AQUACULTURE STEWARDSHIP COUNCIL
COMBINED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

COMPANY REGISTRATION NUMBER 08172832

AQUACULTURE STEWARDSHIP COUNCIL
DIRECTORS’ REPORT AND COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018
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REFERENCE AND ADMINISTRATIVE DETAILS

Aquaculture Stewardship Council combined financial statements include the results of Aquaculture Stewardship Council Limited (charity registration number 1150418 and company registration number 8172832), ASCI Limited (company registration number 7788176) and Stichting Aquaculture Stewardship Council (34389683)

Principal office 27 Old Gloucester Street, London, WC1N 3AX
Registered office 27 Old Gloucester Street, London, WC1N 3AX

The Trustees

The Trustees who served the company during the period, and current serving trustees are as follows:

Prof P A Cook  Chairman (resigned 14 June 2019)
Dr P Arnesen  (resigned 14 December 2018)
Dr S Nichols  Chairman (appointed 2019)
Mrs C Stokes  (resigned 12 December 2019)
Ms M Jeans
Dr L Cao  (resigned 4 April 2019)
Mr A Dingwall  (appointed 26 April 2018)
Mr J Villalón  (appointed 17 May 2018)
Ms H D Thuy  (appointed 12 June 2019)
Ms K Nakanum  (appointed 12 June 2019)
Mr O Oaland  (appointed 17 June 2019)

Company Secretary R Ryan

Other Key Management Personnel
Chief Executive Officer C Ninnes
Finance Manager L Egan

Our Advisors
Auditor Crowe U.K. LLP  St Bride’s House, 10 Salisbury Square, London EC4Y 8EH
Bankers Barclays Bank Plc  5 Church Street, Leatherhead, Surrey, KT22 8DE
Solicitors Wollen Michelmore  Carlton House, 30 The Terrance, Torquay, TQ1 1BS
STRUCTURE, GOVERNANCE AND MANAGEMENT

Introduction
Aquaculture Stewardship Council combined financial statements include the results of Aquaculture Stewardship Council Limited, ASCI Limited and Stichting Aquaculture Stewardship Council.

Aquaculture Stewardship Council Limited also known as ASC, ("the charity") is a company limited by guarantee registered in England and Wales. Each of the directors have provided a guarantee limited to £1 each. It is governed and managed in accordance with its Articles of Association.

ASCI Limited is a wholly-owned subsidiary of ASC and is a company limited by shares registered in England and Wales. ASC Limited carries out its trading activities related to logo licensing.

Stichting Aquaculture Stewardship Council are a foundation based in Utrecht and classed as ‘Not for profit organization’ under the Dutch Accounting Standards and granted ANBI status by the Dutch tax authorities.

The financial statements have been prepared in accordance with the basis of preparation set out in Note 1 of the combined financial statements. The businesses included in the combined financial statements have not operated as a single entity. However, the combined financial statements are prepared voluntarily in order to present the combined financial position, results and cash flows of Aquaculture Stewardship Council. Throughout these account reference to ‘the charity’ means the UK charity. References to ‘ASC’ means the combined operations.

The Directors’ Management
The charity is managed by a committee of the directors. The charity directors are ultimately responsible for the good governance and supervision of ASC including supervision of its staff and assets in accordance with its charitable objectives.

The charity directors are ultimately responsible for the good governance and supervision of ASC including supervision of its staff and assets in accordance with its charitable objectives. The directors have established a Governance Committee to oversee Board governance arrangements. The Charity Commission Good Governance code will be considered at the September 2018 Board of Trustees meeting, to ensure that all Trustees fully understand their responsibilities, and its implications for the wider organisation. In addition, all new directors will be made aware of the code through a newly developed Governance Handbook and through new Trustee induction arrangements.

The directors have considered the major risks to which the charity is exposed and have reviewed the risks and established systems and procedures to manage these risks.

Recruitment and appointment of Board:
The directors who are also the directors for the purpose of company law are known as members of the Board. The Board members are guided by the Memorandum and Articles of Association of the charity. The ASC is an international in scope and works with a diverse group of stakeholders with an interest in the work of the charity. The board is also guided by the need to maintain representation of these stakeholder groups. Term limits are in place. When seeking a new candidate the directors will advertise through the organisations web site, review candidates that have proposed themselves and use their existing, extensive international networks to propose a shortlist of possible candidates. These are passed to the ‘recruitment committee’, an appointed sub-set of directors, to seek further advice on potential candidates, conduct interviews and make recommendations to the board concerning their suitability. The board will discuss and appoint the selected candidate.

