointed as auditors at the 2018 annual general meeting.

The Trustees' Report and the Strategic Report have been approved by the Trustees on 20 September 2019 and signed on their behalf by:



**Richard Keith (Chairman)**

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



**Opinion**

We have audited the financial statements of The Turquoise Mountain Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Trust Balance Sheet, the Consolidated and Trust Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2018, and of the groups incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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



**Other information**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, set out on page 17, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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



**Auditor's responsibilities for the audit of the financial statements**

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Malcolm Beveridge*

Malcolm Beveridge CA (Senior Statutory Auditor)  
For and on behalf of  
CHIENE + TAIT LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh, EH3 6NL

24 SEPTEMBER 2019

Chiene + Tait LLP 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)

**CONSOLIDATED STATEMENT of FINANCIAL ACTIVITIES (including income and expenditure account)**

**For the year ended 31 December 2018**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
<b>Income from:</b>					
<i>Donations and legacies</i>	5	448,812	-	448,812	390,316
<i>Charitable activities</i>					
Grants received		-	4,138,368	4,138,368	3,591,714
Sale of goods and services		106,692	-	106,692	367,708
Other trading activities	6	432,842	-	432,842	233,093
<i>Investments</i>					
Bank interest		428	-	428	526
<i>Other</i>					
Foreign exchange (losses)/gains		57,809	27,427	85,236	(281,854)
<b>Total income</b>		<b>1,046,583</b>	<b>4,165,795</b>	<b>5,212,378</b>	<b>4,301,503</b>
<b>Expenditure on:</b>					
<i>Raising funds</i>	8	554,150	27,410	581,560	313,397
<i>Charitable activities</i>	8				
Urban Regeneration		267,785	894,608	1,162,393	1,123,110
Community Development		200,293	77,165	277,458	246,636
Education		508,331	319,700	828,031	664,430
Artisan Development		635,767	2,500,552	3,136,319	3,180,516
<b>Total expenditure</b>		<b>2,166,326</b>	<b>3,819,435</b>	<b>5,985,761</b>	<b>5,528,089</b>
<b>Net (expenditure)/income before transfers</b>		<b>(1,119,743)</b>	<b>346,360</b>	<b>(773,383)</b>	<b>(1,226,586)</b>
Gross transfers between funds	22	5,782	(5,782)	-	-
<b>Net (expenditure)/ income and net movement in funds</b>		<b>(1,113,961)</b>	<b>340,578</b>	<b>(773,383)</b>	<b>(1,226,586)</b>
Total funds brought forward	22	2,263,473	239,641	2,503,114	3,729,700
<b>Total funds carried forward</b>	22	<b>1,149,512</b>	<b>580,219</b>	<b>1,729,731</b>	<b>2,503,114</b>
		=====	=====	=====	=====

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 24 to 38 form part of these financial statements.


**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

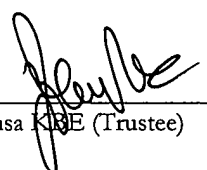
**CONSOLIDATED BALANCE SHEET**

**As at 31 December 2018**

	Notes	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	15		99,944		120,054
			-----		-----
			99,944		120,054
<b>Current assets</b>					
Stocks	17	93,308		112,246	
Debtors	18	863,497		1,665,140	
Cash at bank and in hand		952,637		956,798	
		-----		-----	
		1,909,442		2,734,184	
<b>Liabilities</b>					
Creditors falling due within one year	19	279,655		351,124	
		-----		-----	
<b>Net current assets</b>			1,629,787		2,383,060
			-----		-----
<b>Net assets</b>			1,729,731		2,503,114
			=====		=====
<b>The funds of the charity</b>					
Unrestricted funds	22		1,149,512		2,263,473
Restricted funds	22		580,219		239,641
			-----		-----
<b>Total charity funds</b>			1,729,731		2,503,114
			=====		=====

The financial statements were approved by the Trustees on 20 September 2019 and are signed on their behalf by:

  
\_\_\_\_\_  
Richard Keith (Chairman)

  
\_\_\_\_\_  
Sir John Tusa KBE (Trustee)

Company Number: SC299579

The notes on pages 24 to 38 form part of these financial statements.


