

# TURQUOISE MOUNTAIN

THE TURQUOISE MOUNTAIN TRUST  
(A Company Limited by Guarantee)

CONSOLIDATED REPORT and FINANCIAL STATEMENTS

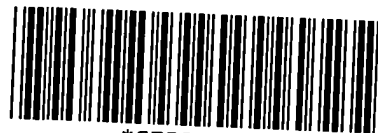
For the Year Ended 31 December 2017

COMPANIES HOUSE  
EDINBURGH

25 SEP 2018

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COMPANIES HOUSE

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

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• **THE TURQUOISE MOUNTAIN TRUST**  
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**CHIEF EXECUTIVE'S INTRODUCTION**

Dear Friends,

2017 has been an extraordinary year for Turquoise Mountain, and we are so grateful to you – an incredible network of friends and supporters around the world. Over the last year Turquoise Mountain has been supported by many private and public individuals and institutions, and in particular we would like to thank United States Agency for International Development who have continued to support us from our first days of operation in skills and business development in Afghanistan. Cultural funding from the British Council for the restoration of the historic Murad Khani district of Kabul, the Suu Foundation for their pillar of support in Myanmar, The Said Foundation for enabling us to launch our response to the crisis in Syria, and The Saudi Ministry of Tourism for skills training and women focused business development in sites across Saudi Arabia. We would also like to thank Alwaleed Philanthropies for their continuing support.

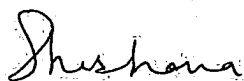
I'm also incredibly grateful for the hard work of trustees and staff. Thank you.

Turquoise Mountain now works in four countries – Afghanistan, Myanmar, Saudi Arabia and Jordan. We continue to aspire to the vision of our Royal Founding Patron HRH The Prince of Wales to rebuild historic areas and traditional crafts, creating jobs, skills and a renewed sense of pride. In the autumn of 2017 we launched our response to the crisis in Syria and more widely, with Turquoise Mountain Jordan, working with Syrian artisans, as well as Jordanians, Palestinians, Iraqis and other nationalities in Jordan. We hope to impact people not only in the countries in which we work but also in the UK, as we share skills and cultures across borders, and create opportunities for employment and collaborations between artisans and iconic British brands, bringing a sense of pride to all.

Since 2006, we have worked with over 6,000 artisans and traditional builders, rebuilt over 150 buildings, seen over 100,000 patients in our clinic in Kabul, and sold over \$6 million of the highest quality hand-made products.

Over 400,000 visitors saw the exhibition *Turquoise Mountain: Artists Transforming Afghanistan*, at the Freer|Sackler Galleries of the Smithsonian Museum in Washington DC. It was the most popular exhibit at the museum in the last five years, and an expanded version of it premiered at the World Economic Forum at Davos in January of 2018 and at Buckingham Palace in the summer of 2018.

I include pictures and highlights below. And I can't emphasize enough how grateful I am for all of your support over the last year, and for most of you much longer. From all of us, thank you.



Shoshana Stewart  
Chief Executive Officer  
Turquoise Mountain

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**CHIEF EXECUTIVE'S HIGHLIGHTS**

*A Global Artisan Revival*

The Smithsonian exhibition drew more visitors, more families, and changed more perceptions than we would have imagined. The extension of the exhibition at Davos 2018 – a collaboration with the Smithsonian and the World Economic Forum titled MASTERWORKS – explored the role of art and culture in creating valuable social change, and how to harness their impact for a common good. Working in pairs, artisans from Afghanistan, Myanmar, the US, the UK, Saudi Arabia and Switzerland collaborated across borders and cultures to create, in real time, new interpretations of their own craft.

*Afghanistan*

Our first, and biggest, project continues to thrive and grow from its home in Murad Khani, at the heart of Kabul's Old City. 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 three historic buildings, expanded our family health clinic services and space, and are building a new primary school, dormitory and community garden. We are working with over 32 businesses and almost 500 artisans, across Kabul, Bamiyan, Mazar-e Sharif and Herat, to build the craft economy. And we are piloting carpet projects with the World Bank and UNHCR, which we hope will be the first stage of a much larger project for us, and for the Afghan Government, potentially reaching hundreds of thousands of weavers in the future. The pilots work with 500 female weavers, and we hope will prove that the model that has worked in Turkey, Nepal and India - of a higher value, more integrated international supply chain based around weaving centres - can work in Afghanistan. This would grow exports, improve working conditions, and double weavers' daily wages.

*Myanmar*

We have begun the restoration of *Tourist Burma*, one of Yangon's most prominent and historically significant buildings. It will be the first major project of its kind in Yangon and a model for the preservation of the entire downtown district. We will train over 1,000 people on the project and the building will be open to the public, including the rooftop garden overlooking the magnificent Sule Pagoda.

Our jewellery workshop has grown faster than we could have expected and is now self-sustaining. Goldsmith Tin Win joined us in Davos, showing the incredible traditions and craftsmanship alive in Myanmar. We plan to expand into textiles this year, working with communities and traditions from across Myanmar - Chin, Karen, Shan, Kachin - all coming together at a finishing and sewing workshop in Yangon. We are well on the way to partnering with two five-star hotels in Yangon, bringing authentic Myanmar crafts into their rooms, which would provide a strong precedent for buying local at the highest quality and design.

*Saudi Arabia*

We produced over \$500,000 of craft objects this year for luxury hotels in Saudi Arabia, including the Four Seasons, the Radisson Blu and the Marriott, as well as online. These commissions have brought together hundreds of Saudi artisans from across the Kingdom (including 7 women's workshops and collectives) - weavers from Qassim, painters from Asir, ceramicists and plaster carvers from Jeddah - with other Turquoise Mountain artisans around the world.

