



TURQUOISE MOUNTAIN

Report & Financial Statements

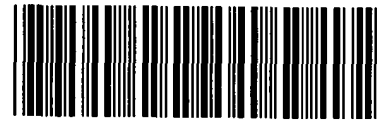
For the Year Ended 31st December 2016

COMPANIES HOUSE

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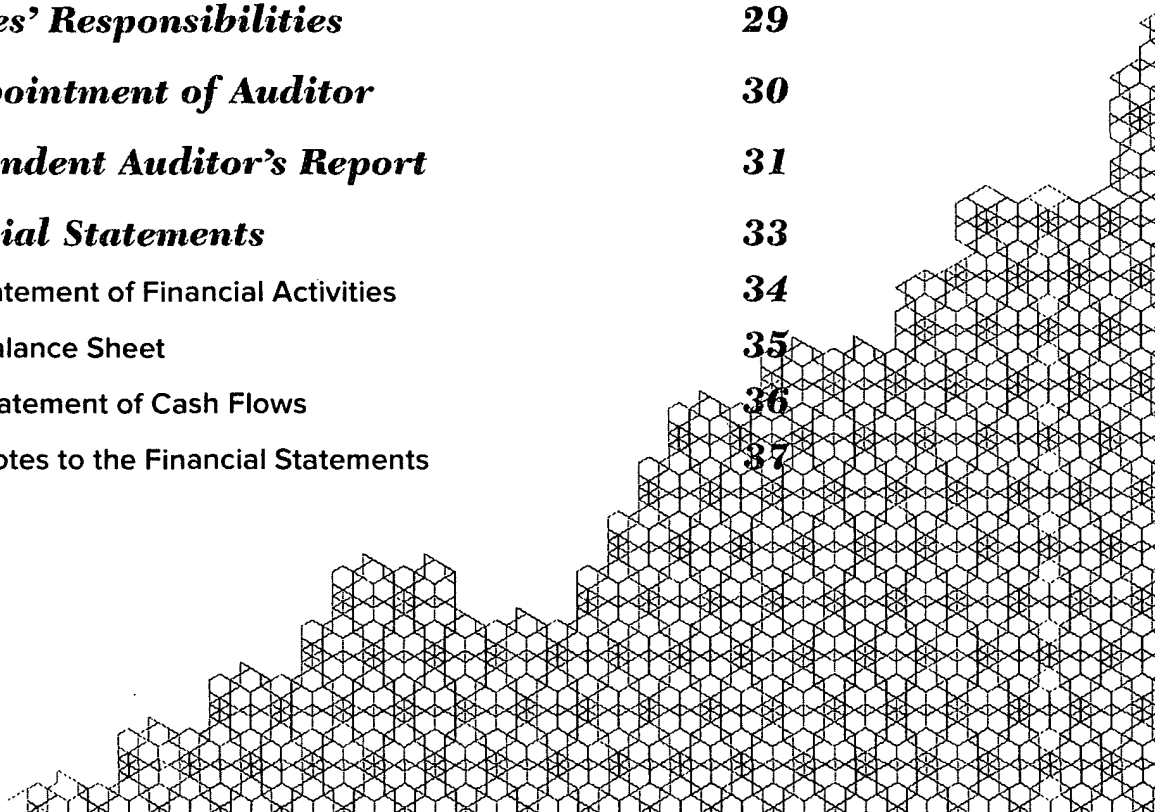
COMPANIES HOUSE

Scottish Charity Number: SC037343

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Contents

<i>Chief Executive Introduction</i>	3
<i>Where We Work</i>	4
<i>Trustees' Report</i>	5
<i>1. Objectives and Activities</i>	6
<i>2. Strategic Report</i>	8
2.1 Achievements and Performance	10
2.1.1 Turquoise Mountain Afghanistan	11
2.1.2 Turquoise Mountain Myanmar	17
2.1.3 Turquoise Mountain Kingdom of Saudi Arabia	21
2.2 Financial Review	24
2.3 Plans for Future Periods	25
2.4 Principle Risks and Uncertainties	26
<i>3. Structure Governance and Management</i>	27
<i>4. Reference and Administrative Information</i>	28
<i>5. Trustees' Responsibilities</i>	29
<i>6. Re-appointment of Auditor</i>	30
<i>7. Independent Auditor's Report</i>	31
<i>8. Financial Statements</i>	33
8.1 Statement of Financial Activities	34
8.2 Balance Sheet	35
8.3 Statement of Cash Flows	36
8.4 Notes to the Financial Statements	37



Chief Executive Introduction



Turquoise Mountain has now reached ten years working with artisans across Afghanistan, Myanmar and Saudi Arabia. In the vision of our Royal Founding Patron HRH The Prince of Wales, we work to restore historic areas and traditional crafts, to provide jobs, skills and a renewed sense of pride in the communities in which we work. The Trustees, staff and I extend our most sincere thanks to our private and public supporters around the world who have made our work possible. In particular we would like to thank our primary funders in 2016, the British People through the British Council's Cultural Protection Fund and the British Embassy in Kabul, Alwaleed Philanthropies, the American people through the United States Agency for International Development, the Suu Foundation, the Saudi Commission for Tourism and National Heritage, the Said Foundation, the Canadian People through the Canadian Government, Dusty Huscher and Lorne Thyssen.

This year we worked with over 1,400 artisans to bring their pieces to markets around the world, train in and preserve traditional skills and buildings, and generate incomes for families. In Afghanistan, we worked with hundreds of artisans within the Institute for Afghan Arts and Architecture and through supporting businesses, in jewellery, ceramics, woodwork, calligraphy and painting, carpets, textiles, glass, masonry and more. In Myanmar we worked with 275 artisans in jewellery, wood, textiles, decorative plaster and more, to restore our first historic building in downtown Yangon, and establish a jewellery workshop. And in Saudi Arabia we worked with over 450 artisans in plaster carving, woodwork, jewellery, textiles, painting, palm weaving, ceramics and calligraphy, and took on commissions for 5 star hotels across the Kingdom.

These artisans together are part of a global craft revival, preserving traditions, providing incomes, and bringing products to individual consumers that connect people and traditions on opposite sides of the world. \$2 million worth of handmade pieces will make this journey from artisan to customer through Turquoise Mountain this year, and we are growing every day.

Our exhibition, *Turquoise Mountain: Artists Transforming Afghanistan*, at the Freer and Sackler Galleries of the Smithsonian, reached visitor numbers of over 350,000 by the middle of 2017. This is an exhibition, not of objects, but of stories, and has shown us the power of these stories to reach people and bridge cultures. The next stop is the World Economic Forum at Davos in January of 2018. We also continue to restore historic buildings, and completed our first major restoration project in Yangon's Historic Downtown, in partnership with the Yangon Heritage Trust and the Prince's Foundation for Building Community. This has – as we had hoped – proven that these wonderful buildings can be brought back to life in Yangon, and we have therefore just begun a major regeneration project with the Yangon Regional Government of the historic Tourist Burma Building.

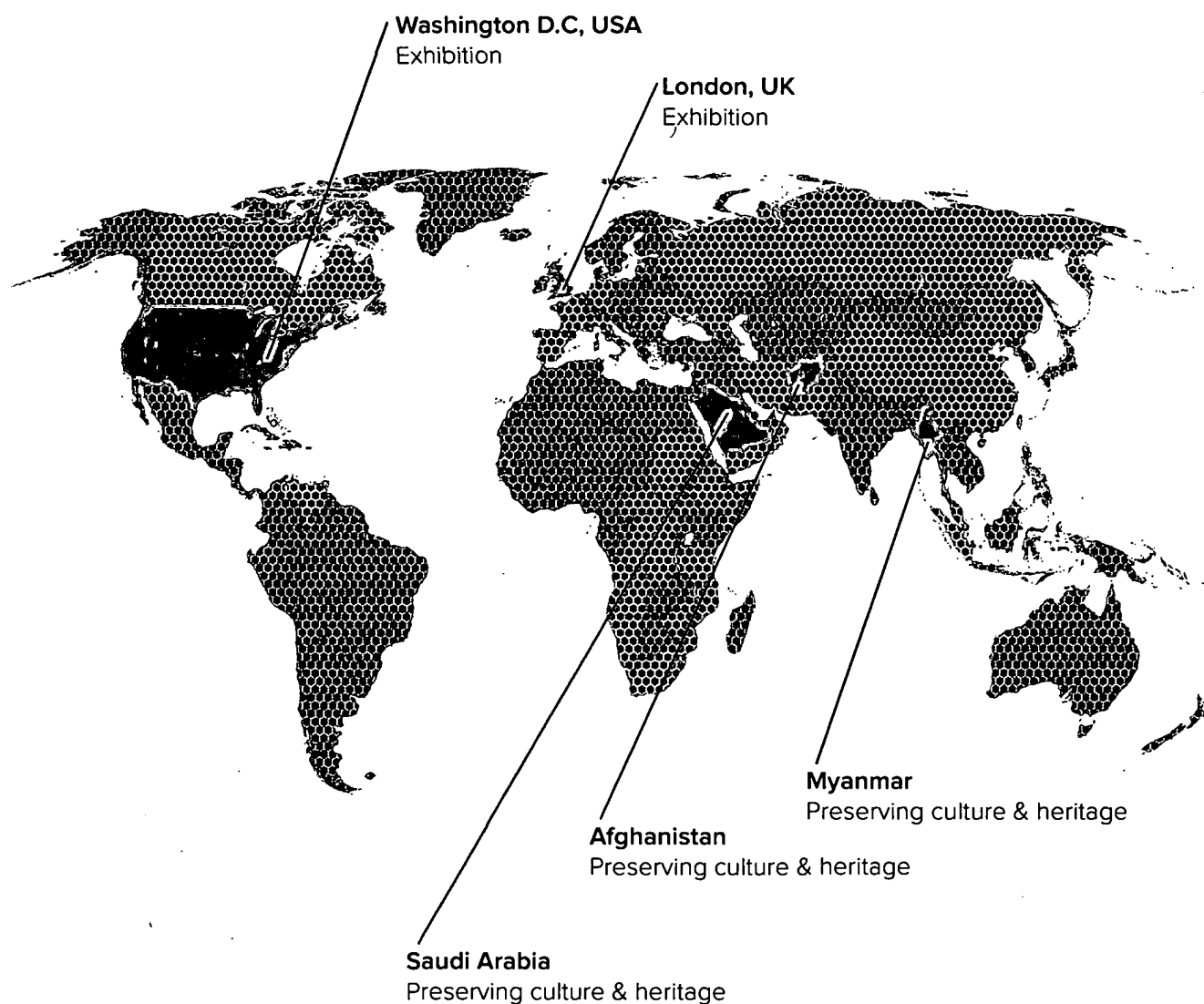
Finally, we are so proud – and grateful – to have won one of the first grants from the British Council's Cultural Protection Fund in Afghanistan. This funding will enable us to restore 50 buildings, and complete the transformation of Murad Khani into a vibrant cultural and economic hub. We will train over 1850 artisans, builders, architects, engineers, volunteers, cultural heritage managers, and government officials in order to protect their heritage independently in the future. The project will protect and promote 15 individual craft traditions, which have narrowly survived decades of armed conflict, and jumpstart a new generation of Afghan designers. And finally we will bring a connection to the Old City of Kabul to over 250,000 visitors, tens of thousands more online, and millions on television, helping to cement the importance of this heritage for future generations. As well as creating a long-lasting legacy of pride in heritage, this project will also demonstrate a unique form of sustainable urbanism in one of the most difficult environments in the world. We hope that this can be the beginnings of a model for old cities that can exist and thrive, even through conflict, and in the modern world, with a blend of historic buildings, new traditional buildings, modern services, craft traditions, and oral histories held together by a community and practitioners that have learned to value and sustain them.