**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

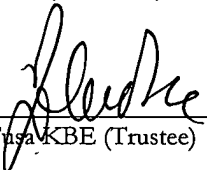
**TRUST BALANCE SHEET**

**As at 31 December 2018**

	Notes	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	15		99,944		120,054
Investments	16		5,000		5,000
			-----		-----
			104,944		125,054
<b>Current assets</b>					
Stocks	17	40,557		63,054	
Debtors:	18				
Amounts falling due within one year		864,719		1,644,383	
Amounts falling due after one year		-		35,821	
Cash at bank and in hand		916,922		934,311	
		1,822,198		2,677,569	
<b>Liabilities</b>					
Creditors falling due within one year	19	197,411		299,509	
			-----	-----	
<b>Net current assets</b>			1,624,787		2,378,060
			-----		-----
<b>Net assets</b>			1,729,731		2,503,114
			=====		=====
<b>The funds of the charity</b>					
Unrestricted funds	22		1,149,512		2,263,473
Restricted funds	22		580,219		239,641
			-----		-----
<b>Total charity funds</b>			1,729,731		2,503,114
			=====		=====

The financial statements were approved by the Trustees on 20 September 2019 and are signed on their behalf by:

  
\_\_\_\_\_  
Richard Keith (Chairman)

  
\_\_\_\_\_  
Sir John Tusa KBE (Trustee)

Company Number: SC299579

The notes on pages 24 to 38 form part of these financial statements.

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**CONSOLIDATED AND TRUST STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2018**

	Trust 2018 £	Trust 2017 £	Group 2018 £	Group 2017 £
<b>Net movement in funds</b>	(773,383)	(1,228,374)	(773,383)	(1,226,586)
Deduct interest income shown in investing activities	(1,827)	(1,347)	(428)	(526)
Add back depreciation charge	61,698	54,143	61,698	54,143
Add loss on disposal of fixed assets	739	4,258	739	4,258
Decrease/(increase) in stock	22,497	10,364	18,938	(30,193)
Decrease/(increase) in debtors	815,485	(1,141,368)	801,643	(1,136,298)
(Decrease)/increase in creditors	(102,098)	96	(71,469)	49,010
	-----	-----	-----	-----
<b>Net cash generated by/(used in) operating activities</b>	23,111	(2,302,228)	37,738	(2,286,192)
	-----	-----	-----	-----
<b>Cash flows from investing activities</b>				
Interest income	1,827	1,347	428	526
Purchase of tangible fixed assets	(42,327)	(108,492)	(42,327)	(108,492)
	-----	-----	-----	-----
<b>Cash (used in) investing activities</b>	(40,500)	(107,145)	(41,899)	(107,966)
	-----	-----	-----	-----
<b>Decrease in cash in the year</b>	(17,389)	(2,409,373)	(4,161)	(2,394,158)
	-----	-----	-----	-----
<b>Cash and cash equivalents at the beginning of the year</b>	934,311	3,343,684	956,798	3,350,956
	-----	-----	-----	-----
<b>Cash and cash equivalents at the end of year</b>	916,922	934,311	952,637	956,798
	=====	=====	=====	=====

The notes on pages 24 to 38 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 2018**

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**1. General information**

The Trust is a private company limited by guarantee, registered in Scotland. The address of the registered office is c/o Turcan Connell LLP, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE.

**2. Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Turquoise Mountain Trust meets the definition of a public benefit entity under FRS 102.

**3. Accounting policies**

**a) Basis of preparation**

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling (£GBP). The Trust operates with multiple funders and in multiple countries, the main currency in use being US Dollars (\$USD). The Trust's functional currency is therefore US Dollars.

**b) Going concern**

The financial statements have been prepared on a going concern basis. The Group has reported net expenditure of £773,383 (2017: net expenditure of £1,226,586) for the year. 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) Significant judgements and estimation uncertainty**

In the application of the Trust's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for carrying amounts of tangible assets.