Hanan Rawas, below, from Saudi Arabia, attended Davos as part of a collaboration with Naseer Yasna Mansouri from Afghanistan, to make pieces in carved plaster and wood inspired by Jeddah's Old City, a UNESCO heritage site. Hanan is one of a group of women producing a \$75,000 commission for the Marriott Hotel.

**THE TURQUOISE MOUNTAIN TRUST  
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**CHIEF EXECUTIVE'S HIGHLIGHTS (*continued*)**

*Levant*

We launched Turquoise Mountain Jordan in October in conjunction with and through the support of the Said Foundation, in response to the Syrian refugee crisis. We aim to work with over 500 artisans over the next two years. We have already started supporting ten workshops in Jordan run by Syrian refugees, working in wood, mother of pearl, brass, and plaster painting. Syrian master artisans will train the next generation of Syrian craftsmen in refugee camps, and of all nationalities among host communities. And we are so grateful to our many wonderful partners, including Tiraz and Ettijhat, Mercy Corps and UNHCR.

Below are the first samples that we have commissioned from Syrian-led workshops for Gulf hotel markets. Our hope is that these artisans from across the Levant will come together in a shared and positive sense of identity, generating much needed employment and preserving their skills and traditions for the next generation.

**THE TURQUOISE MOUNTAIN TRUST**  
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**WHERE WE WORK**

In 2017, Turquoise Mountain worked in various locations throughout the world and continued its core project work in some of the world's most conflicted areas.

Afghanistan – Preservation of culture and heritage, and economic development

Jordan – Preservation of culture and heritage, and economic development

Myanmar – Preservation of culture and heritage, and economic development

Saudi Arabia – Preservation of culture and heritage, and economic development

U.S.A. – Exhibition

## **TRUSTEE'S REPORT**

The Trustees present their report along with the financial statements of Turquoise Mountain Trust for the year ended 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out on pages 25-27 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 transformed the old city neighbourhood of Murad Khani, from slum conditions into a vibrant cultural, educational and economic hub. Turquoise Mountain has restored over 150 historic buildings, cleared 30,000 cubic metres of rubbish and installed full infrastructure and services throughout the community. A primary school and a health clinic that has served over 100,000 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, now 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.

Hundreds of 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. This craft revival has its beating heart in the Institute, which sits in the middle of Murad Khani, serving as a highly visible symbol of cooperation between Afghanistan, the international community, and the residents and students of the old city of Kabul.

#### *Myanmar*

In 2015, Turquoise Mountain established itself in Myanmar with a project aimed at the regeneration of downtown Yangon's urban heritage and the revitalisation of traditional crafts. Since that time, the project has completed the first heritage restoration in the downtown area on Merchant Street.

Turquoise Mountain has now launched the full regeneration of the Tourist Burma Building - a landmark historic building in the heart of the downtown adjacent to the famous Sule Pagoda. We have trained over 350 construction workers in restoration techniques, providing skilled workers for future conservation projects in the country, and will aim to train hundreds more in the coming year.

Turquoise Mountain has also built a fully self-sustaining jewellery workshop, creating the highest quality handmade jewellery to come from the country in decades, driving the gold standard for the industry and creating a new brand for Myanmar crafts based on quality, authenticity and sustainability. In 2018 we are launching a textiles project to preserve and revive textile traditions from different regions of Myanmar and create job opportunities.

#### *Kingdom of Saudi Arabia*

Since 2015, Turquoise Mountain has worked with the Saudi Commission for Tourism and National Heritage on traditional crafts. Through the project, Saudi artisans now have unprecedented access to commercial opportunities and new markets for high quality craft products. The partnership enables international collaboration between artisans and designers across cultures, ensuring access to the best expertise. Since its beginnings, the project has trained and worked with over 1,000 Saudi artisans, many of whom are now benefiting from large orders for thousands of artisanal products. Many of these orders will see their handicrafts presented in luxury locations across Saudi Arabia.

**TRUSTEE'S REPORT (continued)**

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

*Jordan*

In 2017, Turquoise Mountain launched a programme in Jordan as a response to the incredible tragedy of the Syrian conflict, the threat to culture and heritage, and the need for livelihoods and a sense of pride for Syrians and everyone in the region. This project works to train and support master artisans and trainees from Syria, and also from Jordan, Palestine, Iraq and elsewhere, to preserve and revive a positive sense of shared Levantine heritage and create economic opportunities.

**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 2017, Turquoise Mountain's team of national and international architects and engineers did repairs on over 60 community and commercial buildings in Murad Khani, providing emergency masonry and carpentry work, roof plastering and general maintenance.

Renovation works have begun on the new Primary School, which will accommodate over 100 children, and a dormitory for 20 students and ustads (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 will allow the Institute to take a greater number of students coming from provinces around the country.

The organisation also continued the construction of the Design Centre, which will act 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.

Plans were finalised for the new Visitor Centre, the restoration of 45 shops in the historic bazaar, new playgrounds for the children of Murad Khani, and a beautiful community garden adjacent to the new Dorm House.

Turquoise Mountain continues to train architects, engineers and site supervisors as well as un-skilled and semi-skilled labourers in traditional construction methods. In 2017, the training was delivered to over 300 skilled and semi-skilled labourers. The implementation of the trainings will also include a number of engineers from the Ministry of Culture of Afghanistan.



**TRUSTEE'S REPORT(continued)**

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

*Traditional Craft and Heritage*

**Turquoise Mountain is committed to preserving and promoting traditional craft skills and documenting intangible cultural heritage; the cornerstones of cultural preservation.**

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.

The Institute maintains close relationships with the Ministry of Information and Culture; the Ministry of Education, Technical Educational and Vocational Training; and Kabul University. It is also an honorary member of the High Commission of Art of the Ministry of Information and Culture.