Turquoise Mountain is devoted to preserving culture and heritage around the world and will work to drive incomes and a sense of pride through these traditions. Thank you all for your support.

Shoshana Stewart
Chief Executive Officer
Turquoise Mountain

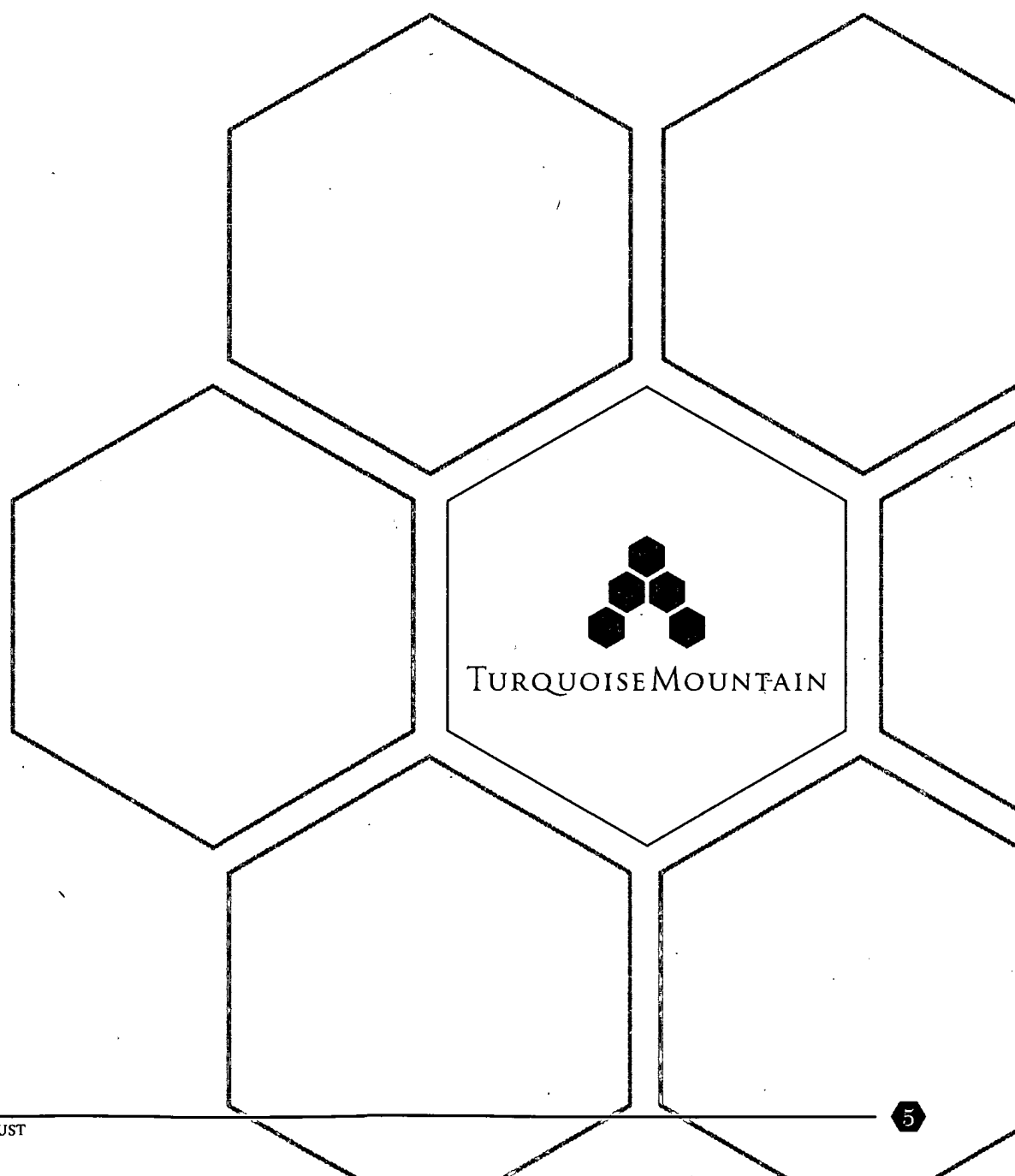
Turquoise Mountain: Where We Work

In 2016, Turquoise Mountain worked in various location throughout the world and continued its core project work in some of the worlds most conflicted areas.



Trustee's Report

The Trustees present their report along with the financial statements of The Turquoise Mountain Trust for the year ended 31 December 2016. The financial statements have been prepared in accordance with the accounting policies set out on pages 37-38 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 2016).





1.

*Objectives and
Activities*

Objectives & Activities

The Turquoise Mountain Trust was established in 2006 at the behest of HRH The Prince of Wales. Turquoise Mountain's aim was to revive traditional crafts and to regenerate built heritage, beginning in the old city of Kabul, Afghanistan. Since then we have started projects in Myanmar, Saudi Arabia and Jordan (Opening October 2017) to preserve historic areas and traditional crafts.

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 110 historic buildings, cleared 30,000 cubic metres of refuse and installed full infrastructure and services throughout the community. A primary school and a health clinic serving over 18,000 patients per year 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 woodworking, calligraphy and miniature painting, ceramics, jewellery, textiles and gem-cutting.

Murad Khani now serves 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 and has begun work on a landmark historic building in adjacent to the famous Sule Pagoda. The project has trained over 250 construction workers in restoration techniques, providing skilled workers for future conservation projects in the country.

Myanmar's rich heritage of craftsmanship has great potential and Turquoise Mountain has begun to realise this by establishing a gold-smithing project. This collective of gold-smiths are returning to handcrafting techniques and have already delivered hundreds of Burmese inspired pieces of jewellery to local and international clients.

Kingdom of Saudi Arabia

In 2015, Turquoise Mountain was invited to work 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 over 700 artisans, many of whom are now benefiting from large orders for nearly 7,000 pieces of artisanal products. Many of which will see these handicrafts presented in luxury locations across the Saudi Arabia.



2.

Strategic Report

***Turquoise
Mountain
identifies 5 key
strategic aims***

5

To maintain a strong financial base, with sufficient reserves and significant core funding from a diverse range of funders.

1

To restore and preserve historic built heritage at risk in selected sites worldwide.

4

To communicate, both domestically and internationally, the importance of art, built heritage and traditional skills through a range of channels including exhibitions, print and digital media, events and public speaking.

2

To support and preserve the growth of traditional artisan industries in selected countries worldwide.

3

To strengthen existing and build new value chains between affiliated artisans with both domestic and international clients. This will uplift the value of the artisan sector in each country of operation.

2.1 Achievement and Performance

This year has seen real progress against the charity's strategic aims, and the following text looks at those achievements in each of the countries within which we operate.



*Turquoise Mountain
Afghanistan*

2.

Strategic Report: Turquoise Mountain Afghanistan

Artisan Sector Business Development

Skills – Production Development, Business Mentoring and Networking

In 2016, the Business Development department:

- Provided intensive business mentoring to 21 small and medium-sized artisan businesses across Afghanistan
- Successfully graduated 57 businesses in the Artisan Toolkit Training, a programme providing business guidance to artisans in three provinces
- Supported affiliated businesses to generate over \$2 million in sales
- Recruited international experts to conduct technical training, product design workshops, quality control, and access to finance seminars to artisan businesses

Market-Making – Growth of International Sales

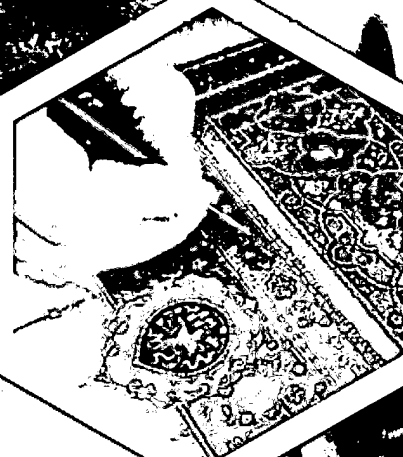
In 2016, the Business Development department commenced and strengthened partnerships with a number of international retailers such as:

- Pippa Small- a UK based socially responsible jewellery designer
- Far & Wide Collective- a North American online retailer
- ISHKAR- a UK/French “social enterprise”, sourcing artisanal products from conflict affected regions
- Smithsonian Enterprises- the retail arm of the Smithsonian Museum in Washington, D.C.