**d) Basis of consolidation**

These financial statements consolidate the results of the Trust and its subsidiary undertaking, The Turquoise Mountain Trading Company Ltd, on a line by line basis. A separate statement of financial activities is not presented for the Trust itself following exemptions offered by section 408 of the Companies Act.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**3. Accounting policies** *(continued)*

**e) Revenue recognition**

***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, the receipt is probable and the amount can be measured with sufficient reliability.

***Grant income***

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, any performance conditions attached to the grants have been met, the receipt is probable and the amount can be measured with sufficient reliability.

***Charitable activities and other trading activities***

Income from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

***Investment income***

Investment income consists of bank interest and is included in the period in which it is receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

***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.

**f) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party. Grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable. The Trust and its subsidiary are not registered for VAT and therefore expenditure is stated inclusive of VAT.

- Costs of raising funds are those associated with generating income, 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, Myanmar, Saudi Arabia and Jordan to meet the Trust's primary objectives and include both the direct costs and the support costs relating to these activities.
- Costs directly attributable to charitable activities together with the associated support and governance costs 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.
- 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.

**g) 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.

**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 22.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

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**3. Accounting policies** *(continued)*

**i) Tangible fixed assets**

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

**j) 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

**k) Stock**

Stocks of materials used and products produced are stated at the lower of cost and selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

**l) Debtors**

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

**m) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**n) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**o) Financial instruments**

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**p) 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.

**q) Operating leases**

The Trust classifies the lease of properties as operating leases; the title to the properties remains with the lessor and the leases are renewed on a regular basis. Rental charges are charged on a straight line basis over the term of the lease.

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**4. 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.

**5. Donations and legacies**

	Un- restricted £	Restricted £	2018 Total £	Un- restricted £	Restricted £	2017 Total £
Donations	448,812	-	448,812	390,316	-	390,316
	=====	=====	=====	=====	=====	=====

**6. Other trading activities**

	Un- restricted £	Restricted £	2018 Total £	Un- restricted £	Restricted £	2017 Total £
Trading subsidiary – sales of goods	432,842	-	432,842	233,093	-	233,093
	=====	=====	=====	=====	=====	=====

**7. Net expenditure**

		2018 £	2017 £
Net expenditure is stated after charging:			
Depreciation		61,698	54,143
Auditor's remuneration	- audit services for the Trust	25,620	27,575
	- audit services for the Trading subsidiary	3,420	3,000
	- other services	2,483	1,596
		=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS (continued)**

For the Year Ended 31 December 2018

**8. (a) Resources expended by activity**

	Staff costs £	Direct costs £	Sub-total 2018 £	General Management £	Financial Management £	Human Resources £	IT £	Programme support £	Governance Costs £	Total 2018 £	Total 2017 £
<i>Charitable activities</i>											
Urban											
Regeneration	488,561	517,519	1,006,080	33,285	26,466	1,453	12,165	58,484	24,460	1,162,393	1,123,110
Community											
Development	85,464	153,197	238,661	8,321	6,617	363	3,041	14,621	5,834	277,458	246,636
Education	198,884	512,836	711,720	24,964	19,850	1,089	9,124	43,863	17,421	828,031	664,430
Business											
Development	1,657,505	1,050,220	2,707,725	91,532	72,783	3,995	33,454	160,830	66,000	3,136,319	3,180,516
	2,430,414	2,233,772	4,664,186	158,102	125,716	6,900	57,784	277,798	113,715	5,404,201	5,214,692
<i>Costs of raising Funds</i>											
-Trust	29,012	108,228	137,240	4,994	4,027	218	1,825	8,773	-	157,077	84,016
-Trading											
Subsidiary	-	424,483	424,483	-	-	-	-	-	-	424,483	229,381
	29,012	532,711	561,723	4,994	4,027	218	1,825	8,773	-	581,560	313,397
	2,459,426	2,766,483	5,225,909	163,096	129,743	7,118	59,609	286,571	113,715	5,985,761	5,528,089

**Support costs have been allocated on the following bases:**

General management	Estimated time spent
Financial management	Estimated time spent
Premises and facilities	Estimated usage
Programme support	Pro-rata by expenditure
Governance costs	Pro-rata by expenditure

Included within Charitable activities, Education, direct costs, are grants payable to the Turquoise Mountain Institute of £382,527 (2017: £446,724).