In 2017, Turquoise Mountain put on a country-wide calligraphy exhibition in Kabul and Herat. Turquoise Mountain also organised a two-day conference in Kabul on the culture of Nuristan with an accompanying exhibition. This brought together over 100 leading Afghan academics, key government figures, and other important community representatives as well as the general public.

In addition we have documented 15 Afghan craft traditions, many of which have only narrowly survived decades of armed conflict. 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.

*Artisans to Market*

**Turquoise Mountain works to connect the artisans of Afghanistan with national and international buyers, through a programme of business development activities, trade fairs and exhibitions.**

Since 2015, Turquoise Mountain has focused on furthering the development of traditional craft industries across Afghanistan, devising an end-to-end support model for artisan businesses that encompasses every step from conceptualisation, to production, quality control, to export.

The year 2017 saw an increase in the number of sales events nationally and internationally supporting over 5 million US dollars in sales growth for local artisans and selling \$300,000 directly. The Business Development programme assisted over 130 independent handicraft businesses and delivered business development support to over 1,600 artisans. This included sales, marketing, design development, technical training and business training, with an emphasis on exporting their products to international markets.

In its business development work, Turquoise Mountain aims to create sustainable jobs for Afghans across the country, in particular women, preserve rich traditions and traditional skills while instilling pride among Afghans in their culture and products. Turquoise Mountain is also committed to showing to the world that "Made in Afghanistan" denotes quality, craftsmanship, heritage and uniqueness.

**TRUSTEE'S REPORT(continued)**

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

Turquoise Mountain is piloting and expanding a carpets programme. Carpets are synonymous with Afghanistan and carpet production employs hundreds of thousands in both rural and urban areas. Central to the organisation's 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 6 carpet companies in Balkh, Jawjzan and Kabul. Since January 2017, Turquoise Mountain has contributed to the export of 1,491.75 square metres of carpets of a value of almost \$300,000 in direct sales. This has been accomplished with the ongoing support of USAID, UNHCR and the World Bank.

International exhibitions and fairs – such as the “Artists Transforming Afghanistan” exhibition at the Smithsonian Museum's Freer and Sackler Galleries in Washington DC – have been an important platform to showcase the uniqueness of Afghan products. They also offer beautiful and meaningful experiences to an international audience not just by exhibiting Afghan crafts but by facilitating interaction with the richness and diversity of Afghan cultural heritage.

*Community*

**Through its community work, Turquoise Mountain aims to improve access to healthcare and education to 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. Its mission is to develop a model of urban primary healthcare that is sustainable, affordable, accessible, continuous, comprehensive, and integrated with other health services in Kabul.

In 2017 Turquoise Mountain provided healthcare to over 16,000 patients. The organization also introduced five new services: radiology, dentistry, psycho-social counselling, minor surgery, and dermatology, which will see patient numbers rise further. It also widened the scope of its Community Health Program with free care – especially antenatal care – provided to the poorest of families.

The Turquoise Mountain Primary School provided supplementary education to over 110 students in 2017, 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 its connection to the Institute for Afghan Arts and Architecture.

**2.2 Saudi Arabia**

*Reviving the Saudi Craft Industry*

**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 have been working hand-in-hand since April 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 2017, Turquoise Mountain has provided direct sales support to 76 artisans and made over 4,000 craft items and over \$500,000 in sales, from small gift items to large statement pieces, in 19 craft traditions. Notable clients include the Four Seasons Hotel, Makarem Riyadh Hotel, the Radisson Blu Hotel & Residence, Atharna.com, and [Amazon.com](https://www.amazon.com). There are also plans to establish the first high-profile retail outlet for the project at the Radisson Blu Hotel & Residence, Riyadh Diplomatic Quarter.

**TRUSTEE'S REPORT(continued)**

**2.2 Strategic Report – Saudi Arabia (*continued*)**

Turquoise Mountain has provided 179 women artisans with “Women Artisans in Business” training to help them move from small-scale production to medium-sized crafts businesses, including training in marketing, costing, market analysis and other areas.

The organisation has also established and supported seven women's workshops and collectives. These include the Women's Jewellery Group in Jeddah; The Jeddah Plaster Group; The Assir Women's Collective (painting); and The Herfah Collective (Embroidery and Sedu). In 2017, Turquoise Mountain established two Centres for Creative Crafts in Yanbu Al Bahr and at the historic railway in Al Madinah. The Centres for Creative Crafts are platforms for Saudi artisans to practise and develop the extraordinary crafts traditions that distinguish their cities. Turquoise Mountain has also offered artisans 40 retail spaces in Al-Madinah and Yanbu and is providing support related to setting up and operating the shops, the presentation of the pieces and interaction with the customers.

Following a successful first collaboration in the Kingdom, Turquoise Mountain signed a new Memorandum of Understanding in 2018 with the Saudi Handicrafts Programme and the Saudi Commission for Tourism and National Heritage, to expand the organisation's impact on the artisan community and the handicrafts sector.

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 (from Morocco to the United Kingdom) pay homage to traditional motifs and crafts from Saudi Arabia in their work.

Turquoise Mountain has committed to training hundreds of Saudi artisans and creating over 10,000 quality crafts pieces rooted in Saudi heritage over the next five years.

**2.3 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 first conservation project on Merchant Street in the downtown, 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 overlooks the Sule Pagoda and Mahabaddoola Park, and is a fine example of classical architecture. The project will provide public access to this iconic building to the citizens of Yangon with an iconic building, and a training ground for over 500 people.

The Enabling Works have already been completed on site, and the Main Works are well underway and due to complete spring/summer 2019. A comprehensive training and mentoring programme has also begun, with over 100 architects, engineers and crafts people already trained, and a further 400 targeted over the full course the project. A temporary space has been created within the building for public outreach events – there have already been lively talks, exhibitions and film screenings held and this is set to continue throughout the construction works to engage the public in the project.