Structure
The board of directors, which can have up to 9 members, administers the charity. The board normally meets 3 times yearly and there are sub-committees covering, finance and audit nominations, which meet around the Budget and Accounting cycle. A Chief Executive is appointed by the directors to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and any related operating activity.

ASC wholly owns a subsidiary company, ASCI Limited, which carries out its trading activities related to logo licensing.
Remuneration Policy
The directors consider that the board of directors, who are the trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the ASC on a day to day basis. All directors give their time freely and no director received remuneration in the year.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. The remuneration is of the range paid for similar roles adjusting for any additional responsibilities. If recruitment has proven difficult a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

OBJECTIVES AND ACTIVITIES
Charitable objectives
The charity is set up to conserve the marine and freshwater environments for the benefit of the public and to advance public education in the principles and practice of conservation.

Its activities are to promote and quantify responsibly farmed fish, shellfish and crustacean inter alia by furthering the understanding and adoption of responsible aquaculture practices, maintaining and monitoring standards for responsible aquaculture that are already in place or that are yet to be developed, in order to reduce negative social and environmental impact, and, furthermore, to perform any acts conducive to or relating directly or in directly to the foregoing, all in the broadest sense.

Public benefit statement
The ASC is an independent, international organisation. It works with a wide range of partners to promote the transformation of the global aquaculture industry towards operation on a more environmentally sustainable and socially responsible basis. It aims to do so through using efficient market mechanisms that create value across the seafood supply chain. Its work to conserve marine and freshwater environments and to advance education about the principles and practice of conservation is for the benefit of the public.

ASC’s activities promote and quantify responsible farming of fish, shellfish and crustacea. They do so by, amongst other things, furthering the understanding and adoption of responsible aquaculture practices, maintaining and monitoring objective standards for responsible aquaculture in order to reduce negative social and environmental impacts.

The ASC offers producers of farmed seafood access to a certification programme. Meeting the ASC standards necessary for certification is a signal that a farm is operating responsibly. The programme creates incentives that reward responsible farming practices. The ASC also promotes and rewards responsible farming practices through the use of a consumer-facing label on products made from ASC certified material. This enables the public when buying seafood to make better-informed choices in favour of responsibly produced seafood. In turn this will have a beneficial impact on both the environment in which aquaculture takes place and amongst the communities affected by fish farming enterprises of a wide range of sizes, in a wide range of locations. The ASC also seeks to increase the demand for responsibly produced seafood through the outreach and marketing actions it takes. Together these initiatives drive a continuous system of improvement. This helps shift perceptions of, and the performance of, the aquaculture industry in a way that is to the public benefit.

The aquaculture industry makes a major contribution to meeting the global demand for seafood protein. It does so while reducing the pressure on wild capture fisheries. More than half of the fish consumed globally now comes from aquaculture. It is the fastest growing food production system in the world. The industry provides improved food security for many people. It contributes less to the damaging effects of climate change than some other major food production systems. The actions taken by the ASC contribute to the achievement of many of the global Sustainable Development Goals set by the United Nations. ASC is helping to move the aquaculture industry onto a less harmful, more positive footing to the benefit of the public.

The directors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".
ACHIEVEMENTS AND PERFORMANCE 2018

ASC operations in 2018 have been those of a maturing organisation offering services to seafood producers and buyers that are being taken up and used globally and, quantitatively, significantly. The ASC is operating in line with the Mission set by its founders: “to transform aquaculture towards environmental sustainability and social responsibility using efficient market mechanisms that create value across the chain.” The programme promotes industry best practice to minimise the environmental and social footprint of commercial aquaculture. Through the consumer label it promotes certified responsibly farmed products in the marketplace. It acts therefore to influence both the supply and the demand for seafood. In 2018 the dual functionality of the ASC programme was reflected in the way in which seafood producers adopted the certification scheme in ever bigger numbers and buyers of seafood, both commercial and domestic, bought ASC certified seafood in ever bigger volumes. The value added and positive impact that the ASC programme delivers has been demonstrated clearly. The rapid growth in the programme in evidence in 2017 has been maintained.