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**8. (b) Resources expended detailed funds allocation**

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 Unrestricted £	2017 Restricted £	2017 Total £
<b>Charitable activities</b>						
Urban Regeneration	267,785	894,608	1,162,393	254,622	868,488	1,123,110
Community Development	200,293	77,165	277,458	141,553	105,083	246,636
Education	508,331	319,700	828,031	536,324	128,106	664,430
Artisan Development	635,767	2,500,552	3,136,319	306,704	2,873,812	3,180,516
	-----	-----	-----	-----	-----	-----
	1,612,176	3,792,025	5,404,201	1,239,203	3,975,489	5,214,692
<b>Cost of raising funds</b>						
- Trust	129,667	27,410	157,077	57,817	26,199	84,016
- Trading subsidiary	424,483	-	424,483	229,381	-	229,381
	-----	-----	-----	-----	-----	-----
	554,150	27,410	581,560	287,198	26,199	313,397
	-----	-----	-----	-----	-----	-----
	2,166,326	3,819,435	5,985,761	1,526,401	4,001,688	5,528,089
	=====	=====	=====	=====	=====	=====

**9. Governance costs**

	2018 £	2017 £
Staff costs	29,012	28,697
Direct costs	44,063	18,857
General management	3,329	1,581
Financial management	4,481	847
Human resources	145	379
Information technology	1,217	166
Program support	5,848	3,779
Audit fees	25,620	27,575
	-----	-----
	113,715	81,881
	=====	=====

**10. Staff costs**

	2018 £	2017 £
Wages and salaries	2,882,369	2,548,183
Employer's national insurance	44,021	53,209
Pension costs	40,039	34,741
	-----	-----
	2,966,429	2,636,133
	=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

<b>10. Staff costs (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
The average number of employees during the year was as follows:		
Afghan National Staff	150	118
International Staff	12	16
UK Staff	9	6
Myanmar Staff	4	4
Saudi Staff	14	7
Jordan Staff	4	-
	-----	-----
	193	151
	=====	=====

Staff costs include employed staff and non-UK personnel working outside the UK contracted to work under consultancy agreements.

One employee earned between £110,000 and £120,000, two employees earned between £90,000 and £100,000, two employees earned between £70,000 and £80,000, and seven employees earned between £60,000 and £70,000 during the year (2017: One employee earned between £110,000 and £120,000, two employees earned between £80,000 and £90,000, two employees earned between £70,000 and £80,000 and three employees earned between £60,000 and £70,000). The company accrued pension contributions totalling £15,000 (2017: £Nil) in respect of the employee earning between £110,000 and £120,000 during the year.

The key management personnel of the Trust comprise the Trustees, the Chief Executive Officer, the Operations Director, the Finance Director and the Country Directors for each of Afghanistan, Myanmar, Saudi Arabia and Jordan. The total employee benefits of the key management personnel of the Trust were £555,843 (2017: £536,809).

**11. Trustee remuneration and expenses**

During the year, no Trustees were remunerated for services provided to the Trust (2017: one Trustee received remuneration of £15,862). The Memorandum of Understanding permits payments where appropriate.

Two Trustees received reimbursement of travelling expenses incurred on Trust activities amounting to £2,900 (2017: £6,594). In addition, the Trust provided Trustee Indemnity Insurance with a cost of £1,206 (2017: £1,162).

**12. Taxation**

The Turquoise Mountain Trust's charitable activities fall within the exemptions afforded by part 11 of the Corporation Tax Act 2010. The subsidiary, Turquoise Mountain Trading Limited, has not incurred a charge to corporation tax due to the profits for the year being relieved by gift aid payment to the Trust. Accordingly, there is no Corporation Tax charge in these financial statements (2017: £Nil).