The building will not only secure public access and create vital recreational space, but also house an urban planning forum with a scale model of Yangon at its heart to lead the debate on the future of the city for government officials, professionals, developers and the public.

TRUSTEE'S REPORT(continued)

2.3 Strategic Report – Myanmar (*continued*)

*Reviving the Myanmar Craft Industry*

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

Since 2015, Turquoise Mountain has been training a new generation of jewellers and producing high quality gold jewellery from its workshop in Downtown Yangon. International jewellery designers have been working with Myanmar designers and artisans and have produced 10 lines, selling from LA to Tokyo. Many of these designs have been inspired by jewellery, ornaments and beads from the fertile and creative period of the Pyu era, one of the earliest Buddhist cultures in South East Asia, and these symbols and themes still resonate deeply today.

The jewellery workshop is now an economically sustainable social business, and has been expanding to meet demand, with an established apprentice programme to train more artisans. Many of the goldsmiths come from Ramree Island in Rakhine State, where goldsmith traditions are still strong, and some items are being sourced directly from these workshops, which have been producing for generations.

Myanmar is also bursting with rich textile traditions, and Turquoise Mountain aims to utilise these to build livelihoods for the women and other disadvantaged groups that dominate the sector, and to preserve and celebrate the diversity of Myanmar, at a critical point in the country's development. This upcoming project will develop the skills of the workforce that are distributed across the country, through targeted vocational training, as well as address the needs of this complex and competitive market through the creation of a physical production facility to act as the 'gold standard' for the industry.

Turquoise Mountain aims to train and support 200 textile weavers to meet international standards - 150 of whom are women artisans from Myanmar's underserved ethnic communities. The upcoming textiles project is intended to lead the jump to a higher value market position, by driving sales of high value textiles, with a specific project sales target of \$250,000. This income will directly benefit artisans in some of Myanmar's most vulnerable communities.

The Myanmar Artisan Toolkit is a practical guide to building a business, designed specifically for the Myanmar craft sector, and providing training to help artisans access markets, so that they can grow their businesses. This training has been delivered to hundreds of artisans across Myanmar, providing them with the knowledge and tools to overcome common business challenges and improve practices in key business areas, from design and production to marketing.

2.4 Jordan

*Preserving and Reviving Craft in the wake of the Syrian Conflict*

**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.**

The Syrian crisis has brought unimaginable loss of life, heritage and hope. Over half of all Syrians have been displaced from their homes, with more than 6,000,000 refugees beyond the country's borders. Historic sites and national museums have been shelled and more than 5,000 archaeological sites have been heavily looted. The unique craft traditions of Syria have been disrupted, and in many cases stopped completely, the craft workshops destroyed, and the workers scattered.

Turquoise Mountain Jordan hopes to be able to bring together the many different nationalities that now call Jordan home in a project to train a new generation of craftswomen and men and provide jobs, through a shared positive sense of identity.

In November 2017, Turquoise Mountain began identifying Syrian master artisans living as refugees and invested in supporting their workshops, as well as offering training to young artisans. Turquoise Mountain now supports 30 of the most skilled Syrian master artisans and is delivering training in Zaatari and Azraq refugee camps and beyond.

**TRUSTEE'S REPORT(continued)**

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

Over the next three years, Turquoise Mountain will train and link to market hundreds more artisans across wood-carving, embroidery, stonemasonry, architectural woodwork, ajami painting, glass, jewellery and textiles. The organisation also aims to set up and run two major hubs - one in the north and one in Amman - for training, production, sales, and tourism. In addition, training will be expanded to locations including Zaatari camp and workshops in Amman. Turquoise Mountain will seek to bring Levantine products to market, providing livelihoods and a renewed reputation for the region. We aim to reach over 5,000 Syrian children with hands-on heritage activities, including tile-making, storytelling, archaeology, dance and other extra-curricular activities.

**3 Financial Review**

*Income*

Total £4.3m

Donations £0.4m

Grants £3.6m

Sales £0.4m

Other trading £0.2m

Other (£0.3m)

Total income in 2017 reduced from 2016 largely due to lower private donations. Grant income has grown by £0.8m due to the higher value donor funded work being carried out in Afghanistan. Sale of goods are similar to the previous year and reflect our work with artisans and beneficiaries including their increasing ability to get commissions outside of Turquoise Mountain; developing their links to international markets. In addition, there is a small amount of income this year from the provision of services to Myanmar Artisans Limited. The separate trading activities represent consolidated subsidiary sales and provide a route for international customers to purchase goods, enhancing the reputation and awareness of the artisans from whom the goods are sourced.

Owing to a large number of activities being carried out in US dollars the 'other' category includes exchange variation on presentation in GBP. In 2016 this was a £0.5m gain.

There remains the ambition, borne out by the 2017 results, of a diverse mix of funding to reduce reliance on any single funding source and pool income risk across the portfolio of activities. Changes in 2017 that have seen a reduction in donations will be a focus for the coming year to re-establish communication and develop solutions to mitigate and reverse this trend.

*Expenditure*

Total £5.5m

Urban regeneration £1.1m

Community Development £0.2m

Education £0.7m

Business Development £3.2m

Raising funds £0.3m

In comparison to 2016 and through donor support there has been a near doubling of spend on regeneration and an additional \$0.5m of spend on business development.

The benefits of this has been an increase in the number and quality of buildings been completed and a growth in the level of support provided to artisans across a range of countries.

We would expect to see expenditure changes next year as we work to bring in a more diversified stream of funding that reflect the changing donor and private donation environment.

