



TURQUOISE MOUNTAIN

Consolidated Report

For the Year Ended 31st December 2017

Scottish Charity Number: SC037343
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Turquoise Mountain

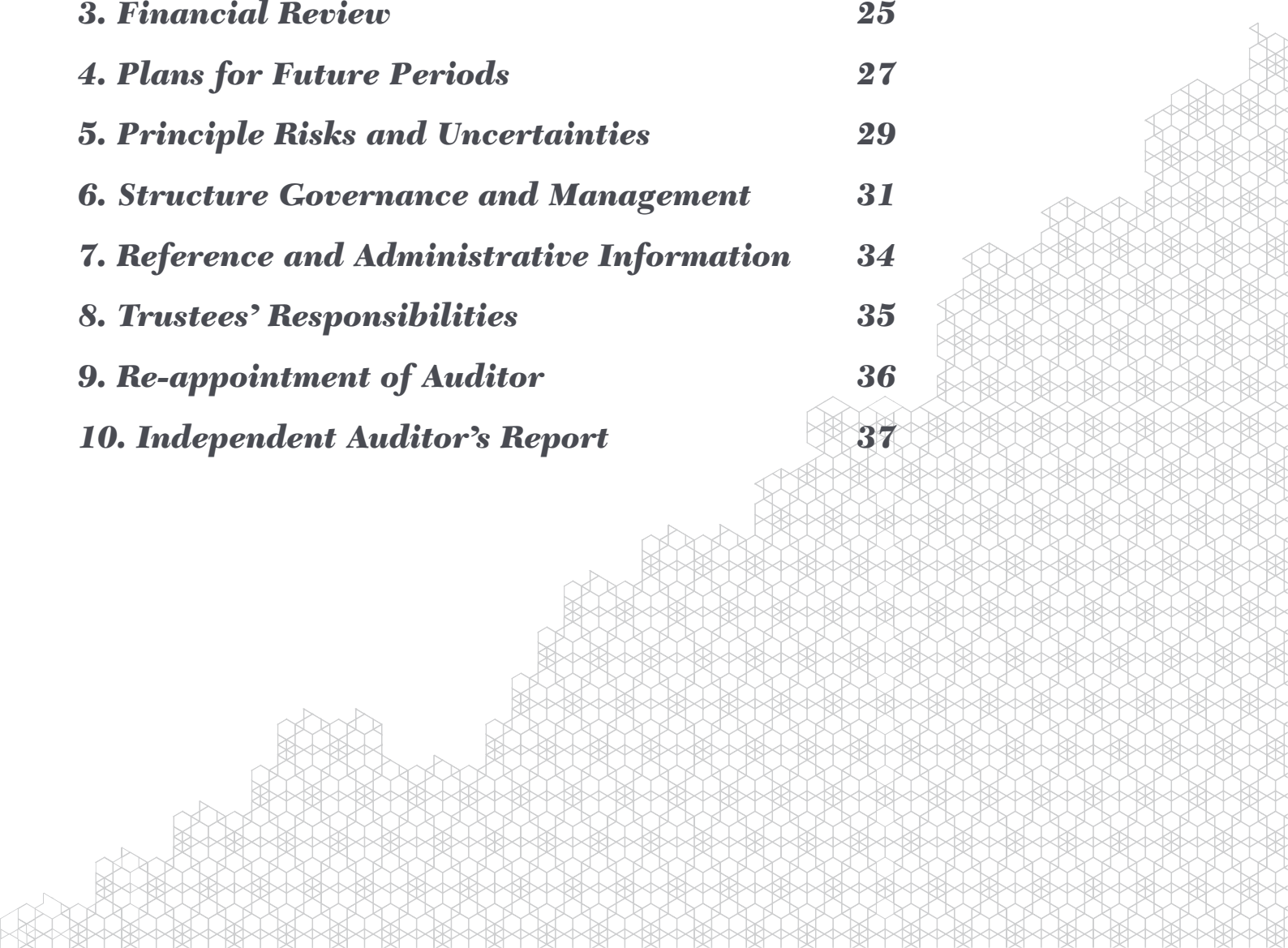
Turquoise Mountain was established in 2006 by HRH The Prince of Wales to revive historic areas, traditional crafts and communities, to provide jobs, skills and a renewed sense of pride.