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**13. Prior year statement of financial activities - group**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2017 £</b>
<b>Income from:</b>			
<i>Donations and legacies</i>	390,316	-	390,316
<i>Charitable activities</i>			
Grants received	-	3,591,714	3,591,714
Sale of goods and services	157,334	210,374	367,708
Other trading activities	233,093	-	233,093
<i>Investments</i>			
Bank interest	526	-	526
<i>Other</i>			
Foreign exchange (losses)/gains	(247,509)	(34,345)	(281,854)
<b>Total income</b>	<b>533,760</b>	<b>3,767,743</b>	<b>4,301,503</b>
<b>Expenditure on:</b>			
<i>Raising funds</i>	287,198	26,199	313,397
<i>Charitable activities</i>			
Urban Regeneration	254,622	868,488	1,123,110
Community Development	141,553	105,083	246,636
Education	536,324	128,106	664,430
Artisan Development	306,704	2,873,812	3,180,516
<b>Total expenditure</b>	<b>1,526,401</b>	<b>4,001,688</b>	<b>5,528,089</b>
<b>Net (expenditure)/income before transfers</b>	<b>(992,641)</b>	<b>(233,945)</b>	<b>(1,226,586)</b>
Gross transfers between funds	-	-	-
<b>Net (expenditure)/ income</b>	<b>(992,641)</b>	<b>(233,945)</b>	<b>(1,226,586)</b>
Total funds brought forward	3,256,114	473,586	3,729,700
<b>Total funds carried forward</b>	<b>2,263,473</b>	<b>239,641</b>	<b>2,503,114</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>



**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**14. Financial activities of the Trust**

The financial activities shown in the consolidated statement includes those of the Trust's related undertaking, Turquoise Mountain Trading Ltd.

A summary of the financial activities undertaken by the Trust is set out below:

	2018 £	2017 £
Gross incoming resources	4,787,895	4,070,334
Cost of raising funds	(157,077)	(84,016)
Total expenditure on charitable activities	(5,404,201)	(5,214,692)
	-----	-----
	(773,383)	(1,228,374)
Total funds brought forward	2,503,114	3,731,488
	-----	-----
<b>Total funds carried forward</b>	1,729,731	2,503,114
	=====	=====
Represented by:		
Unrestricted funds	1,149,512	2,263,473
Restricted funds	580,219	239,641
	-----	-----
	1,729,731	2,503,114
	=====	=====

**15. Tangible assets – Group and Trust**

	Furniture and fixtures £	Tools and equipment £	Computers and software £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2018	35,670	234,723	125,022	14,469	409,884
Additions	-	26,508	15,819	-	42,327
Disposals	-	(1,231)	-	-	(1,231)
	-----	-----	-----	-----	-----
At 31 December 2018	35,670	260,000	140,841	14,469	450,980
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1 January 2018	20,482	173,033	81,848	14,467	289,830
Charge for year	4,646	26,197	30,855	-	61,698
Disposals	-	(492)	-	-	(492)
	-----	-----	-----	-----	-----
At 31 December 2018	25,128	198,738	112,703	14,467	351,036
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 31 December 2018	10,542	61,262	28,138	2	99,944
	=====	=====	=====	=====	=====
<b>Net book value</b>					
At 31 December 2017	15,188	61,690	43,174	2	120,054
	=====	=====	=====	=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

<b>16. Investments - Trust</b>	<b>2018</b>	<b>2017</b>
	£	£
Investments in subsidiaries		
Cost at 1 January 2018 and 31 December 2018	5,000	5,000
	=====	=====

The Trust holds 100% of the share capital of Turquoise Mountain Trading Limited. Turquoise Mountain Trading Limited is incorporated in Scotland with company registration number SC487651.

The subsidiary's principal activity is the purchase and sale of goods such as jewellery, woodwork and carpets.

At 31 December 2018 the aggregate amount of capital and reserves of Turquoise Mountain Trading Limited was £5,000 (2017: £5,000) and the profit for the year was £6,960 (2017: £2,891).