**TRUSTEE'S REPORT (continued)**

*Reserves*

Reserves are represented by the fund balances on the balance sheets on pages 22 and 23. The reserves as at 31 December 2017 are £2.5m (2016: £3.7m). 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 2017. 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 Syrian and wider Levantine 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)**

**TRUSTEE'S 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 2017 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 (appointed 13 March 2017)
- Dr William Beharrell (resigned 12 June 2017)

**TRUSTEE'S 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*

The Turquoise Mountain Trust (TMT) is a Prince's Charity. Turquoise Mountain Foundation US (TMF US) - 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 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, Chief Operations Officer, the Country Directors for each of Afghanistan, Myanmar and Saudi Arabia and the Chief Finance Officer.



**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

**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;
- 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:

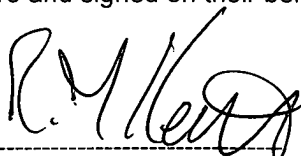
- There is no relevant audit information of which the charitable company's auditor is unaware; and,
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 21 September 2018 and signed on their behalf by:



Richard Keith (Chairman)

## 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 2017 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 2017, 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.

### **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.

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

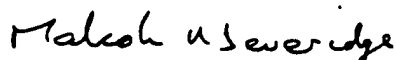
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

A handwritten signature in black ink that reads '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 2018**

**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 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>Income from:</b>					
<i>Donations and legacies</i>	5	390,316	-	390,316	1,669,298
<i>Charitable activities</i>					
Grants received		-	3,591,714	3,591,714	2,810,137
Sale of goods and services		157,334	210,374	367,708	291,921
Other trading activities	6	233,093	-	233,093	8,518
<i>Investments</i>					
Bank interest		526	-	526	1,648
<i>Other</i>					
Foreign exchange (losses)/gains		(247,509)	(34,345)	(281,854)	571,569
<b>Total income</b>		<u>533,760</u>	<u>3,767,743</u>	<u>4,301,503</u>	<u>5,353,091</u>
<b>Expenditure on:</b>					
<i>Raising funds</i>	8	287,198	26,199	313,397	189,999
<i>Charitable activities</i>	8				
Urban Regeneration		254,622	868,488	1,123,110	676,544
Community Development		141,553	105,083	246,636	236,613
Education		536,324	128,106	664,430	672,091
Business Development		306,704	2,873,812	3,180,516	2,679,159
<b>Total expenditure</b>		<u>1,526,401</u>	<u>4,001,688</u>	<u>5,528,089</u>	<u>4,454,406</u>
<b>Net (expenditure)/income before transfers</b>		<u>(992,641)</u>	<u>(233,945)</u>	<u>(1,226,586)</u>	<u>898,685</u>
Gross transfers between funds	22	-	-	-	-
<b>Net (expenditure)/ income</b>		<u>(992,641)</u>	<u>(233,945)</u>	<u>(1,226,586)</u>	<u>898,685</u>
Total funds brought forward	22	<u>3,256,114</u>	<u>473,586</u>	<u>3,729,700</u>	<u>2,831,015</u>
<b>Total funds carried forward</b>	22	<u>2,263,473</u>	<u>239,641</u>	<u>2,503,114</u>	<u>3,729,700</u>

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 25 to 38 form part of these financial statements.

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

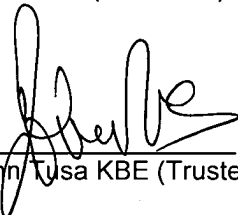
**CONSOLIDATED BALANCE SHEET**

**As at 31 December 2017**

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	15		120,054		69,963
Investments	16		-		-
			-----		-----
			120,054		69,963
<b>Current assets</b>					
Stocks	17	112,246		82,053	
Debtors	18	1,665,140		528,842	
Cash at bank and in hand		956,798		3,350,956	
		-----		-----	
		2,734,184		3,961,851	
<b>Liabilities</b>					
Creditors falling due within one year	19	351,124		302,114	
		-----		-----	
<b>Net current assets</b>		-	2,383,060		3,659,737
			-----		-----
<b>Net assets</b>			2,503,114		3,729,700
			=====		=====
<b>The funds of the charity</b>					
Unrestricted funds	22		2,263,473		3,256,114
Restricted funds	22		239,641		473,586
			-----		-----
<b>Total charity funds</b>			2,503,114		3,729,700
			=====		=====

The financial statements were approved by the Trustees on 21 September 2018 and are signed on their behalf by:

  
Richard Keith (Chairman)

  
Sir John Tusa KBE (Trustee)

Company Number: SC299579

The notes on pages 25 to 38 form part of these financial statements.

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

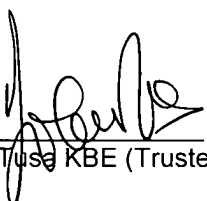
**TRUST BALANCE SHEET**

**As at 31 December 2017**

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	15		120,054		69,963
Investments	16		5,000		5,000
			<u>125,054</u>		<u>74,963</u>
<b>Current assets</b>					
Stocks	17	63,054		73,418	
Debtors:	18				
Amounts falling due within one year		1,644,383		538,836	
Amounts falling due after one year		35,821		-	
Cash at bank and in hand		934,311		3,343,684	
		<u>2,677,569</u>		<u>3,955,938</u>	
<b>Liabilities</b>					
Creditors falling due within one year	19	299,509		299,413	
		<u>299,509</u>		<u>299,413</u>	
<b>Net current assets</b>			2,378,060		3,656,525
<b>Net assets</b>			<u>2,503,114</u>		<u>3,731,488</u>
			<u>2,503,114</u>		<u>3,731,488</u>
<b>The funds of the charity</b>					
Unrestricted funds	22		2,263,473		3,257,902
Restricted funds	22		239,641		473,586
			<u>2,503,114</u>		<u>3,731,488</u>
<b>Total charity funds</b>			<u>2,503,114</u>		<u>3,731,488</u>