To satisfy international demand, Turquoise Mountain engaged in a variety of design collaborations with:

- Pippa Small
- Jenny Bird for Far & Wide Collective
- Marie Victoire Winckler for ISHKAR
- Christopher Farr- the leading contemporary rug designer with entities in the UK & U.S.
- Eliko Rugs- a U.S. based rug retailer
- Matt Camron Rugs- a U.S. based wholesale business
- Dandelion- a U.S. based rug retailer specialising in contemporary hand-knotted rugs
- Maiyet- a U.S. based luxury fashion retailer
- Rachel Roy- a U.S. based jewellery & home décor retailer
- Monsoon- a UK based fashion and accessories retailer
- Peter Pennoyer Architects
- Zeri Crafts- a Kuwait based interior design retailer
- Sebastian Conran- a UK based contemporary interior design retailer

In 2016, Turquoise Mountain also partnered with LabelSTEP, a socially responsible carpet production monitor, and embarked on a new project to source carpets directly from Afghanistan for international markets. This move will see greater value in the supply chain being derived directly by Afghan artisans.



Strategic Report: Turquoise Mountain Afghanistan

Cultural Programmes

Changing Perceptions of Afghanistan – Advocacy, Awareness-Raising, and Exhibitions

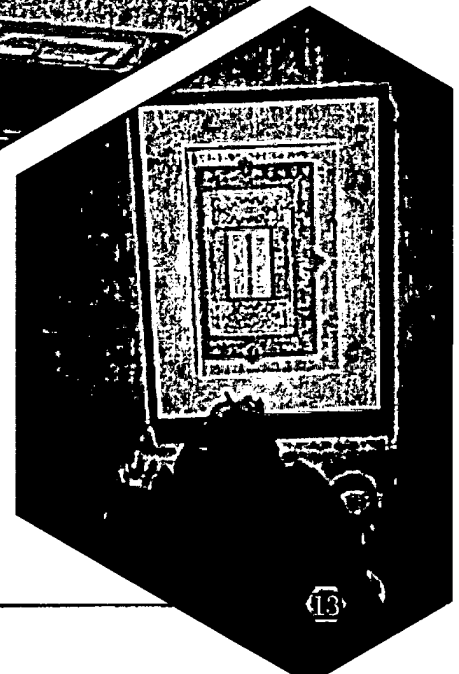
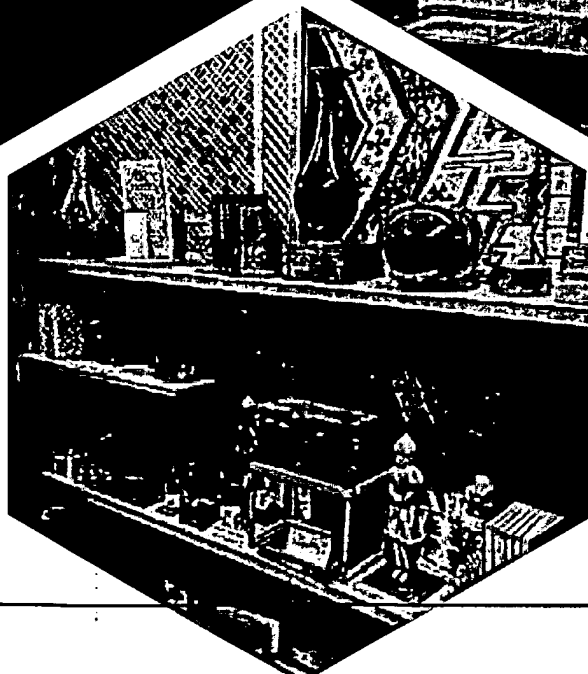
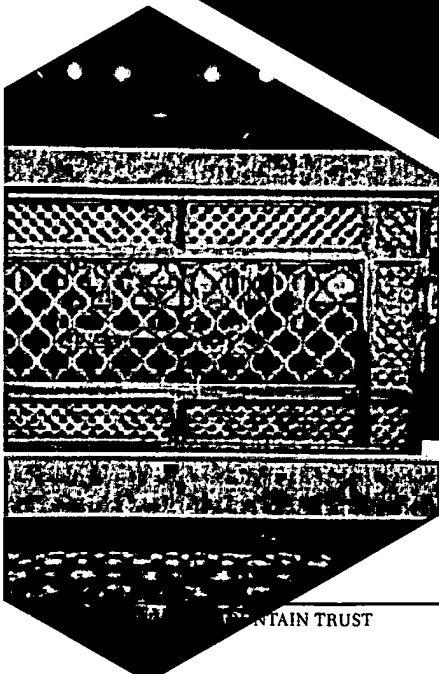
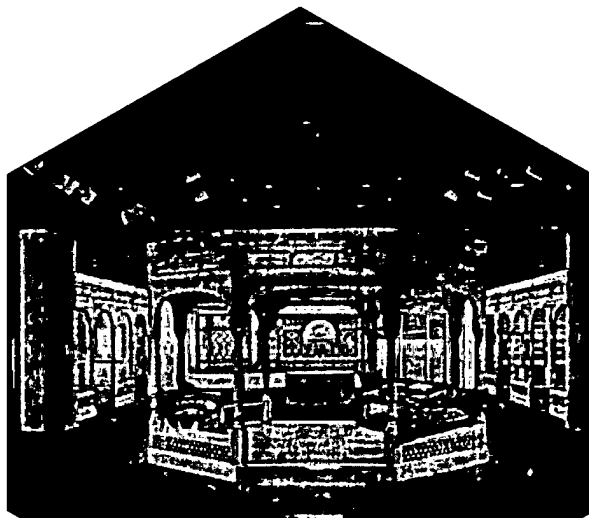
Smithsonian Museum Exhibition – Freer | Sackler Gallery

With over 175,000 visitors over the course of 10 months and 5million social media impressions, the exhibition has been a great success. It received the second highest visitor satisfaction rating of any show at the Freer|Sackler Galleries over the last five years and changed people's views of both Afghanistan and of products made in Afghanistan.

As part of our collaboration with the Smithsonian Museum, Turquoise Mountain and the United States Institute for Peace also organised a symposium on cultural heritage and peace building in Washington, D.C. in late 2016. The Turquoise Mountain Institute delivered its own personal message to participants of the symposium by holding a carpet design competition in Kabul.

Students were encouraged to design Peace Carpets which were then exhibited at the symposium and the winners were honoured to write their hopes for peace on these carpets.

In addition, Turquoise Mountain curated the "Made in Afghanistan" exhibition for the XXI Triennale in Milan, Italy to advocate new Afghan carpet designs, woodwork, and jewellery. The show was launched during the Milan Design Week in April and welcomed over 168,000 visitors interested in contemporary design and architecture.



Strategic Report: Turquoise Mountain Afghanistan

Turquoise Mountain Institute for Afghan Arts and Architecture

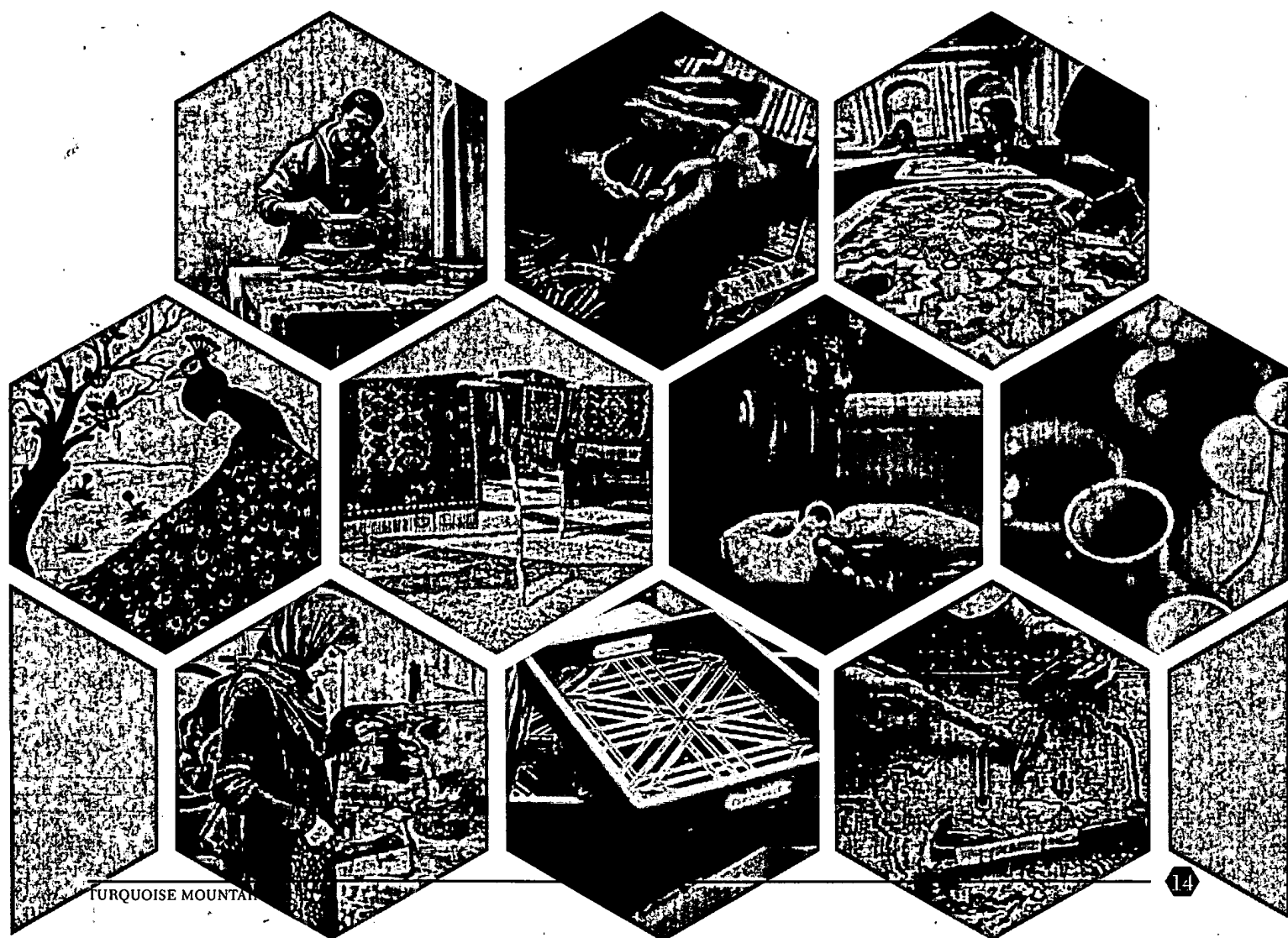
By December 2016, 103 students (81 male, 22 female) were enrolled at the Turquoise Mountain Institute. The programme, which is accredited through the UK's City & Guilds as well as the Afghan Ministry of Education, provides vocational training in calligraphy & miniature painting, gem-cutting & jewellery-making, woodwork, and ceramics.