“I hope that this Turquoise Mountain will help to breathe new life into Afghanistan’s unique and incomparable art and architecture for this and future generations” - HRH The Prince of Wales



Contents

<i>Chief Executive Introduction</i>	4
<i>Highlights</i>	5
<i>Where We Work</i>	7
<i>Trustees' Report</i>	8
<i>1. Objectives and Activities</i>	9
<i>2. Strategic Report</i>	11
2.1 Afghanistan	13
2.2 Myanmar	18
2.3 Saudi Arabia	21
2.4 Jordan	23
<i>3. Financial Review</i>	25
<i>4. Plans for Future Periods</i>	27
<i>5. Principle Risks and Uncertainties</i>	29
<i>6. Structure Governance and Management</i>	31
<i>7. Reference and Administrative Information</i>	34
<i>8. Trustees' Responsibilities</i>	35
<i>9. Re-appointment of Auditor</i>	36
<i>10. Independent Auditor's Report</i>	37



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. 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, 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 create opportunities for employment and collaborations between artisans, designers and iconic British brands.

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.

Almost 500,000 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 will premiere at the World Economic Forum at Davos in January of 2018 and at Buckingham Palace in the summer of 2018.

Over the last year Turquoise Mountain has been sup-

ported by many private and public individuals and institutions, and in particular we would like to thank United States Agency for International Development, the British Council, the Suu Foundation, The Said Foundation, The Saudi Commission on Tourism and Antiquities and Alwaleed Philanthropies for their support.

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. On behalf of the board, and from all of us, thank you.