The financial statements were approved by the Trustees on 2 September 2018 and are signed on their behalf by:

  
Richard Keith (Chairman)

  
Sir John Tusa KBE (Trustee)

Company Number: SC299579

The notes on pages 25 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 2017**

	<b>Trust 2017 £</b>	<b>Trust 2016 £</b>	<b>Group 2017 £</b>	<b>Group 2016 £</b>
<b>Net movement in funds</b>	(1,228,374)	900,473	(1,226,586)	898,685
Add back depreciation charge	54,143	30,509	54,143	30,509
Deduct interest income shown in investing activities	(1,347)	(1,648)	(526)	(1,648)
Add back depreciation charge				
Add loss on disposal of fixed assets	4,258	-	4,258	-
Decrease/(increase) in stock	10,364	37,453	(30,193)	28,818
(Increase)/decrease in debtors	(1,141,368)	105,476	(1,136,298)	99,139
Increase in creditors	96	110,802	49,010	134,834
	-----	-----	-----	-----
<b>Cash provided by operating activities</b>	<b>(2,302,228)</b>	<b>1,183,065</b>	<b>(2,286,192)</b>	<b>1,190,337</b>
	-----	-----	-----	-----
<b>Cash flows from investing activities</b>				
Interest income	1,347	1,648	526	1,648
Purchase of tangible fixed assets	(108,492)	(50,076)	(108,492)	(50,076)
	-----	-----	-----	-----
<b>Cash (used in) investing activities</b>	<b>(107,145)</b>	<b>(48,428)</b>	<b>(107,966)</b>	<b>(48,428)</b>
	-----	-----	-----	-----
<b>(Decrease)/increase in cash in the year</b>	<b>(2,409,373)</b>	<b>1,134,637</b>	<b>(2,394,158)</b>	<b>1,141,909</b>
	-----	-----	-----	-----
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,343,684</b>	<b>2,209,047</b>	<b>3,350,956</b>	<b>2,209,047</b>
	-----	-----	-----	-----
<b>Cash and cash equivalents at the end of year</b>	<b>934,311</b>	<b>3,343,684</b>	<b>956,798</b>	<b>3,350,956</b>
	=====	=====	=====	=====

The notes on pages 25 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 2017**

**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 £1,226,586 (2016: net income of £898,685) 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.

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

**For the Year Ended 31 December 2017**

**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 Jordaoan 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.

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

**For the Year Ended 31 December 2017**

**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 2017**

**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 £	2017 Total £	Un- restricted £	2016 Restricted £	Total £
Donations	390,316	-	390,316	1,669,298	-	1,669,298
	=====	=====	=====	=====	=====	=====

**6. Other trading activities**

	Un- restricted £	Restricted £	2017 Total £	Un- restricted £	2016 Restricted £	Total £
Trading subsidiary – sales of goods	233,093	-	233,093	8,518	-	8,518
	=====	=====	=====	=====	=====	=====

**7. Net expenditure**

	2017 £	2016 £
Net expenditure is stated after charging:		
Depreciation	54,143	30,509
Auditor's remuneration - audit services for the Trust	27,575	24,144
- audit services for the Trading subsidiary	2,500	1,250
- other services	1,596	3,147
	=====	=====

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

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

**For the Year Ended 31 December 2017**

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

	Staff costs £	Direct costs £	Sub-total 2017 £	General Management £	Financial Management £	Human Resources £	IT £	Programme support £	Governance Costs £	Total 2017 £	Total 2016 £
<b>Charitable activities</b>											
Urban-											
Regeneration	517,746	461,649	979,395	29,527	15,816	7,079	3,081	70,577	17,635	1,123,110	676,544
Community -											
Development	106,930	108,138	215,068	6,486	3,474	1,555	677	15,504	3,872	246,636	236,613
Education	52,391	527,003	579,394	17,471	9,359	4,189	1,824	41,761	10,432	664,430	672,091
Business Development	1,533,415	1,240,207	2,773,622	83,581	44,772	20,041	8,724	199,834	49,942	3,180,516	2,679,159
	2,210,482	2,336,997	4,547,479	137,065	73,421	32,864	14,306	327,676	81,881	5,214,692	4,264,407
<b>Costs of raising Funds</b>											
-Trust	28,697	45,779	74,476	2,234	1,197	536	234	5,339	-	84,016	179,693
-Trading											
Subsidiary	-	229,381	229,381	-	-	-	-	-	-	229,381	10,306
	28,697	275,160	303,857	2,234	1,197	536	234	5,339	-	313,397	189,999
	2,239,179	2,612,157	4,851,336	139,299	74,618	33,400	14,540	333,015	81,881	5,528,089	4,454,406

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

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

*Included within Charitable activities, Education, direct costs, are grants payable to the Turquoise Mountain Institute of £532,150 (2016: £522,707).*

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

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

**For the Year Ended 31 December 2017**

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

	2017 Unrestricted £	2017 Restricted £	2017 Total £	2016 Unrestricted £	2016 Restricted £	2016 Total £
<b>Charitable activities</b>						
Urban Regeneration	254,622	868,488	1,123,110	302,309	374,235	676,544
Community Development	141,553	105,083	246,636	109,250	127,363	236,613
Education	536,324	128,106	664,430	617,593	54,498	672,091
Business Development	306,704	2,873,812	3,180,516	568,459	2,110,700	2,679,159
	-----	-----	-----	-----	-----	-----
	1,239,203	3,975,489	5,214,692	1,597,611	2,666,796	4,264,407
<b>Cost of raising funds</b>						
- Trust	57,817	26,199	84,016	177,509	2,184	179,693
- Trading subsidiary	229,381	-	229,381	10,306	-	10,306
	-----	-----	-----	-----	-----	-----
	287,198	26,199	313,397	187,815	2,184	189,999
	-----	-----	-----	-----	-----	-----
	1,526,401	4,001,688	5,528,089	1,785,426	2,668,980	4,454,406
	=====	=====	=====	=====	=====	=====