In March 2016, 38 students (32 male, 6 female) graduated from the three-year diploma courses, many of them pursuing careers in their craft afterwards. To date, 28% became craft business owners or partners in a craft business, 38% found themselves in a craft-related employment, while another 15% pursued further studies upon graduating from the institute.

Cultural Activities

The institute continued to be a centre for cultural activities and intercultural exchange in Afghanistan. It organised the Annual Calligraphy Competition in Herat, whose awards ceremony in Kabul attracted hundreds of visitors from cultural and educational institutions, as well as government representatives.

Turquoise Mountain also partnered with SharedStudios and launched the first portal project in Kabul. Around 20 portal sessions were held with portals around the world, such as Washington, D.C., Yangon, and Isfahan, providing other countries a glimpse of Afghan culture and every-day life.



Strategic Report: Turquoise Mountain Af

Before

After

The Great Serai was the most ambitious of all Turquoise Mountain's restoration projects in Murad Khanis. The original building was grand in scale but in very poor condition. The building was largely derelict. It was being used to store boxes of bananas and electric cables. Goats were living on the roof. Today the Great Serai is the main building of the Turquoise Mountain Institute for Arts & Architecture. In 2013 the restoration won the UNESCO Asia-Pacific Award of Distinction.

Strategic Report: Turquoise Mountain Afghanistan

Community Development

Socio-Economic Survey

In 2016, Turquoise Mountain conducted a socio-economic survey in Murad Khani, conducting interviews and focus group discussions with more than 500 participants. Compared to the last survey from 2013, results this year indicate a more stable, educated, and medically served community. Murad Khani has attracted more new residents in the past three years than at any other point since the time of Taliban and most respondents intend to stay. Moreover, residents' perceptions of Turquoise Mountain continue to be positive and supportive.

The Ferozkoh Family Health Centre (FFHC) provides medical services to a wide range of patients

The clinic is providing superior health care, and as such the patient demand is growing. In 2016, almost 18,000 patients visited the FFHC. It also provided vaccinations for tuberculosis, polio, diphtheria, pertussis, tetanus and measles for children and those who need this vaccine in the community and surrounding area. In addition, the clinic provided health education on personal and environmental hygiene, prevention of disease and maternal health issues for families in the community.

Primary Education

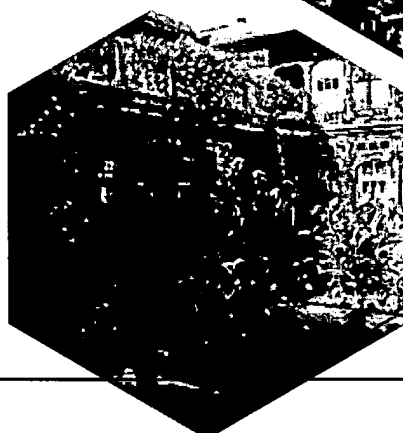
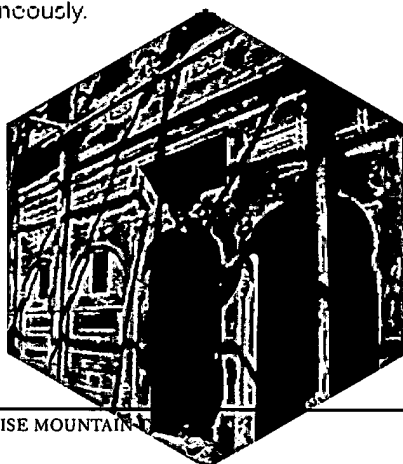
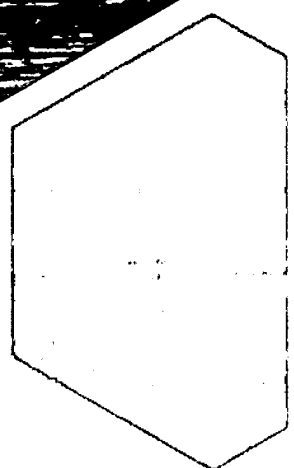
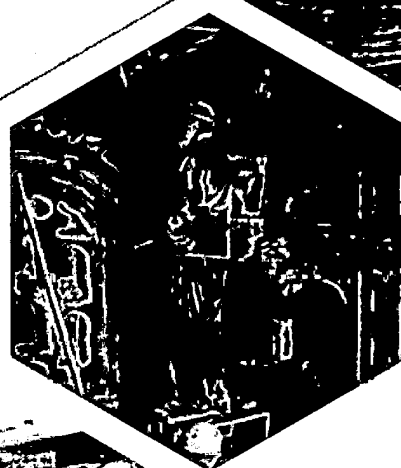
The Murad Khani Primary School continues to provide a high standard of education for 105 (64 boys and 41 girls) children of the local community.

Architecture and Engineering in Murad Khani

To date Turquoise Mountain has built or restored 148 buildings in Murad Khani, and installed water supply, sanitation and electricity throughout the community. Over 35,000 cubic meters of rubbish has been cleared from the streets and hundreds of metres of stone pavement laid.

In 2016, Turquoise Mountain continued to support the community in their maintenance of the historic fabric of the neighbourhood. This culminated in the very exciting news of a new grant for the old city which would see destroyed buildings rebuilt, the old bazaar restored and the installation of a new Visitor Centre to bring the history of historic Kabul to hundreds of thousands of Afghans. This £2.5m grant from the British Council Cultural Protection Fund will embed the old city's status as a beacon of cultural heritage and a great source of pride for Afghans.

2017 will be the busiest year for some time for the Architecture and Engineering department, with multiple restorations, contemporary builds and community projects launching simultaneously.





2.

*Turquoise Mountain
Myanmar*

Strategic Report: Turquoise Mountain Myanmar

Turquoise Mountain has been operating in Myanmar since the end of 2014. Our vision is to save the iconic urban heritage of Yangon's Downtown and to revive the traditional handicraft industry. The impact on Myanmar will be significant; in providing livelihoods, opportunity for reconciliation, safeguarding cultural assets, and providing a boost to national pride.

Urban Regeneration

491-501 Merchant Street

Turquoise Mountain Myanmar completed its first building renovation at the heart of Yangon's historic Downtown in April 2016, and it was opened by the NLD's new Yangon Regional Minister H.E. Phyo Min Thein.

The renovation not only secured the future of one of Yangon's at risk historic buildings and the rich and diverse community within it, but also now acts as an exemplar conservation project to enable and inspire others.

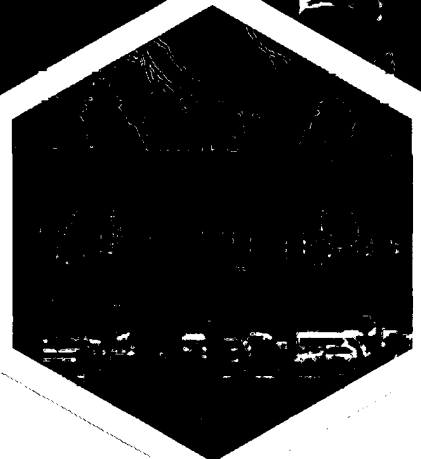
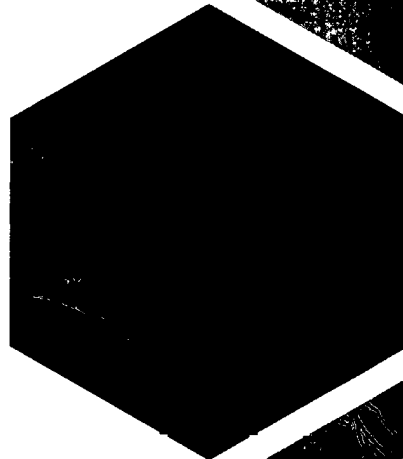
A comprehensive programme of vocational training in traditional construction skills was run in parallel with the renovation project, and over 250 people were trained during the project in everything from decorative lime plasterwork to surveying of historic buildings.