A handwritten signature of Shoshana Stewart in dark ink, enclosed within a rectangular border.

Shoshana Stewart
Chief Executive Officer
Turquoise Mountain

Highlights

Connecting Artisans Around the World

The Smithsonian exhibition drew more visitors and more families than we could have imagined, and gave them a different view of Afghanistan. The extension of the exhibition at Davos 2018 – a collaboration with the Smithsonian and the World Economic Forum titled MASTERWORKS – will explore 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 will collaborate 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 up to 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 will join 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, northern Rakhine, 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, will attend 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.

Jordan

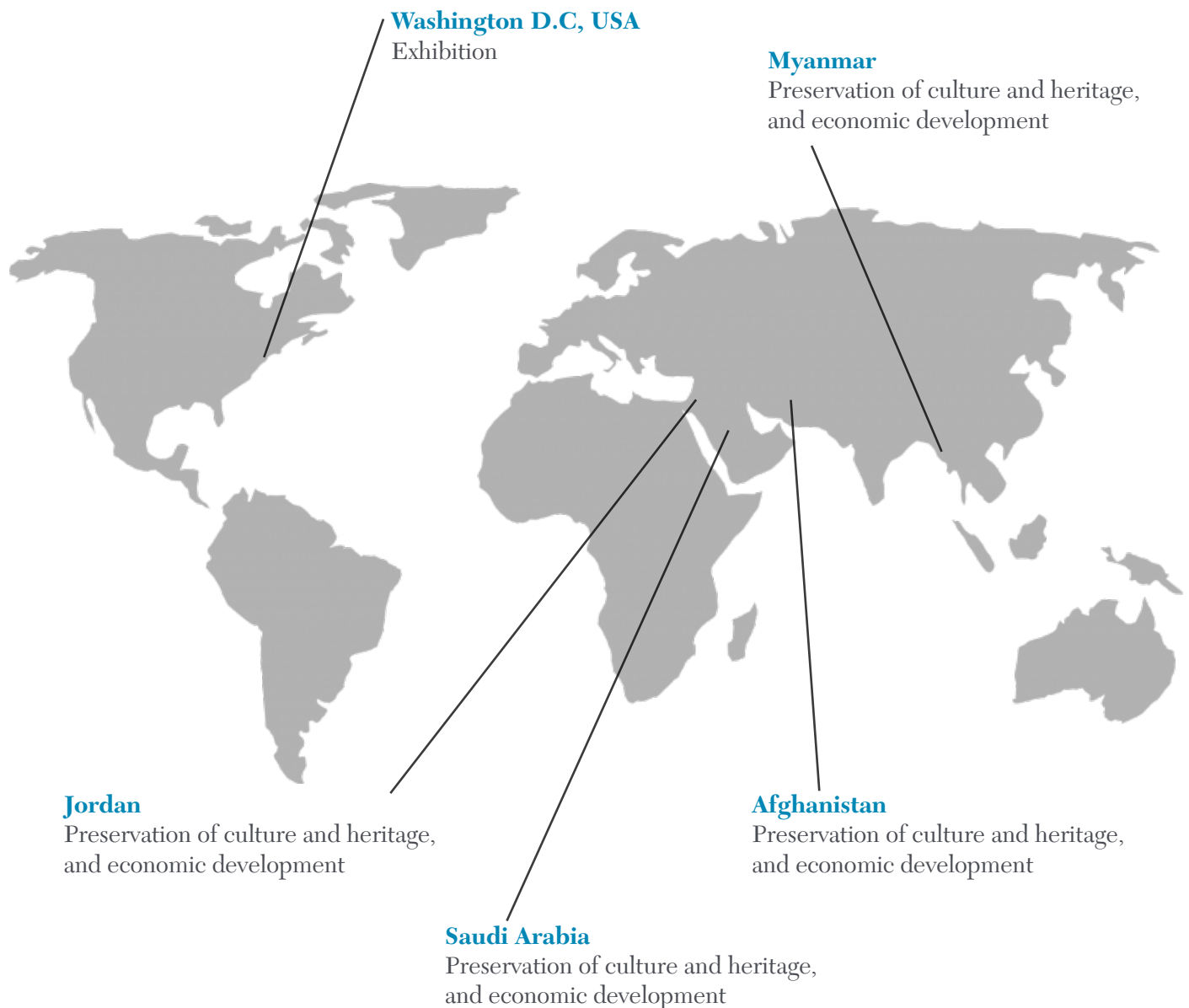
We launched Turquoise Mountain Jordan in October in conjunction with and through the support of the Said Foundation, in response to the Syrian crisis. We aim preserve Syrian and broader Levantine craft traditions, training the next generation of craftswomen and men, bringing their products to market, and promoting a sense of pride in these traditions. We will train over 500 artisans over the next two years, focusing on wood, mother of pearl inlay, metalwork, glass blowing, textiles, ajami painting and jewellery. Master artisans will train the next generation of Syrian craftsmen in refugee camps, and of all nationalities – Syrian, Jordanian, Palestinian, Iraqi and beyond - among host communities. And we are so grateful to our many wonderful partners, including Tiraz and Ettijihat, Mercy Corps and UNHCR.