**9. Governance costs**

	2017 £	2016 £
Staff costs	28,697	85,085
Direct costs	18,857	18,496
General management	1,581	222
Financial management	847	2,358
Human resources	379	-
Information technology	166	-
Program support	3,779	6,031
Audit fees	27,575	24,144
	-----	-----
	81,881	136,336
	=====	=====

**10. Staff costs**

	2017 £	2016 £
Wages and salaries	2,548,183	1,804,114
Employer's national insurance	53,209	35,401
Pension costs	34,741	18,031
	-----	-----
	2,636,133	1,857,546
	=====	=====

**THE TURQUOISE MOUNTAIN TRUST**  
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**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2017**

**10. Staff costs (continued)**

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
The average number of employees during the year was as follows:		
Afghan National Staff	118	100
International Staff	16	10
UK Staff	6	3
Myanmar Staff	4	8
Saudi Staff	7	2
	-----	-----
	151	123
	=====	=====

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 £80,000 and £90,000, two employees earned between £70,000 and £80,000, and three employees earned between £60,000 and £70,000 during the year (2016: One employee earned between £100,000 and £110,000, three employees earned between £70,000 and £80,000 and one employee earned between £60,000 and £70,000). The company accrued pension contributions totalling £nil (2016: £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, Chief Operations Officer, the Country Directors for each of Afghanistan, Myanmar and Saudi Arabia and the Chief Finance Officer. The total employee benefits of the key management personnel of the Trust were £536,809 (2016: £406,578).

**11. Trustee remuneration and expenses**

During the year, one Trustee was remunerated £15,862 (2016: £nil) for services in relation to a specific charitable project. No Trustee was remunerated for services in relation to being a Trustee (2016: nil), although such payments are permitted by the Memorandum of Understanding.

Two Trustees received reimbursement of travelling expenses incurred on Trust activities amounting to £6,594 (2016: £2,879). In addition, the Trust provided Trustee Indemnity Insurance with a cost of £1,162 (2016: £1,382).

**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 (2016: £nil).



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

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

**For the Year Ended 31 December 2017**

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

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2016 £</b>
<b>Income</b>			
<i>Donations and legacies</i>	1,669,298	-	1,669,298
<i>Income from charitable activities</i>			
Grants received	-	2,810,137	2,810,137
Sale of goods	291,921	-	291,921
Other trading activities	8,518	-	8,518
<i>Investment income</i>			
Bank interest	1,648	-	1,648
<i>Other income</i>			
Foreign exchange gains	491,842	79,727	571,569
<b>Total income</b>	<b>2,463,227</b>	<b>2,889,864</b>	<b>5,353,091</b>
<b>Expenditure</b>			
<i>Costs of raising funds</i>	187,815	2,184	189,999
<i>Expenditure on charitable activities</i>			
Urban Regeneration	302,309	374,235	676,544
Community Development	109,250	127,363	236,613
Education	617,593	54,498	672,091
Business Development	568,459	2,110,700	2,679,159
<b>Total expenditure</b>	<b>1,785,426</b>	<b>2,668,980</b>	<b>4,454,406</b>
<b>Net income before transfers</b>	<b>677,801</b>	<b>220,884</b>	<b>898,685</b>
Gross transfers between funds	36,107	(36,107)	-
<b>Net income</b>	<b>713,908</b>	<b>184,777</b>	<b>898,685</b>
Total funds brought forward	2,542,206	288,809	2,831,015
<b>Total funds carried forward</b>	<b>3,256,114</b>	<b>473,586</b>	<b>3,729,700</b>

**THE TURQUOISE MOUNTAIN TRUST**  
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**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2017**

**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:

	<b>2017</b>	<b>2016</b>
	£	£
Gross incoming resources	4,070,334	5,344,573
Cost of raising funds	(84,016)	(179,693)
Total expenditure on charitable activities	(5,214,692)	(4,264,407)
	-----	-----
Total funds brought forward	(1,228,374)	900,473
	3,731,488	2,831,015
	-----	-----
<b>Total funds carried forward</b>	<b>2,503,114</b>	<b>3,731,488</b>
	=====	=====
Represented by:		
Unrestricted funds	2,263,473	3,257,902
Designated funds	239,641	473,586
	-----	-----
	<b>2,503,114</b>	<b>3,731,488</b>
	=====	=====

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

	<b>Furniture and fixtures</b>	<b>Tools and equipment</b>	<b>Computers and software</b>	<b>Motor vehicles</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2017	27,354	191,227	72,778	14,469	305,828
Additions	8,316	43,496	56,680	-	108,492
Disposals	-	-	(4,436)	-	(4,436)
	-----	-----	-----	-----	-----
At 31 December 2017	35,670	234,723	125,022	14,469	409,884
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1 January 2017	15,508	151,740	54,150	14,467	235,865
Charge for year	4,974	21,293	27,876	-	54,143
Disposals	-	-	(178)	-	(178)
	-----	-----	-----	-----	-----
At 31 December 2017	20,482	173,033	81,848	14,467	289,830
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 31 December 2017	15,188	61,690	43,174	2	120,054
	=====	=====	=====	=====	=====
<b>Net book value</b>					
At 31 December 2016	11,846	39,487	18,628	2	69,963
	=====	=====	=====	=====	=====

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

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

**For the Year Ended 31 December 2017**

<b>16. Investments - Trust</b>	<b>2017</b>	<b>2016</b>
	£	£
Investments in subsidiaries		
Cost at 1 January 2017 and 31 December 2017	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 2017 the aggregate amount of capital and reserves of Turquoise Mountain Trading Limited was £5,000 (2016: £3,212) and the profit for the year was £1,788 (2016: loss of £1,788).