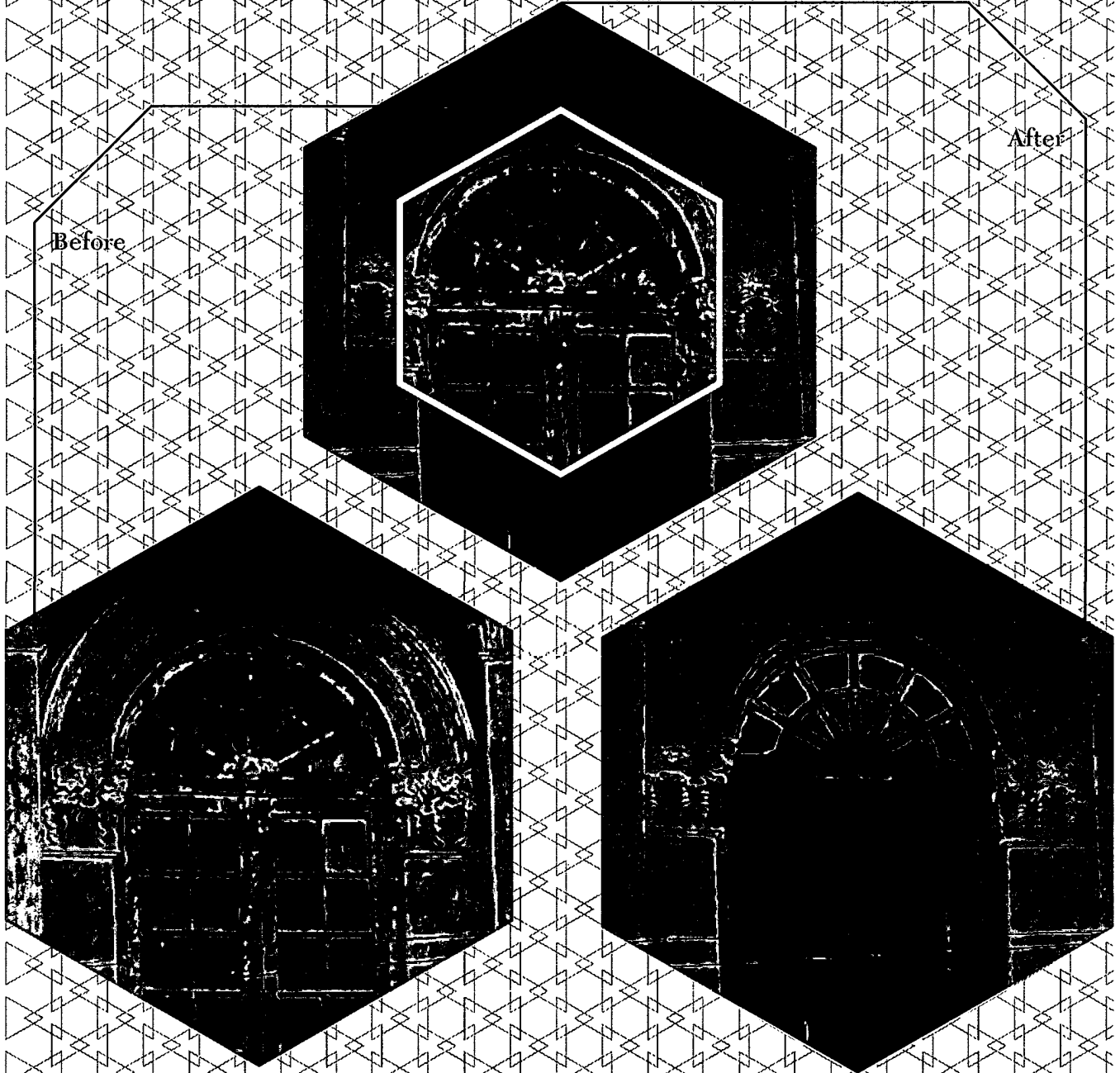
An exhibition opened within the building called 'Living Restoration' which told the story of all the different elements of the project, and this was accompanied by a rich programme of events which encourage engagement from a wide number of different audiences – everything from traditional puppet shows for local school children to a lively 2-day heritage themed debate in partnership with local student group the Yangon Debate League – and these have encouraged thousands of Burmese people to engage with their heritage.

Landmark Regeneration – Tourist Burma Building

Following the successful completion of the Merchant Street renovation, the Yangon Regional Government has asked Turquoise Mountain to undertake the revitalization of the old Tourist Burma Building at the heart of Yangon.

This landmark building in Yangon's Downtown overlooks the Sule Pagoda and Mahabaddoola Park, and is a fine example of classical architecture. The project will reconnect the citizens of Yangon with an iconic building, drawing them into its public spaces. The restoration will train 1,000 people in traditional building skills and most importantly, provide a compelling lead for others to follow.





Turquoise Mountain has delivered Myanmar's first building conservation project completed to international standards in the heart of Yangon's historic Downtown, at 491-501 Merchant Street. Turquoise Mountain worked with the diverse community within the building to conserve it, whilst training over 250 people in traditional building skills.

Strategic Report: Turquoise Mountain Myanmar

Reviving the Craft Industry

Jewellery Project

Turquoise Mountain formed a partnership with Daw Aung San Suu Kyi's Suu Foundation at the beginning of 2016 focusing on the jewellery industry and supporting artisans throughout the value chain. A traditional jewellery workshop has been set up in Downtown Yangon which is producing the highest quality handcrafted gold jewellery to come out of Myanmar in many decades. International jewellery designers working with Myanmar designers and artisans have produced four beautiful lines. 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 has been expanding to meet demand, tripling in size in the last few months, and an apprentice programme has been launched to inspire and train future generations. At its heart this is a livelihoods project and in the words of our head goldsmith Aung Chay:

"Our work helps give our children a better education and secure income for our families"

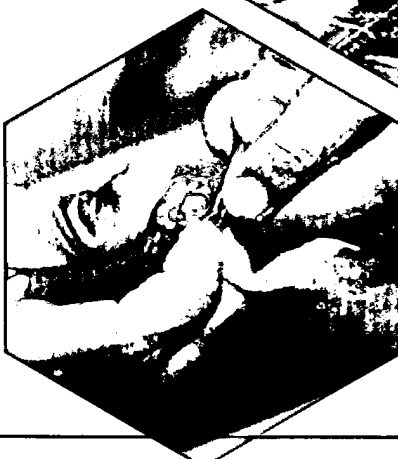
Gold Project, from mine to market

Through this project Turquoise Mountain, in partnership with the Suu Foundation, aims to produce Myanmar's first responsibly sourced gold. We will work with Artisanal and Small-scale Gold Mining (ASGM) communities in Mandalay Region to upgrade and improve practices and operations, in order to unlock the poverty reducing potential of ASGM and mitigate its damaging environmental impacts. It will build on the success of the partnership's existing project producing high end, traditionally inspired, handmade jewellery, providing a direct route to market for the responsibly produced gold, building livelihoods and renewed pride, and distributing income throughout the value chain – from mine to market

The enabling work for this project has already begun, with strong backing from the Ministry of Mines.

Textiles

Burmese textiles are another stunning example of masterful local craft traditions and having completed a research project spanning the range of textiles available across Myanmar, we have begun developing a fashion range in collaboration with a UK based ethical designer.





2.1.3

*Turquoise Mountain
Saudi Arabia*

Strategic Report: Turquoise Mountain Saudi Arabia

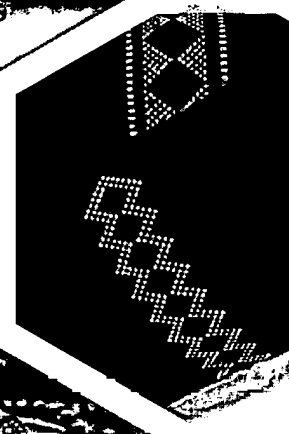
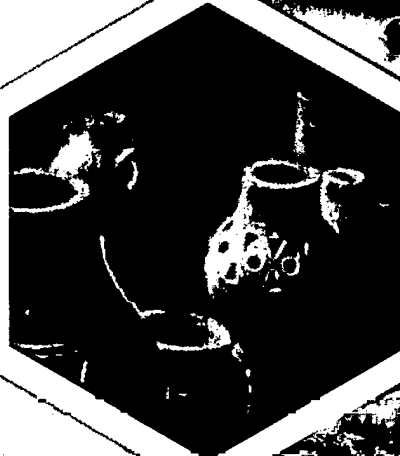
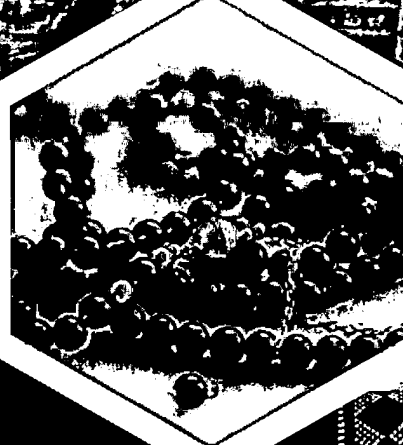
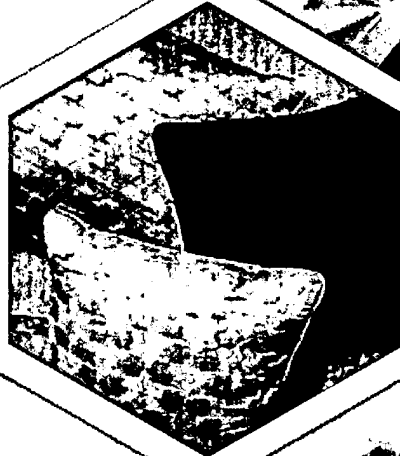
Turquoise Mountain has partnered with the Saudi Handicrafts Programme at the Saudi Commission for Tourism & National Heritage, and since July 2016 with Alwaleed Philanthropies, to revitalize Saudi Arabia's craft industries, linking artisans with real commercial opportunity, and sustaining the unique craft traditions of Saudi Arabia. The project provides skills training and commercial know-how, direct production support, and market access for Saudi artisans, with a particular focus on supporting women.

This programme will significantly grow the craft sector by leveraging a network of international designers, regional artisanal experts and partnerships. The focus is work alongside artisans around the Kingdom to create handmade craft products that reflect authentic materials and motifs, excellence of technique and quality control, whilst also allied with the huge market potential of the region. The initiative has already seen hundreds of artisans connecting with clients and producing authentic, contemporary and beautiful products.

In its first year the TM team in Saudi researched craft traditions across all 13 provinces of Saudi Arabia and identified artisans and traditions that could form the foundation of a crafts revival. The project is now in its second year. The team has worked directly with over 400 artisans, from 15 craft traditions, and has secured major commissions for artisans, that at the time of writing sees almost 4,000 individual pieces in production for clients. A further 3,000 products are in negotiation with new clients.

Year 1 achievements included:

- Nationwide research project assessing current crafts capacity and areas of strength of tradition;
- Interviews with 252 artisans around Saudi Arabia;
- Fieldwork with artisans in Riyadh, Qassim, Asir, Hofuf, Dammam, Jeddah, Medina, Tabuk and Taif.
- Training and product development for 150 artisans in jewellery, prayer-bead manufacture, woodworking, carved plaster, sedu, bisht embroidery, painted trays, palm-weaving – alongside product design for calligraphy and ceramics.
- Four top international designers developed gifts, heritage hotel furniture and interior design items based on the craft traditions of Saudi Arabia.
- Two fully equipped workshops created in Jeddah and Medina for woodworking, plasterwork and jewellery – equipment available in Year 2 for further use by local artisans.
- Creation of more than 100 initial craft product prototypes many of which are being delivered in live commissions in year 2.
- Three commercial clients, comprising Four Seasons Riyadh, Radisson Blu Riyadh and Atharna, contracted production work throughout 2017.
- Initial engagement of more than 100 men and women artisans on live commercial commissions, for luxury hotel clients in Riyadh.
- Business development opportunities identified with further luxury hotel clients.