In 2018 the ASC had the full range of standards that it manages in operation. That has meant that it has been able to provide a way for producers to address the key environmental impacts of seafood farming, set requirements for workers’ rights and protect communities surrounding certified farms. For the first time farms were certified against all of the 8 standards extant in the same year. The certification of the first Seriola farms in January was a real milestone. Another was the addition of the first new standard since the end of the aquaculture dialogues process that led to the creation of ASC in 2010. In September a standard covering Seabass, Seabream and Meagre was offered to the market. The standard was developed in response to stakeholder demand for the species, which has historically been strong in European markets. Production of Seabass, Seabream and Meagre has grown in recent years, particularly in Turkey and Greece, to also meet the rising demand for the species in markets such as Japan, Europe and North America.

The launch of the joint ASC/MSC Seaweed Standard at the end of 2017 has provided the opportunity for producers to demonstrate that they are addressing the environmental and social impacts of their businesses. The standard became effective on 1st March 2018. The first seaweed operation to start the process of meeting the certification requirements was the Euglena Company in Japan. They entered into assessment in April 2018.

At the end of 2017 there were 548 farms holding the ASC certificate of responsible aquaculture. This number passed 600 in April 2018 and in October was more than 700 (November 725). The growth in interest in acquiring ASC certification has been accelerating. This interest has been worldwide, but not even. The biggest share in the total number of certified farms has been in the world’s major aquaculture producing area, Asia. Some 40% of all certified farms are in that region; about 30% are in European countries, 7% in North America and 21% in Central and South America. In all there are ASC certified farms in 39 different countries. The pipeline of farms seeking assessment under the programme has continued to be healthy with 313 at varying stages in the process.

Another indicator of progress has been in the volume of seafood on the market from certified farms. It has gone up from about 1.3 million tonnes at the end of 2017 to above 1.5 million tonnes for the first time in October 2018. While not as fast a growth rate as that of the number of farms, the inclusion of more, smaller, units is to be welcomed. It demonstrates that the programme has the ability to reach, and is reaching, more typical sized farms in many countries and not just big industrial units.

Interest in the ASC programme along the supply chain has also seen some significant developments in 2018. The number of approved products carrying the ASC logo passed the 11,000 mark in March. By May it had gone over 12,000 and by September reached 14,000. Towards the end of the year (November) there were 14,082 approved products.
AQUACULTURE STEWARDSHIP COUNCIL
DIRECTORS’ REPORT
YEAR ENDED 31 DECEMBER 2018

With the growth of the programme has come an increasing imperative for the ASC to communicate more and better with its stakeholders. They cover a wide range of interests and concerns. Partners participating in the ASC’s programme have to be supported and services provided to them to help ensure that there is real value added from committing to backing responsible aquaculture. ASC’s critics have to be listened to, debated with, informed and where necessary challenged. ASC’s wider non-involved public audience needs to be provided with informative, educative and persuasive material to encourage interest in the promotion and consumption of responsibly farmed seafood. In 2018 the ASC Communications team had to deal with all of this wide spectrum of people and interests. The new website proved extremely useful and judging by the number of hits on it a popular success. Communication through the media, both electronic and print promoted and defended the programme when and where necessary. Blogs, videos and an active social media presence continued to spread and explain the ASC’s messages to a wide and international public.

2018 has seen the gestation of a number of collaborative initiatives coming to fruition. Underlying aims have been to reduce potential confusion at farm level and the potential cost of involvement with different certification schemes for farmers, to improve the efficiency with which certification schemes can work at operational level and to provide more consistent and clearer messaging about responsible aquaculture. ASC signed a Memorandum of Understanding with FairTrade USA in October 2018 setting out how the two organisations might work together more effectively. An element of the collaboration will see the partners implement Fair Trade USA’s innovative model of responsible business and conscious consumption in certified fish farms adhering to the robust environmental and social criteria of the ASC standard. A further sign of ASC’s willingness to work with other like-minded organisations was its leadership of a joint application for project funding with the Sustainable Seafood Partnership and the Seafood Watch Programme of the Monterey Bay Aquarium.

The continuing expansion of the programme and the involvement of commercial enterprises in it meant that ASC was able to cover its core costs of staffing and allied expenditure in 2018 from own-generated resources. Logo licensing income was higher than in 2017. Additional activity has been funded by generous philanthropic donations. Expenditure must and will increase as the ASC moves ahead to tackle the on-going challenges before it. Income will need to rise in parallel to both maintain the position and create an adequate financial reserve. So there can be no complacency. The ASC will continue to need external funding for specific one-off projects.