<b>17. Stock</b>	<b>Group</b>	<b>2017</b>	<b>Group</b>	<b>2016</b>
	£	Trust	£	Trust
	£	£	£	£
Finished goods	112,246	63,054	82,053	73,418
	=====	=====	=====	=====

<b>18. Debtors</b>	<b>Group</b>	<b>2017</b>	<b>Group</b>	<b>2016</b>
	£	Trust	£	Trust
	£	£	£	£
Trade debtors	451,680	377,719	70,732	64,395
Sundry debtors	128,357	126,482	159,187	159,187
Deposits	42,900	42,900	11,088	11,088
Prepayments	99,775	99,775	81,413	81,413
Amounts due by group undertakings	-	90,900	-	16,331
Accrued income- grants	942,428	942,428	206,422	206,422
	=====	=====	=====	=====
	1,665,140	1,680,204	528,842	538,836
	=====	=====	=====	=====

Included within Amounts due by group creditors of the Trust is £35,821 (2016: £nil) due after one year.

<b>19. Creditors: amounts falling due within one year</b>	<b>Group</b>	<b>2017</b>	<b>Group</b>	<b>2016</b>
	£	Trust	£	Trust
	£	£	£	£
Trade creditors	163,922	129,293	182,118	180,917
Other creditors and accruals	187,202	170,216	119,996	118,496
	=====	=====	=====	=====
	351,124	299,509	302,114	299,413
	=====	=====	=====	=====

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

**For the Year Ended 31 December 2017**

**20. Related party transactions**

Turquoise Mountain Trading Ltd (TMTL), a company registered in Scotland, is a 100% subsidiary of The Turquoise Mountain Trust. During the year The Turquoise Mountain Trust 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 2017, Turquoise Mountain Trading Ltd owed The Turquoise Mountain Trust £90,900 (£16,331), £35,821 (2016: £nil) 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 2017, Turquoise Mountain Foundation US owed The Turquoise Mountain Trust £7,361 (2016: £391).

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 £532,150 (2016: £522,707) and indirect grant funding of £3,057 (2016: £31,281). At 31 December 2017, The Institute owed The Turquoise Mountain Trust £49,807 (2016: £109,812).

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 £41,400 for services and support provided.

**21. Operating lease commitments**

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

	<b>2017</b>	<b>2016</b>
	£	£
Operating leases for land and buildings are due:		
- within 1 year	188,994	47,540
- between 2 to 5 years	45,259	198,323
- after more than 5 years	4,932	-
	-----	-----
	239,185	245,863
	=====	=====

Lease payments recognised for the year amounted to £165,847 (2016: £128,852).

**THE TURQUOISE MOUNTAIN TRUST**  
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**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2017**

22. Reserves - Group	1 January 2017 £	Resources recognised to income £	Resources expended £	Exchange gains/ (losses) £	Transfers £	31 December 2017 £
<u>Restricted</u>						
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. **GIZ** - jewellery tools and equipment donated in support of Afghan artisans
- iii. **Mosawi Foundation** - supports the charity to deliver on its commitment to providing primary healthcare in the Old City of Kabul.
- iv. **SHP and SHP Phase 2 – The Saudi Commission for Tourism & National Heritage, via the Saudi Handicraft Programme** provided funds to pursue the study of Saudi handicrafts.
- v. **SHP- Beading - The Saudi Commission for Tourism & National Heritage, via the Saudi Handicraft Programme** provided funds for support of local artisans
- vi. **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

**THE TURQUOISE MOUNTAIN TRUST**  
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**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2017**

**22. Reserves (continued)**

- vii. **SUU Foundation** - support to revive and develop traditional jewellery crafts in Myanmar through research, design and production linking local artisans with international markets
- viii. **USIP** - cultural heritage symposium and contribution to initiatives for peace after conflict
- ix. **PWCF** - funding to provide support to Turquoise Mountain Trust in its cultural heritage activity in Afghanistan
- x. **Al-Waleed Philanthropies** - funding was targeted on a project to produce a documentary about the work of Turquoise Mountain in Kabul.
- xi. **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
- xii. **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
- xiii. **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
- xiv. **Said Foundation: Scoping** - scoping study into heritage restoration across the Levant
- xv. **Said Foundation: 2<sup>nd</sup> phase** - funding providing the initiation of work in cultural heritage and intangible heritage in Jordan to support local and wider Levant society
- xvi. **UNHCR** - support for communities of carpet weavers in major cities in Afghanistan and linking them to international markets
- xvii. **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**  
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**NOTES to the FINANCIAL STATEMENTS** *(continued)*

**For the Year Ended 31 December 2017**

<b>23. Analysis of net assets between funds - Group</b>	<b>Tangible Fixed Assets £</b>	<b>Net Current Assets £</b>	<b>2017 Total £</b>
Restricted funds	69,835	169,806	239,641
Unrestricted funds	50,219	2,213,254	2,263,473
	-----	-----	-----
	120,054	2,383,060	2,503,114
	=====	=====	=====
	<b>Tangible Fixed £</b>	<b>Net Current £</b>	<b>2016 £</b>
Restricted funds	30,084	443,502	473,586
Unrestricted funds	39,879	3,216,235	3,256,114
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	69,963	3,659,737	3,729,700
	=====	=====	=====

**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 £34,741 (2016: £18,031). Pension contributions outstanding at 31 December 2017 were £30,078 (2016: £8,249).