<b>17. Stock</b>	<b>Group</b>	<b>2018 Trust</b>	<b>Group</b>	<b>2017 Trust</b>
	£	£	£	£
Finished goods	93,308	40,557	112,246	63,054
	=====	=====	=====	=====

<b>18. Debtors</b>	<b>Group</b>	<b>2018 Trust</b>	<b>Group</b>	<b>2017 Trust</b>
	£	£	£	£
Trade debtors	396,250	293,027	451,680	377,719
Sundry debtors	118,887	114,175	128,357	126,482
Deposits	32,036	32,036	42,900	42,900
Prepayments	92,468	91,710	99,775	99,775
Amounts due by group undertakings	-	109,915	-	90,900
Accrued income- grants	223,856	223,856	942,428	942,428
	-----	-----	-----	-----
	863,497	864,719	1,665,140	1,680,204
	=====	=====	=====	=====

Included within Amounts due by group debtors of the Trust is £Nil (2017: £35,821) due after one year.

<b>19. Creditors: amounts falling due within one year</b>	<b>Group</b>	<b>2018 Trust</b>	<b>Group</b>	<b>2017 Trust</b>
	£	£	£	£
Trade creditors	93,229	72,039	163,922	129,293
Other creditors and accruals	186,426	125,372	187,202	170,216
	-----	-----	-----	-----
	279,655	197,411	351,124	299,509
	=====	=====	=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**20. Related party transactions**

Turquoise Mountain Trading Ltd (TMTL), a company registered in Scotland, is a 100% subsidiary of The Turquoise Mountain Trust. The Turquoise Mountain Trust has advanced loans totalling £35,000 to TMTL. The loans attract interest at 3% above UK LIBOR and are repayable on 23 December 2019. In addition, both entities have settled liabilities on behalf of the other and sales invoices have also been received by The Turquoise Mountain Trust on behalf of TMTL. At 31 December 2018, Turquoise Mountain Trading Ltd owed The Turquoise Mountain Trust £109,915 (2017: £90,900), £Nil (2017: £35,821) being due in more than one year.

Turquoise Mountain Foundation US is a related party as detailed in the Trustees' Report on page 15. During the transactions between the parties for recharging costs and reimbursing expenditure on shared resources were incurred. At 31 December 2018, Turquoise Mountain Foundation US owed The Turquoise Mountain Trust £2,476 (2017: £7,361).

The Organization for Afghan Arts & Architecture (The Institute), an NGO registered in Afghanistan, is a related party as detailed in the Trustees' Report on page 15. The Turquoise Mountain Trust provided The Institute with direct grant funding of £382,527 (2017: £446,724) and indirect grant funding of £1,077 (2017: £3,057). At 31 December 2018, The Institute owed The Turquoise Mountain Trust £28,150 (2017: £49,807).

Myanmar Artisans Limited (MAL) is a company registered in Myanmar over which Turquoise Mountain Trust hold no overall control but does provide practical management advice to support their social enterprise model as detailed in the Trustees' Report on page 15. MAL paid the Trust £25,768 (2017: £41,400) for services and support provided.

**21. Operating lease commitments**

Total amounts payable under operating leases at 31 December are analysed below.

	2018	2017
	£	£
Operating leases for land and buildings are due:		
- within 1 year	77,475	188,994
- between 2 to 5 years	7,715	45,259
- after more than 5 years	3,659	4,932
	-----	-----
	88,849	239,185
	=====	=====

Lease payments recognised for the year amounted to £169,459 (2017: £165,847).