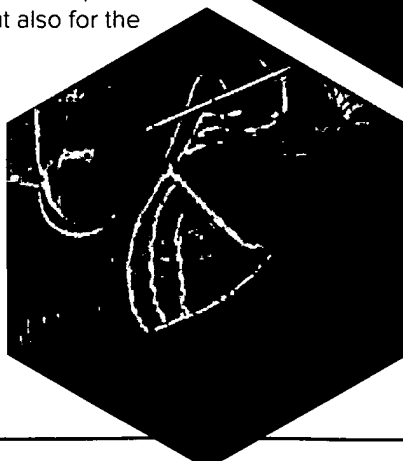
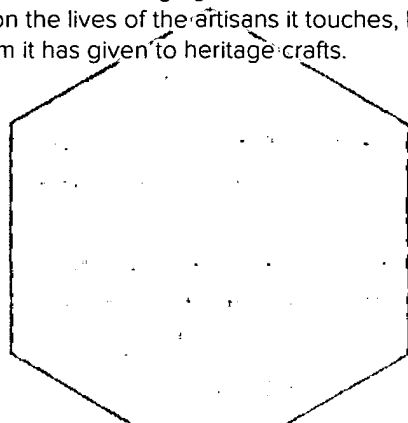
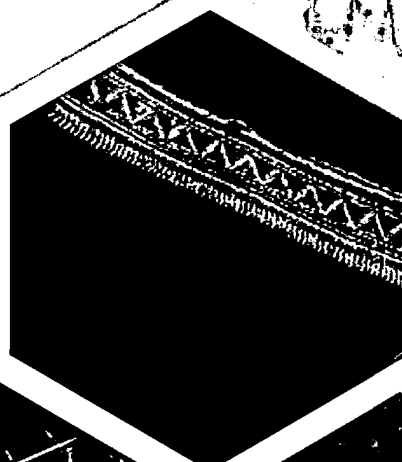
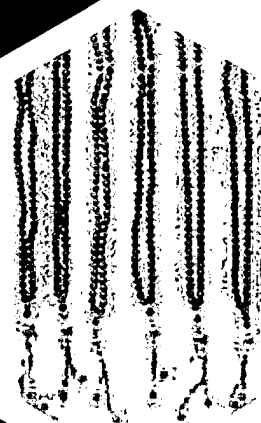


Strategic Report: Turquoise Mountain Saudi Arabia

In addition, Year 1 has seen Turquoise Mountain achieve much within the On-the-job Training Programme (OJT) and the Women of Arabia Jewellery Project, funded by Alwaleed Philanthropies. In the six months to December 2016 the On-the-job Training and Women of Arabia Programmes had:

- Over 2,000 craft products in delivery.
- Provided intensive skill training, coaching in working to designs, raw materials and equipment supply, production planning training and pricing training.
- Products commissioned from a broad range including wall artworks, decorative objects and outdoor sculptures, in-room amenities and textiles, and restaurant and café area accessories.
- Established production flows with artisans which saw each product going through standard stages of design, sampling, materials and tools provision, skills training, volume production, quality control, photography and delivery.
- Created authentic visual vocabularies, in the form of a catalogue of design precedents and historic craft features, and knowledge of traditional craft techniques, artisan capacity and visual identities that reflect the regional heritage of Saudi Arabia.
- Introduced design & range planning; Turquoise Mountain designers and technicians have begun their work with artisans, to develop product ranges that strike a balance between sustainable income for artisans, appropriate use of craft traditions, and products that reflect a viable cost to clients.
- Delivered On-the-job Production Training to 54 women artisans who have been trained and supported in the crafts of plaster carving, painting, glazed ceramics, sedu weaving, quilting and stitchwork during the first phase of activities. Bespoke workshops have been delivered in plasterwork, sedu weaving, and Asiri painting. All 54 women are contributing craft items to current commissions.
- Introduced an international jewellery designer who created three jewellery ranges inspired historic pieces from the national museum and tribal jewellery from Saudi Arabia's heritage.

The project is now benefitting hundreds of artisans, across Saudi Arabia and more widely, and is realising the vision of a revitalised and sustainable artisanal sector, rooted within the heritage and unique craft traditions of the region. This rapid start is encouraging, not least for the marked impact it has on the lives of the artisans it touches, but also for the platform it has given to heritage crafts.

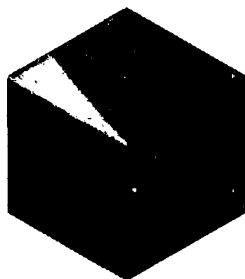


2.2 Financial Review

2.2.1 Income

Total £5.3m

Donations	£1.7m
Grants	£2.8m
Sales	£0.3m
Forex gains	£0.6m



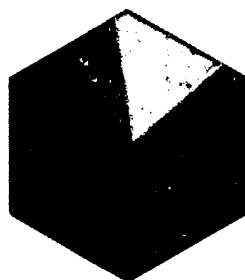
The income available to the charity has risen by £2.7m to £5.3m this financial year, as shown in the financial statements on page 34. Increased grant activity across the countries, a strong fundraising performance, higher sales and positive exchange rate fluctuations have generated an additional £2.7m of grant income.

The charity aims to spread its source of income to minimise the impact of a change in circumstances for its funders. Whilst USAID remains the largest single partner, Turquoise Mountain has generated more than one third of its funding from individual philanthropists in this year, the remaining two thirds has come from institutional funders or foundations. The charity will continue to seek a diverse mix of funding from differing funding segments and governments.

2.2.2 Expenditure

Total £4.4m

Urban regeneration	£0.7m
Community Development	£0.3m
Education	£0.7m
Business Development	£2.7m



Increased income has seen charitable expenditure increase on 2015 by £1.5m to £4.4m as shown on page 34 of the financial statements. Growing levels of activity in Myanmar and Saudi have seen Urban Regeneration and Business Development expenditure increase. In addition to this the Business Development programme in Afghanistan has increased in intensity in line with the USAID grant for this work. Community Development work has increased in anticipation of the start of the British Council Cultural Protection Fund programme and planned cost savings in the year have seen Education costs in Kabul reduce by £0.2m.

2.2.3 Reserves

Reserves are represented by the fund balances on the balance sheet on page 35. The reserves as at 31 December 2016 are £3.7m (2015: £2.8m).

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.

Of the total reserves at 31 December 2016, the majority of this funding is committed to projects over the next 2 years.

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.

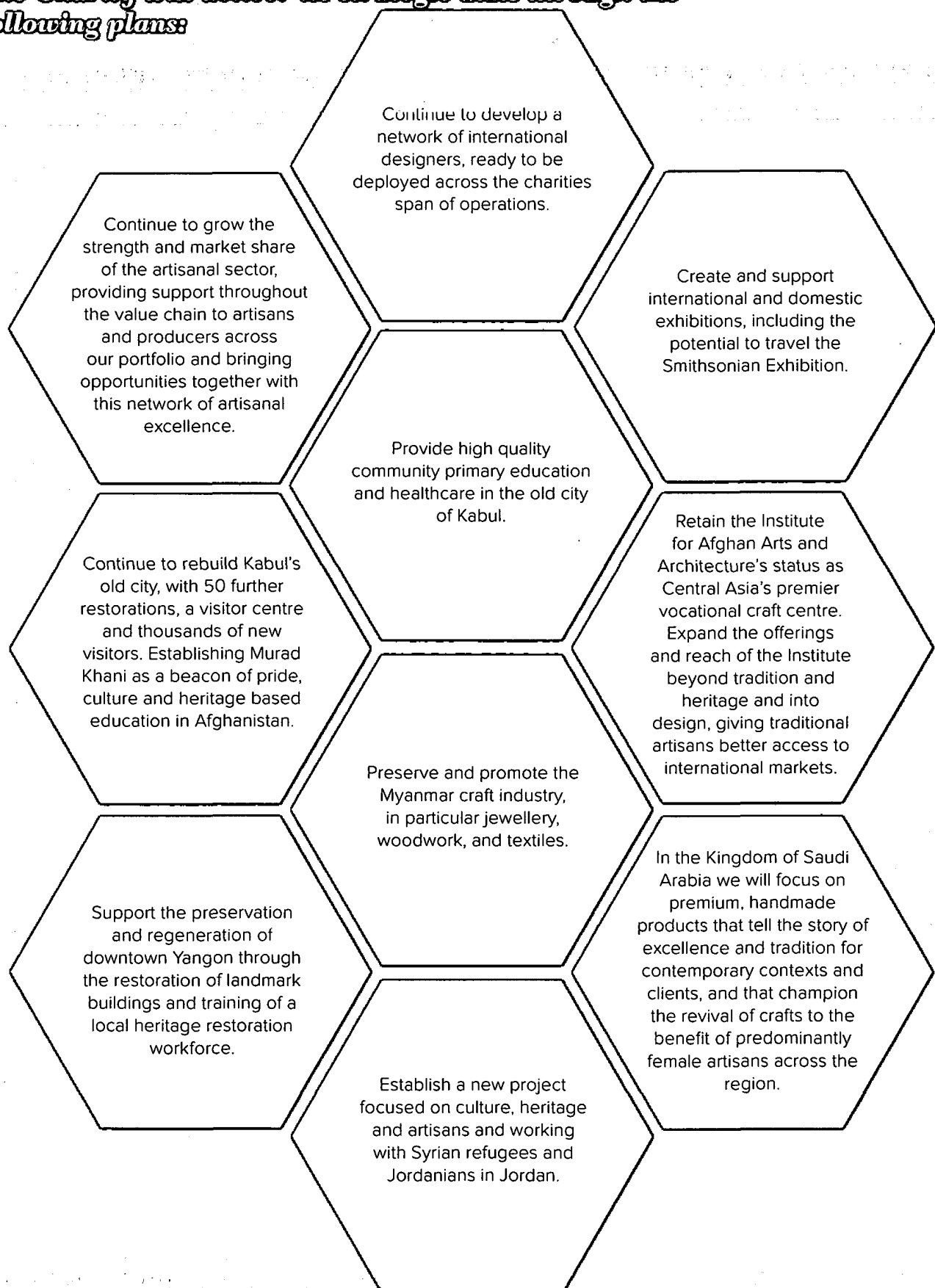
2.2.4 Overall Financial Health

Throughout 2016 and looking ahead, Turquoise Mountain has successfully secured new income to support its charitable activities and deliver its plans. The international development sector funding situation is expected to remain challenging for some time to come but Turquoise Mountain is well placed to leverage a track record of delivering tangible results on the ground in difficult circumstances.