The ASC manages the implementation of its Strategic Plan in a logically consistent and transparent way. A set of outputs (implementation objectives) has been identified. Delivering them over time will result in the ASC being able to move forward with the achievement of its longer-term Mission. Progress in 2018 with the delivery of each of these outputs is set out below.

**The ASC Global Standards and Certification Programme Strengthened and Developed**

*a) Progress related to the work of the Standards and Science Team*

During 2018 work continued with a number of initiatives to ensure that the ASC standards are maintained at the highest level possible. This is in line with our commitment to continuous improvement of the quality of the standards. As scientific knowledge and industry experience and best practice develops so too must the ASC continue to reflect these developments in the ask it makes of producers.

The work done included the development of new standards as well as reviews and revisions of several existing standards. Regular operational reviews ensure the continued efficiency of the various ASC standards. They are an essential ingredient in ASC’s exercise of control over the relevance and quality of the programme. In addition, the development of a more efficient presentation of the essential elements of the standards has been taken forward in the on-going project to align the full set of standards. Attention has also been given to extending the scope of the ASC’s
work through exploration of new service modules that might be added to the ASC offer. In 2018 planning and development of the ASC monitoring and evaluation system was taken forward.

The coverage of the standards in their current form was expanded in 2018 to reflect interest in certification of more species by the commercial marketplace. A highlight was the launch in September of a new standard for Seabass, Seabream and Meagre. The standard was created by using a combination of indicators from existing multi-stakeholder developed standards and the creation of additional metrics to address the specific impacts of farming Seabass, Seabream and Meagre. For the new requirements, ASC worked with NGOs and industry partners and completed multiple site visits to countries including Greece, Turkey and Japan to develop unique metrics including prohibitions on the siting of farms near seagrass meadows to protect these important areas from the potential negative impacts of aquaculture.

The prospect of having other new standards was explored further in 2018. Work on the creation of a pioneering aquaculture feed standard began in October 2013. Feed represents a major component of the environmental and social footprints of aquaculture. It is, therefore, important for the ASC to define precisely what constitutes responsible and sustainable fish feed production. Much progress has been made in meeting this objective. Following a second public consultation on the emerging principles that might be incorporated into a feed standard in the latter part of 2017, considerable analysis, discussion and drafting was done this year. The final drafts of the standard are close to completion. It is expected that the Project Steering Committee will be able to review and, hopefully recommend, the standard to the ASC Board for adoption in early 2019. Thereafter the Board will consider the standard, pilot testing will be done and assuming all goes well this will lead to a launch of the standard by the end of 2019.

Other new standards on which work has been done cover Flatfish and Tropical Marine Finfish. The draft Tropical Marine Finfish Standard is the culmination of a WWF Coral Triangle Aquaculture Dialogue process that began in 2013. Species that are included in this standard are Grouper, Snapper, Barramundi and Pompano.

A process of continuous review of the content of the standards is an integral part of the ASC approach. In 2018 the reviews on parts of the Pangasius and Salmon standards were substantially completed. The review of the freshwater Trout standard carried on. A new review was launched of the Shrimp standard. These reviews are a focused assessment of areas of the standard where the effectiveness of the particular standard has not been as anticipated during the Aquaculture Dialogues or does not deliver on the intent as set out in ASC’s Theory of Change. The Shrimp standard review will include looking at the current antibiotic-related requirements, those regarding mangroves, farm management, broodstock and the species-scope.

An important new development in 2018 was the recruitment of a staff member to work in the Standards and Science team on issues relating to fish welfare. The aim of this work will be to see if the ASC can make available to producers guidance on fish welfare issues that is consistent with the ASC’s more general environmental and social based approach to promotion of responsible aquaculture. It is hoped that this work will lead to the production of a module encapsulating recommended quantifiable best practice to promote fish welfare across different aquaculture production systems. Work has also continued on other possible new services that might be offered such as a food safety module.

As part of its drive to be as efficient as possible internally, a first draft of fresh approach to how standard setting should be done was worked out in 2018. The aim was to systematise and clarify the procedures that ASC will use to evaluate market demand for the inclusion of new species in the ASC programme portfolio. This will especially valuable when the new aligned standard becomes operational and it will be easier to add coverage of new species. Other methodological improvements have been worked on including better handling of variance requests.

The on-going work on the evolution of a new farm standard model through harmonising and aligning the existing farm standards has moved ahead in 2018. The Aligned Standards development is now in its second phase. The aim is to agree harmonised applicability, requirements and methods that will finalise the core standard and species-specific annexes. The latter will set out requirements for a given species, or species group, where harmonisation cannot be
achieved. The alignment work has identified different production systems as a key element in development of the new system. The continuing interest in the development of the new aligned standard from the industry and other stakeholders has been encouraging.