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

	1 January 2018 £	Resources recognised to income £	Resources expended £	Exchange gains/ (losses) £	Transfers £	31 December 2018 £
<b>22. Reserves - Group</b>						
<u>Restricted</u>						
British Council	47,849	1,188,060	(1,205,575)	1,818	-	32,152
British Council – Jordan	-	2,724	(2,724)	-	-	-
GIZ	2,782	-	-	152	-	2,934
Mosawi Foundation	-	20,660	(20,651)	(9)	-	-
SHP	845	-	-	47	-	892
SHP - Phase 2	4,917	70,141	(70,034)	274	-	5,298
SHP - Phase 3	-	635,150	(470,201)	7,570	-	172,519
SHP - Beading	-	8,943	(8,982)	39	-	-
Kadoorie	-	67,298	(67,298)	-	-	-
USAID - RACCE	55,646	850,995	(825,648)	4,205	-	85,198
Suu Foundation	3,873	-	-	211	-	4,084
NRC	-	45,863	(41,426)	204	-	4,641
PWCF	837	-	-	48	-	885
Al-Waleed – Saudi	6,389	184,054	(184,022)	360	-	6,781
Al-Waleed – Myanmar	-	122,703	(50,695)	3,303	-	75,311
KSCDR/SHP - Radisson	20,656	66,599	(85,039)	290	-	2,506
World Bank	23,542	141,721	(162,768)	319	-	2,814
Smithsonian Institution	-	11,043	-	-	(11,043)	-
Said Foundation - 2	66,348	115,364	(182,152)	558	-	118
Said Foundation - 3	-	267,543	(91,534)	8,077	-	184,086
UNHCR	665	(626)	-	(39)	-	-
SCTNH	5,292	340,133	(350,686)	-	5,261	-
	239,641	4,138,368	(3,819,435)	27,427	(5,782)	580,219
Unrestricted funds	2,263,473	988,774	(2,166,326)	57,809	5,782	1,149,512
	2,503,114	5,127,142	(5,985,761)	85,236	-	1,729,731
	=====	=====	=====	=====	=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

22. Reserves – Group <i>(continued)</i>	1 January 2017 £	Resources recognised to income £	Resources expended £	Exchange gains/ (losses) £	Transfers £	31 December 2017 £
<b>Prior year comparative</b>						
<b>Restricted</b>						
British Council	-	1,024,887	(974,623)	(2,415)	-	47,849
GIZ	-	11,626	(8,703)	(141)	-	2,782
Mosawi Foundation	10,799	22,128	(32,436)	(491)	-	-
SHP	29,710	-	(27,426)	(1,439)	-	845
SHP- Phase 2	-	302,730	(297,566)	(247)	-	4,917
SHP- Beading	-	1,944	(1,944)	-	-	-
USAID - BLT	3,272	23,995	(27,113)	(154)	-	-
USAID - RACCE	102,389	1,184,303	(1,223,427)	(7,619)	-	55,646
Suu Foundation	6,727	99,709	(102,052)	(511)	-	3,873
USIP	11,628	4,025	(15,108)	(545)	-	-
PWCF	44,662	-	(41,685)	(2,140)	-	837
Al-Waleed – Saudi	184,659	383,494	(552,765)	(8,999)	-	6,389
KSCDR/SHP - Radisson	79,740	276,810	(331,105)	(4,789)	-	20,656
World Bank	-	210,922	(186,192)	(1,188)	-	23,542
Lutheran World Federation	-	6,673	(6,672)	(1)	-	-
Said Foundation - Syria	-	24,529	(24,513)	(16)	-	-
Said Foundation - 2	-	118,164	(48,467)	(3,349)	-	66,348
UNHCR	-	37,931	(37,232)	(34)	-	665
SCTNH	-	68,218	(62,659)	(267)	-	5,292
	473,586	3,802,088	(4,001,688)	(34,345)	-	239,641
Unrestricted funds	3,256,114	781,269	(1,526,401)	(247,509)	-	2,263,473
	3,729,700	4,583,357	(5,528,089)	(281,854)	-	2,503,114
	=====	=====	=====	=====	=====	=====

**Restricted fund projects:**

- i. **British Council** – funding designed to protect cultural heritage through documentation and restoration of buildings in central Kabul, developing Afghan skills and labour in heritage restoration and opening wider access to local Afghan cultural heritage
- ii. **British Council – Jordan** - support for the training of artisans in Syrian, Jordanian and wider Levantine craft techniques as well as cultural heritage protection and awareness raising
- iii. **GIZ** – jewellery tools and equipment donated in support of Afghan artisans
- iv. **Mosawi Foundation** contributing to the effective operations of the clinic in Kabul providing healthcare to residents of the local community
- v. **SHP Phase 1, Phase 2 and Phase 3– The Saudi Commission for Tourism & National Heritage, via the Saudi Handicraft Programme** provided funds to pursue the study of Saudi handicrafts.
- vi. **SHP- Beading - The Saudi Commission for Tourism & National Heritage, via the Saudi Handicraft Programme** provided funds for support of local artisans
- vii. **Kadoorie** - helping to build livelihoods for women weavers in Myanmar and create support for the wider textiles sector

