



TURQUOISE MOUNTAIN

Consolidated Report & Financial Statements

For the Year Ended 31st December 2018

Scottish Charity Number: SC037343
Company Number: SC299579



Turquoise Mountain

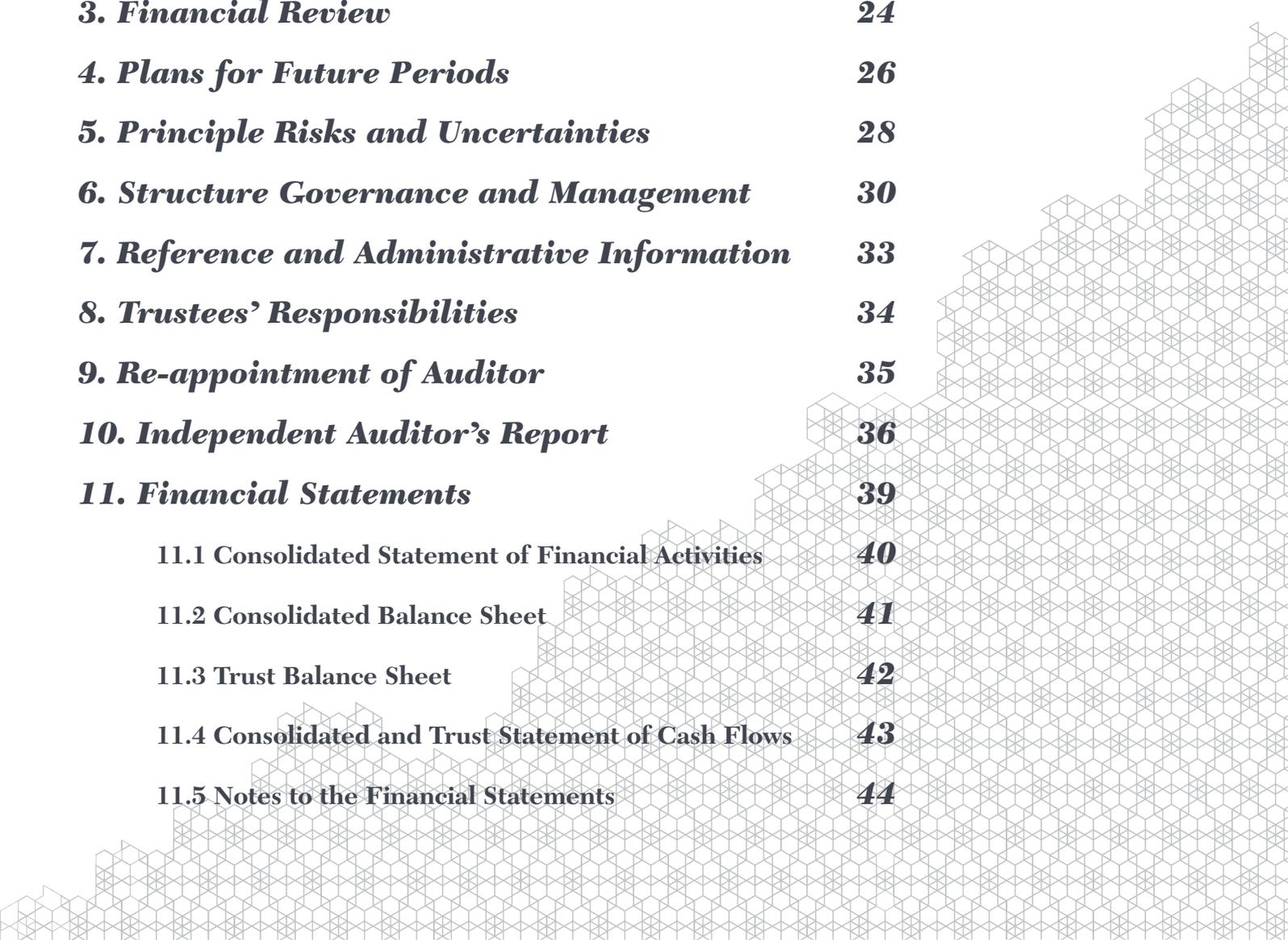
Turquoise Mountain was established in 2006 by HRH The Prince of Wales to revive historic areas, traditional crafts and communities, to provide jobs, skills and a renewed sense of pride.

“It has been over ten years since I set up the Turquoise Mountain Foundation in Afghanistan, in order to protect and restore the historic quarter of Kabul and its historic buildings which were on the brink of collapse and to preserve the traditional arts and crafts. I am so proud today to see young Afghan women and men bringing their beautifully crafted products to markets around the world. I hope that they are proof of the importance of timeless traditional skills in rebuilding people’s lives and generating incomes for people around the world, especially in post-conflict situations.” - HRH The Prince of Wales



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Chief Executive's Introduction



Dear Friends,

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

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

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

This year we were able to reach an even wider audience through our collaboration with Google Arts and Culture, which brought viewers all over the world into the streets of Murad Khani through a virtual experience, showing

them the beautiful community, architecture, and atmosphere of this part of downtown Kabul, which has been the heart of our work for over a decade.

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

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

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

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

A handwritten signature in black ink that reads "Shoshana Stewart". The signature is written in a cursive style and is enclosed within a thin, light-colored rectangular border.