The Board has therefore 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.

2.3 Plans for Future Period

The Charity will deliver its strategic aims through the following plans:



2.4 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;
- 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;
 - regular review of the critical business systems and policy areas of our operations.

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 landscape within Afghanistan, prohibiting the organisation from fulfilling its obligations to funders and meeting its charitable aims in country.

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

3.

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.

3.1 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 2015 and at the time of the approval of the financial statements were as follows:

- | | |
|---------------------------|--------------------------------------|
| ● Richard Keith | ● Tamim Samee |
| ● Sir Richard Stagg | ● Dr. Will Beharrell (25.04.16) |
| ● Edward Viscount Chelsea | ● Henrietta Martin-Fisher (16.09.16) |
| ● Sir John Tusa KBE | ● Thiri Thant Mon (13.03.17) |
| ● Khaled Said | |
| ● Sir William Patey | |

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.

3.2 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.

3.3 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.

4.

Reference and Administrative Information

4.1 Registered Scottish Charity Number: SC037343

4.2 Company Number: SC299579

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

4.4 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

5.

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 principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

6.

Re-appointment of Auditor

In accordance with section 487 of the Companies Act 2006, Cheine & Tait LLP will be deemed to be re-appointed as auditors at the 2016 annual general meeting.

The Trustees' Report and the Strategic Report have been approved by the Trustees on 29 September 2017 and signed on their behalf by:



Richard Keith (Chairman)

7.

Independent Auditor's Report

Independent Auditor's Report to the Trustees and Members of the Turquoise Mountain Trust

We have audited the financial statements of The Turquoise Mountain Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent Auditor's Report

Opinion 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 (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

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

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



Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)
29 September 2017

For and on behalf of
CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh, EH3 6NL

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

8.

Financial Statement

Financial Statements

8.1 Statement of Financial Activities

For the year ended 31st December 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income					
Donations and legacies	3	1,669,298	-	1,669,298	381,059
Income from charitable activities					
Grants received		-	2,810,137	2,810,137	1,927,424
Sale of goods		291,921	-	291,921	150,851
Investment income					
Bank interest		1,648	-	1,648	6,228
Other income					
Foreign exchange gains		491,842	79,727	571,569	151,268
Total income		2,454,709	2,889,864	5,344,573	2,616,830
Expenditure					
Cost of raising funds	5	177,509	2,184	179,693	101,101
Expenditure on charitable activities					
Urban Regeneration	5	302,309	374,235	676,544	470,007
Community Development		109,250	127,363	236,613	140,258
Education		617,593	54,498	672,091	921,207
Business Development		568,459	2,110,700	2,679,159	1,277,303
Total expenditure		1,775,120	2,668,980	4,444,100	2,909,876
Net income (expenditure) before transfers					
		679,589	220,884	900,473	(293,046)
Gross transfers between funds	17	36,107	(36,107)	-	-
Net income (expenditure)		715,696	184,777	900,473	(293,046)
Total funds brought forward	17	2,542,206	288,809	2,831,015	3,124,061
Total funds carried forward	17	3,257,902	473,586	3,731,488	2,831,015

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 37 to 48 form part of these financial statements.

Financial Statements

8.2 Balance Sheet

As at 31st December 2016

	Notes	£	2016 £	2015 £
Fixed Assets				
Tangible assets	10		69,963	50,396
Investments	11		5,000	5,000
			74,963	55,396
Current Assets				
Stock	12	73,418		110,871
Debtors	13	538,836		644,312
Cash at bank and in hand		3,343,684		2,209,047
		3,955,938		2,964,230
Liabilities				
Creditors falling due within one year	14	299,413		188,611
Net Current Assets			3,656,525	2,775,619
Net Assets			3,731,488	2,831,015
The Funds of the Charity				
Unrestricted funds	17		3,257,902	2,542,206
Restricted funds	17		473,586	288,809
			3,731,488	2,831,015

The financial statements were approved by the Trustees on 29th September 2017 and are signed on their behalf by:



Richard Keith (Chairman)



Sir John Tusa KBE (Trustee)

Company Number: SC299579

The notes on pages 37 to 48 form part of these financial statements.

8.3 Statement of Cash Flows

For the year ended 31st December 2016

	2016	2015
	£	£
Reconciliation of net movement in funds to net cash flow from operating activities		
Net movement in funds	900,473	(293,046)
Deduct interest income shown in investing activities	(1,648)	(6,228)
Add back depreciation charge	30,509	20,602
Decrease/(increase) in stocks	37,453	16,894
Decrease/(increase) in debtors	105,476	(253,984)
Increase in creditors	110,802	30,827
Net cash generated by/(used in) operating activities	1,183,065	(484,935)
Cash flows from investing activities		
Interest income	1,648	6,228
Purchase of tangible fixed assets	(50,076)	(56,977)
Cash used in investing activities	(48,428)	(50,749)
Increase/(decrease) in cash in the year	1,134,637	(535,684)
Cash and cash equivalents at the beginning of the year	2,209,047	2,744,731
Total cash and cash equivalents at the end of the year	3,343,684	2,209,047

The notes on pages 37 to 48 form part of these financial statements.

8.4 Notes to the Financial Statements

For the year ended 31st December 2016

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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 2016) - (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. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Going concern

The financial statements have been prepared on a going concern basis. The Trust has reported net income of £900,473 (2015: net expenditure of £293,046) 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.

(i) 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 10 for carrying amounts of tangible assets.

d) Basis of consolidation

It is the policy of the Trust to consolidate its results with its subsidiary undertaking, Turquoise Mountain Trading Limited, on a line by line basis. Consolidated financial statements have not been prepared under the Companies Act 2006 on the basis that the subsidiary company has minimal activity during the year.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

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.

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.

Charitable activities

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

Grant income for specific projects is recognised in the period in which it is receivable; which is when the Trust becomes entitled to the income, any performance conditions attached to the grants have been met, the receipt is probable and the amount can be measured with sufficient reliability.

Volunteers

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

Financial Statements: Notes to the Financial Statements

For the year ended 31st December 2016

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 is 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, Burma and Saudi 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 17.

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

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 trust 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.

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

2. Legal status of the Trust

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

3. Donations and legacies

	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Donations	1,669,298	-	1,669,298	345,050	36,009	381,059

4. Net expenditure

	2016 £	2015 £
Net expenditure is stated after charging:		
Depreciation	30,509	20,602
Auditor's remuneration		
- audit services	24,144	20,241
- other services	3,147	735

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

5a: Resources expended by activity

	Staff costs	Direct costs	Sub-total 2016	General Management	Financial Management	Program Support	Governance costs	Total 2016	Total 2015
	£	£	£	£	£	£	£	£	£
Charitable activities									
Urban Regeneration	253,690	361,524	615,214	954	10,431	29,151	20,794	676,544	470,007
Community Development	125,624	93,488	219,112	533	695	10,052	6,221	236,613	140,258
Education	17,629	536,359	553,988	3,105	27,815	60,311	26,872	672,091	921,207
Business Development	1,072,968	1,407,475	2,480,443	3,836	27,119	90,467	77,294	2,679,159	1,277,303
	1,469,911	2,398,846	3,868,757	8,428	66,060	189,981	131,181	4,264,407	2,808,775
Cost of raising funds	85,084	82,467	167,551	222	1,739	5,026	5,155	179,693	101,101
	1,554,995	2,481,313	4,036,308	8,650	67,799	195,007	136,336	4,444,100	2,909,876

Support costs have been allocated on the following bases:

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

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

5b. Resources expended detailed funds allocation

	2016 Unrestricted £	2016 Restricted £	Total 2016 £	2015 Unrestricted £	2015 Restricted £	Total 2015 £
Charitable activities						
Urban Regeneration	302,309	374,235	676,544	214,375	255,632	470,007
Community Development	109,250	127,363	236,613	105,168	35,090	140,258
Education	617,593	54,498	672,091	215,612	705,595	921,207
Business Development	568,459	2,110,700	2,679,159	566,535	710,768	1,277,303
	1,597,611	2,666,796	4,264,407	1,101,690	1,707,085	2,808,775
Cost of raising funds	177,509	2,184	179,693	97,926	3,175	101,101
	1,775,120	2,668,980	4,444,100	1,199,616	1,710,260	2,909,876

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

6. Governance costs

	2016	2015
	£	£
Staff costs	85,085	46,540
Direct costs	18,496	14,798
General management	222	5,261
Financial management	2,358	1,536
Human resources	-	3
Information technology	-	2
Program support	6,031	2,644
Audit fees	24,144	21,592
	136,336	92,376

7. Staff costs

	2016	2015
	£	£
Wages and salaries	1,804,114	922,015
Employer's national insurance	35,401	21,146
Pension costs	18,031	11,541
	1,857,546	954,702

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

Afghan National Staff	100	69
International Staff	10	7
UK Staff	3	2
Myanmar Staff	8	1
Saudi Staff	2	1
	123	80

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 during the year (2015: One employee earned between £80,000 and £90,000 and one employee earned between £60,000 and £70,000). The company accrued pension contributions totaling £nil (2015: £11,541) in respect of the employee earning between £100,000 and £110,000 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 and the Chief Finance Officer. The total employee benefits of the key management personnel of the Trust were £406,578 (2015: £267,735).