**THE TURQUOISE MOUNTAIN TRUST**  
**(A Company Limited by Guarantee)**

**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2018**

**22. Reserves (continued)**

- viii. **USAID** - Turquoise Mountain Trust has been supported through a number of grant contracts with USAID, the most significant of which is a three-year agreement which provides funding and support for a large proportion of Turquoise Mountain activities. The USAID funded projects include: an exhibition at the Smithsonian Institute in the USA to promote the activities of the Trust and projects predominately based around economic growth both for the residents of Murad Khani and the students within the Institute. Completed projects with assets that were purchased are permitted to be passed to ownership of Turquoise Mountain Trust.
- ix. **SUU Foundation** – support to revive and develop traditional jewellery crafts in Myanmar through research, design and production linking local artisans with international markets.
- x. **NRC** - creating shelter solutions, socio-economic reintegration and urban regeneration for displaced Afghans in Afghanistan
- xi. **USIP** – cultural heritage symposium and contribution to initiatives for peace after conflict
- xii. **PWCF** – funding to provide support to Turquoise Mountain Trust in its cultural heritage activity in Afghanistan
- xiii. **Al-Waleed Saudi** – creating sustainable livelihoods for women through the revival and training in traditional craft techniques, developing jewellery lines and establishing a centre of crafts excellence
- xiv. **Al-Waleed Myanmar** – support to artisans in Myanmar through training in conservation techniques for builders and professionals involved in restoration; support to the historic restoration of the Tourist Burma building
- xv. **KSCDR/SHP** – a commission for artisan designed artwork and craft items for walls and public spaces in a new hotel building in Saudi Arabia with support from the King Salmon Centre for Disability Research
- xvi. **World Bank** – funding to create sustainable jobs within the Afghan carpet trade with a focus on women and traditional craft designs with links to international value chains
- xvii. **Smithsonian Institution**- supporting participation at the World Economic Forum to exhibit Afghan artists and their work
- xviii. **Lutheran World Federation** – the development of a Myanmar artisans toolkit to support local artisans in continued understanding and development of their craft and associated business skills
- xix. **Said Foundation: Scoping** – scoping study into heritage restoration across the Levant
- xx. **Said Foundation: 2<sup>nd</sup> and 3<sup>rd</sup> phase** – funding providing the initiation of work in cultural heritage and intangible heritage in Jordan to support local and wider Levant society
- xxi. **UNHCR** – support for communities of carpet weavers in major cities in Afghanistan and linking them to international markets
- xxii. **SCTNH – The Saudi Commission for Tourism & National Heritage** Saudi training & support for the handicraft industry with a focus on women artisans in Yanbu and Madinah through artistic, economic and technical training and opportunities.

**THE TURQUOISE MOUNTAIN TRUST**  
(A Company Limited by Guarantee)

**NOTES to the FINANCIAL STATEMENTS.** *(continued)*

**For the Year Ended 31 December 2018**

23. Analysis of net assets between funds - Group	Tangible Fixed Assets £	Net Current Assets £	2018 Total £
Restricted funds	65,855	514,364	580,219
Unrestricted funds	34,089	1,115,423	1,149,512
	<u>99,944</u>	<u>1,629,787</u>	<u>1,729,731</u>
	=====	=====	=====
	Tangible Fixed Assets £	Net Current Assets £	2017 £
Restricted funds	69,835	169,806	239,641
Unrestricted funds	50,219	2,213,254	2,263,473
	<u>120,054</u>	<u>2,383,060</u>	<u>2,503,114</u>
	=====	=====	=====
24. 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 £32,484 (2017: £34,741). Pension contributions outstanding at 31 December 2018 were £2,813 (2017: £30,078).