Shoshana Stewart
Chief Executive Officer
Turquoise Mountain

Highlights

Afghanistan

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

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

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

Myanmar

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



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

Kingdom of Saudi Arabia

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

Jordan

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

Reaching a Global Audience

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

Artisans to Market

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



Where We Work

In 2018, Turquoise Mountain worked in locations across the world and continued its core project work in some of the world's 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 2018. The financial statements have been prepared in accordance with the accounting policies set out on pages 44-45 and comply with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).



1.

Objectives and Activities

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

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

Myanmar

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

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

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

Kingdom of Saudi Arabia

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

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

Jordan

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

2.

Strategic Report

Turquoise Mountain identifies 5 key strategic aims

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

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1
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To restore and preserve historic built heritage.

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4
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To communicate, both domestically and internationally, the importance of art, culture, built heritage and traditional skills through a range of channels including exhibitions, print and digital media, events and public speaking.

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2
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To support and preserve the growth of craft traditions and artisans in selected areas worldwide.

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3
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To strengthen and grow routes to market for affiliated artisans with both domestic and international clients, increasing incomes and preserving traditions.



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 2018, Turquoise Mountain's team of national and international architects and engineers restored 5 community and commercial buildings in Murad Khani, providing emergency masonry and carpentry work, roof plastering and general maintenance. We have just completed the new Primary School, which will accommodate over 130 children, and a dormitory for 20 students and 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 allows the Institute to take a greater number of students coming from provinces around the country.

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

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



Traditional Craft and Heritage

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

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

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

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

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

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

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

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



Community

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

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

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

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



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

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

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

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



Traditional Craft and Heritage

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

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

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

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

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

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

The Myanmar Artisan Toolkit is a practical guide to building a business, designed specifically for the Myanmar craft sector, and adapted from a toolkit developed in Afghanistan and proved over a number of years there. Following on from the successful launch of the Level One Toolkit in 2017, Level Two was launched in June 2018, and over 650 artisans were trained up to

the end of 2018. A craft community has formed around the Toolkit and it has proved to be not only a useful resource, but a mechanism for collaborative working across groups working in the craft space.





2.3

*Turquoise Mountain
Saudi Arabia*

Traditional Craft and Heritage

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

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

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

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

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

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

The TM-SHP partnership continues to create opportunities for collaborations across cultures by linking artisans with international designers and technicians, and by helping artisans from around the

world pay homage to traditional motifs and crafts from Saudi Arabia in their work.

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





2.4

*Turquoise Mountain
Jordan*

Traditional Craft and Heritage

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

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

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

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

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

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

Buckingham Palace to celebrate His Royal Highness Prince Charles' 70th birthday, Prince and Patron. A team of artisans from Syria, based in Amman, worked

on a Damascene wooden chest with intricate mother-of-pearl and tin inlay..

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



3.

Financial Review

Financial Review

Income

Total £5.2m

Donations	£0.4m
Grants	£4.1m
Sales	£0.1m
Other trading	£0.4m
Other	£0.1m

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

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

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

Expenditure

Total £6.0m

Urban regeneration	£1.2m
Community Development	£0.3m
Education	£0.8m
Artisan Development	£3.1m
Raising funds	£0.6m

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

Urban regeneration activity has seen continued progress in Myanmar with completion of the historic Tourist Burma building expected in 2019 and a largely complete Murad

Khani site in Afghanistan with community development and building work contributing to most of the vacant plots being filled.

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

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

Reserves

Reserves are represented by the fund balances on the balance sheets on pages 54 to 56. Total reserves as at 31 December 2018 are £1.7m (2017: £2.5m). The level of our reserves is determined by balancing two objectives: maintaining sufficient reserves to enable us to carry on our work when faced with difficult circumstances and ensuring we maximise the resources used for charitable purposes. Our reserves level therefore needs to be adequate to allow us to address potential losses that might arise from our charitable activities, investments, trading and other activities and give us sufficient time to adjust our strategy to meet changing circumstances without unnecessarily removing funds from addressing our charitable purposes. The Board assesses the risks that Turquoise Mountain could be exposed to and the appropriate level of reserves that should be maintained. The current assessment of the target range of free reserves is that they currently provide sufficient mitigation against risk.

Overall Financial Health

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

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

4.

*Plans for Future
Periods*

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

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

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

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

The Organisation for Afghan Arts and Architecture (hereinafter referred to as the Turquoise Mountain Institute or TMI), was established in 2011. TMI is registered with the Ministry of Economy, Afghanistan, as a non-profit, non-governmental organisation specialising in the education of traditional arts and architecture and is governed by its Memorandum of Association and its own Board of Directors. TMT functions as a founder and primary donor to TMI and the Chief Executive Officer of TMT is also the Chairperson of the Board of Directors of TMI.

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

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

Remuneration Policy for Senior Staff

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

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

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

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 principals in the Charities SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

9.

*Re-appointment
of Auditor*

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

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



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 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Trust Balance Sheet, the Consolidated and Trust Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Other Information

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

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 34, 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

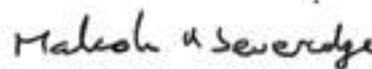
the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 2019

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