Below are pieces made by Syrian and Jordanian artisans in and around Amman, for sale in London and 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.



Where We Work

In 2017, Turquoise Mountain worked in various locations 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 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 45-46 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).



TURQUOISE MOUNTAIN

1.

Objectives and Activities

Objectives & 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

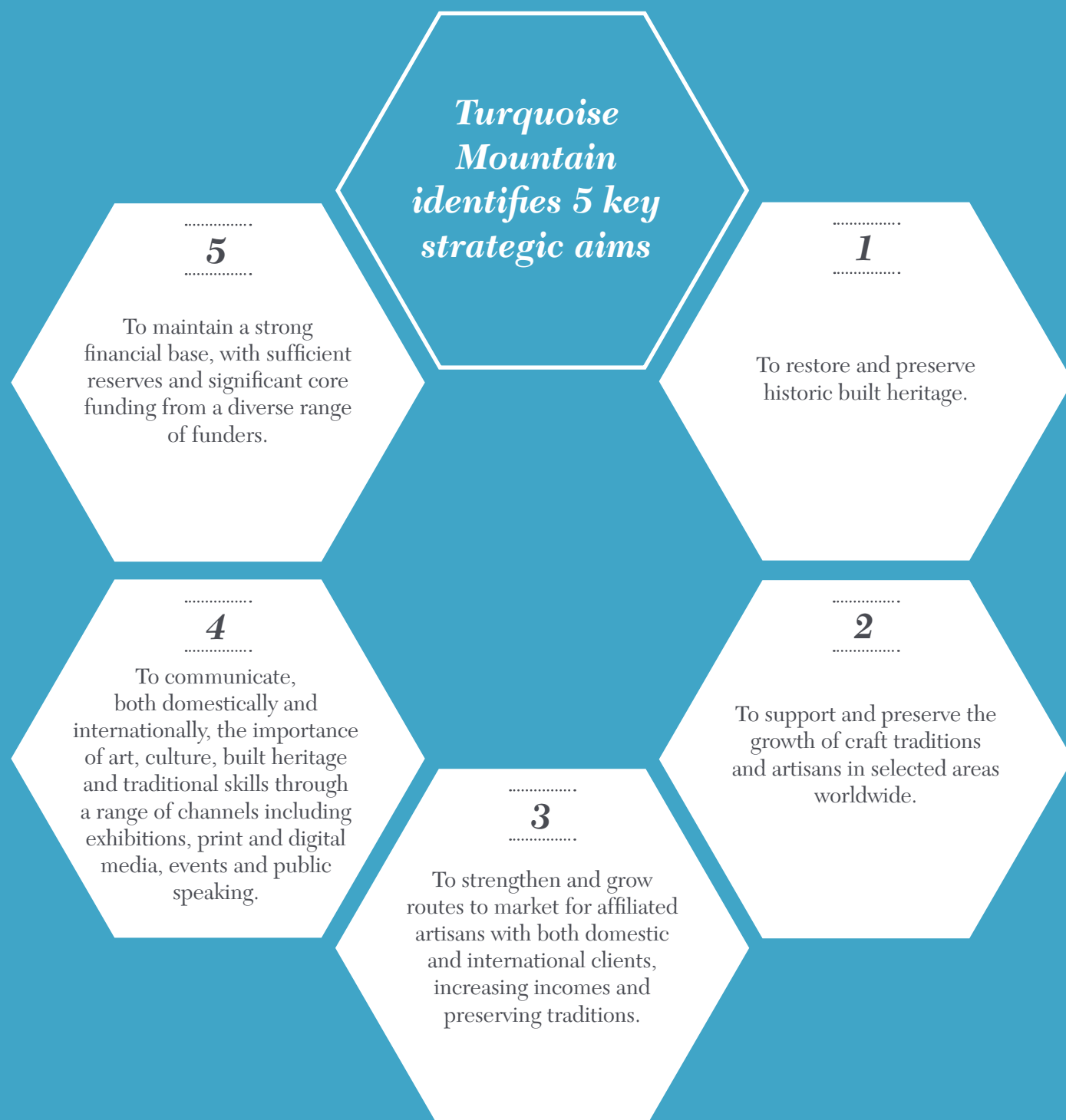
Since 2015, Turquoise Mountain has worked with the Saudi Commission for Tourism and National Heritage on traditional crafts. Through the project, Saudi artisans now have unprecedented access to commercial opportunities and new markets for high quality craft products. The partnership enables international 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.

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





2.1

***Turquoise Mountain
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 masons, carpenters, electricians, plumbers, and others in traditional construction methods. In 2017, we trained over 300 people, from individuals to engineers at the Ministry of Culture.



Traditional Craft and Heritage

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.

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

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 \$5,000,000 in sales growth for local artisans. 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.

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.

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 organisation 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

***Turquoise Mountain
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, Turquoise Mountain was asked 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.



Reviving the Myanmar Craft Industry

Turquoise Mountain is training and 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.



A close-up photograph of a woman wearing a black hijab and niqab, focused on her work. She is using a hand saw to cut a piece of metal. Her hands are visible, with dark red nail polish and a gold ring on her finger. The background is blurred, showing other people and a workshop environment.

2.3

***Turquoise Mountain
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. There are also plans to establish the first high-profile retail outlet for the project at the Radisson Blu Hotel & Residence, Riyadh Diplomatic Quarter.

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.





2.4

Turquoise Mountain Jordan

Preserving and Reviving Craft

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.

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, story-telling, archaeology, dance and other extra-curricular activities.



3.

Financial Review

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.

We remain committed to a diverse mix of funding to reduce reliance on any single funding source and pool income risk across the portfolio of activities, as we have seen in 2017. 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.

Reserves

Reserves are represented by the fund balances on the balance sheets on pages 42 and 43. 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

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



5.

*Principle Risks
and Uncertainties*

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.

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 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*

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)

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.

Structure, Governance and Management

Related Parties

The Turquoise Mountain Trust (TMT) was granted Royal Patronage on 1st August 2017 for five years. 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.

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

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 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; 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:

A handwritten signature in black ink, appearing to read 'R. Keith', is written over a horizontal dashed line.

Richard Keith (Chairman)

10.

*Independent
Auditor's Report*

Independent Auditor's Report

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.

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.

Independent Auditor's Report

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 35, 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

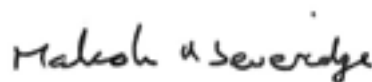
the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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. This description forms part of our auditor's report.

Use of our Report

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



Malcolm Beveridge 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