Financial Statements: Notes to the Financial Statements

For the year ended 31st December 2016

8. Trustee remuneration and expenses

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

Two Trustees received reimbursement of travelling expenses incurred on Trust activities amounting to £2,879 (2015: £3,569). In addition, the Trust provided Trustee Indemnity Insurance with a cost of £1,382 (2015: £1,165).

9. Taxation

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

10. Tangible assets

	Furniture & Fixtures £	Tools & Equipment £	Computers & Software £	Motor Vehicles £	Total £
Cost or valuation					
At 1 January 2016	14,288	178,718	48,277	14,469	255,752
Additions	13,066	12,509	24,501	-	50,076
Disposals	-	-	-	-	-
At 31 December 2016	27,354	191,227	72,778	14,469	305,828
Depreciation					
At January 2016	12,198	135,921	42,770	14,467	205,356
Charge for year	3,310	15,819	11,380	-	30,509
Disposals	-	-	-	-	-
At 31 December 2016	15,508	151,740	54,150	14,467	235,865
Net book value					
At 31 December 2016	11,846	39,487	18,628	2	69,963
Net book value					
At 31 December 2015	2,090	42,797	5,507	2	50,396

11. Investments

The Trust holds 100% of the share capital of Turquoise Mountain Trading Limited. Turquoise Mountain Trading Limited is registered in the UK and commenced trading during the period to 31 December 2016. At 31 December 2016 the aggregate amount of capital and reserves of Turquoise Mountain Trading Limited were £3,212, the loss for the one month period of trade being £1,788.

Consolidated financial statements have not been prepared under the Companies Act 2006 on the basis that the subsidiary company has minimal activities during the year.

	2016 £	2015 £
Investments in subsidiaries		
Cost at 1 January 2016	5,000	5,000
Additions	-	-
Cost at 31 December 2016	5,000	5,000

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

12. Stock

	2016	2015
	£	£
Raw materials	-	19,543
Finished goods	73,418	91,328
	73,418	110,871

13. Debtors

	2016	2015
	£	£
Trade debtors	64,395	127,744
Sundry debtors	159,187	179,835
Deposits	11,088	337
Prepayments	81,413	45,669
Amounts due by group undertakings	16,331	-
Accrued income - grants	206,422	290,727
	538,836	644,312

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	180,918	23,750
Other creditors and accruals	118,496	164,497
Deferred income - grants	-	364
	299,414	188,611

Details of deferred grant income is as follows:

	1 January 2016	Received during the year	Released to income	31 December 2016
	£	£	£	£
Juniper Trust	364	-	(364)	-
	364	-	(364)	-

Financial Statements: Notes to the Financial Statements

For the year ended 31st December 2016

15. Related party transactions

Details of related party transactions are provided on page 10 and within note 8. Turquoise Mountain Foundation US provided no donations during 2016 (2015: £Nil) and owes £391 (2015: £2,507) as at 31 December 2016. The Turquoise Mountain Trust also provided direct grant funding of £522,707 (2015: £106,534) and indirect grant funding of £31,281 (2015: £661,833) to the Institute and is owed £109,812 (2015: £143,679) by the Institute as at 31 December 2016.

16. Operating lease commitments

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

	2016	2015
	£	£
Operating leases for land and buildings which expire:		
- within 1 year	47,540	52,066
- between 2 to 5 years	198,323	138,227
- after more than 5 years	-	-
	245,863	190,293

Financial Statements: Notes to the Financial Statements
For the year ended 31st December 2016

17. Reserves

	1 January 2016	Resources recognised to income	Resources expended	Exchange gains/ (losses)	Transfers	31 December 2016
	£	£	£	£	£	£
<i>Restricted</i>						
USAID	-	6,053	-	-	(6,053)	-
Australian Embassy	2,304	-	(2,587)	283	-	-
Juniper Trust	-	396	(396)	-	-	-
British Embassy	29,738	21,049	(56,920)	6,133	-	-
Lorne Thyssen	-	58,335	(38,600)	1,887	(21,622)	-
Al Munawara Innovation Lab	2,946	32,593	(35,901)	362	-	-
Al-Waleed Philanthropies (Afghanistan)	12,938	-	(11,018)	-	(1,920)	-
GIZ	6,713	4,837	(10,060)	633	(2,123)	-
Kickstarter	10,522	-	(7,806)	1,673	(4,389)	-
Mosawi Foundation	-	35,626	(25,770)	943	-	10,799
PFBC	34,560	130,382	(169,180)	4,238	-	-
SHP	171,980	183,473	(349,430)	23,687	-	29,710
Sigrid Rausing	14,905	-	(16,733)	1,828	-	-
USAID - BLT	2,203	144,919	(144,405)	555	-	3,272
USAID - RACCEW	-	1,439,343	(1,345,888)	8,934	-	102,389
Suu Foundation	-	121,199	(115,059)	587	-	6,727
Flora Family Foundation	-	3,673	(3,673)	-	-	-
Community Foundation	-	1,805	(1,805)	-	-	-
USIP	-	105,773	(95,160)	1,015	-	11,628
PWCF	-	67,840	(27,075)	3,897	-	44,662
Al-Waleed Philanthropies (Saudi Arabia)	-	330,542	(161,997)	16,114	-	184,659
KSCDR	-	122,299	(49,185)	6,990	-	80,104
SHP - Radisson	-	-	(332)	(32)	-	(364)
	288,809	2,810,137	(2,668,979)	79,727	(36,107)	473,586
<i>Unrestricted funds</i>	2,542,206	1,962,867	(1,775,120)	491,842	36,107	3,257,902
	2,831,015	4,773,004	(4,444,100)	571,569	-	3,731,488

Financial Statements: Notes to the Financial Statements

For the year ended 31st December 2016

Restricted fund projects:

- i. **USAID** - this funding supports 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. The project is now complete so the value of assets purchased has been transferred to unrestricted reserves.
- ii. **Australian Embassy** – funding provided for a textile programme within Kabul
- iii. **Juniper Trust** – grant was focused on kitchen gardening project and tree planting scheme in the old city of Kabul, helping the women in the old city of Kabul to improve their livelihoods and save them from buying vegetable from the bazaar. They receive weekly training on gardening and vegetable plantation from a local gardening expert.
- iv. **British Embassy** have provided funding to develop the jewellery and calligraphy departments at the Institute.
- v. **Lorne Thyssen** – Lorne Thyssen provided the first seed money, a multi-year commitment, to begin the Myanmar project. In the year, a transfer was made to redress a deficit in the prior year and also for funding received towards the Smithsonian Exhibition.
- vi. **Al Munawara Innovations Lab** funding provided training in KSA for jewellers on a range of techniques
- vii. **Al-Waleed Philanthropies (Afghanistan)** funding was targeted on a project to produce a documentary about the work of Turquoise Mountain in Kabul. A transfer was made to cover costs not charged directly to this project in the first instance.
- viii. **GIZ** provided funding focused on jewellery training in the Old City of Kabul. This project is now complete so the value of assets purchased have been transferred to unrestricted reserves.
- ix. **Kickstarter** funding was generated to connect Afghanistan to the world through a series of portals around the globe. This project is now complete so the value of assets purchased have been transferred to unrestricted reserves.
- x. **Mosawi Foundation** supports the charity to deliver on its commitment to providing primary healthcare in the Old City of Kabul.
- xi. **Princes Foundation for Building Community (PFBC)** has provided funding in support of the restoration of an exemplar downtown Yangon property.
- xii. **Saudi Handicraft Programme (SHP)** – The Saudi Commission for Tourism & National Heritage, via the Saudi Handicraft Programme provided funds to pursue the study of Saudi handicrafts.
- xiii. **Sigrid Rausing** funds were directed toward the Murad Khani Public School.
- xiv. **USAID Building Livelihoods & Trade (BLT)** – The BLT programme ended in 2016; its aims were the following. To build economic and trade opportunities for Afghans through the economic, social and cultural regeneration of Murad Khani. To provide traditional craft education through the Turquoise Mountain Institute for Afghan Arts and Architecture. And to develop a market for Afghan crafts domestically and internationally through business mentoring, marketing and sales support.
- xv. **USAID Re-branding Afghanistan, Creating Jobs, Changing Perceptions and Empowering Women (RACCEW)** - The RACCEW programme took this further with is a three year program to support the Afghan artisan sector. This will leverage Turquoise Mountain's ten years of experience and expertise, the investments of USAID and other donors in the artisan sector, and private industry - to create a self-sustaining and diverse Afghan artisan sector. This includes intensive, tailored assistance to artisan enterprises across the country, which will complement the training of a new generation of Afghan artisans in the Turquoise Mountain Institute.

Financial Statements: Notes to the Financial Statements

For the year ended 31st December 2016

- xvi. **Suu Foundation** - funding is directed toward the revival of the traditional goldsmithing artisanal sector.
- xvii. **Flora Family Foundation** - contributed to the education of children in the Murad Khani Public School.
- xviii. **Community Foundation** - provided funding to undertake an assessment and review of a restoration project in Heart, Afghanistan.
- xix. **United States Institute for Peace (USIP)** - has contributed toward the Smithsonian Exhibition titled Artists Transforming Afghanistan.
- xx. **Prince of Wales Charitable Foundation (PWCF)** - funding contributes to our work in Yangon to restore, protect and revitalise the Downtown area's historic architecture for the benefit of Myanmar in the future.
- xxi. **Alwaleed Philanthropies (Saudi Arabia)** – this funding is directed at artisanal sector support in Saudi Arabia. In particular, it provides on the job training for artisans in achieving significant commissions and also establishes the Women of Arabia Jewellery Project.
- xxii. **King Salman Centre for Disability Research (KSCDR)** – this project seeks to elevate the Saudi artisanal sector through training, support and the creation of economic opportunity.

18. Transfers

The charitable company made transfers in the year from unrestricted to restricted funds to meet the cost of completing projects funded by restricted grants.

19. 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 £18,031 (2015: £11,541). Pension contributions outstanding at 31 December 2016 were £8,249 (2015: £11,901).