Towards the end of the year the ASC became the first and only aquaculture body to join the Global Ghost Gear Initiative (GGGI). ASC is leading the fight against plastic waste from aquaculture and is planning specific requirements for farms to properly dispose of plastics and aquaculture gear. This will be addressed within the new aligned standard in the guidance that the standard will provide on acceptable standards of waste management in the industry.

b) Progress related to the work of the Programme Assurance Team

The ASC programme is able to operate because of the trust that users place in the credibility of the offer. In 2018 the work begun in 2017 to provide more positive quality control over all the elements that together make up the operation of the assessment and certification process was enlarged and developed further. The Programme Assurance team was strengthened to provide more capacity for this key part of the organisation’s establishment. Upholding the integrity of the ASC programme is the top priority for management.

One focus of assurance work has been on improving the accuracy and interoperability between the MSC and ASC systems that are at the heart of the chain of custody and traceability, arrangement. More work was done on other tools for delivering better assurance services. Driving up the competence of the third party certification bodies and trying to ensure consistence in the work that these individual companies do has meant doing more to improve the training offered to them. More courses for auditors were delivered in different regions. On-line training modules were being developed. A document on certification requirements for producers was created; and special attention given to providing better guidance to auditors on social auditing methodology. The Programme Assurance Team has been conscious that other like-minded organisations also devote time and effort to assurance related work. So it has collaborated actively with them to share best practice ideas and methods. Where relevant the team has undertaken the task of ensuring that the ASC met external requirements for assurance necessary to maintain compliance, for example with the various ISEAL codes such as the ISEAL Assurance Code.

A key element of the ASC programme is that certified products need to be traceable as they move through the supply chain. The ASC uses the MSC Chain of custody system for this purpose. In August a public consultation was launched. Stakeholders were invited to comment on the outcome of a review of the operation of the programme. The aim of the review is to improve the efficiency and consistency of the programme, and to make Chain of Custody work better for companies and certification bodies.

Output of certified seafood and availability of labelled products increased through focus on key countries in Europe, the Americas, Asia and Australasia

While ASC has ambitions to influence the way that aquaculture is done world-wide it remains a small organisation with limited capacity. Where it can it has focussed its efforts on key markets in order to increase the output of certified seafood and the availability of labelled products. The mix of effort directed at helping and encouraging producers to take part in the programme and that placed on the development of the supply chain involvement in the use of ASC certified seafood varies between continents and countries. Some markets include both significant numbers of producers and a developed supply chain of users and marketing outlets for ASC certified seafood. In others the interest is biased one way or the other. In some markets it is increasing the number of producers of certified seafood that is the primary interest. In others supply chain issues dominate. For ASC the general receptivity of the social, cultural and political context in which responsible aquaculture takes place is also relevant when the allocation of effort and resources has to be assessed.
In 2018, as the table below shows the rise in the number of farms entering and seeking entry to the programme grew even faster than in 2017. Among significant milestones were the 250th salmon farm to be certified, the 150th shrimp farm and that the number of bivalve farms certified passed 100. In all there were ASC certified farms in 39 countries at the end of 2018. There were more than 100 farms certified in both Norway and Vietnam. Other leading producing countries were Chile, Japan, Denmark, India and Canada. A notable newcomer to the list of countries with ASC certified farms was South Korea.

Analysed by the species produced by ASC certified farms, the growth in the number of farms that are ASC certified and those in assessment both rose in 2018 as shown below.

<table>
<thead>
<tr>
<th>Species</th>
<th>Number of Farms Certified</th>
<th>Farms under Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 2017</td>
<td>November 2018</td>
</tr>
<tr>
<td>Pangasius</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td>Tilapia</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>Salmon</td>
<td>223</td>
<td>237</td>
</tr>
<tr>
<td>Trout</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Shrimp</td>
<td>102</td>
<td>185</td>
</tr>
<tr>
<td>Bivalves</td>
<td>82</td>
<td>137</td>
</tr>
<tr>
<td>Abalone</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Seriola/Cobia</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>548</strong></td>
<td><strong>725</strong></td>
</tr>
<tr>
<td>Seaweed</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The distribution of approved products as between species covered by ASC certification showed that shrimp and salmon were leading the field. In 2018 the number of shrimp products approved passed 6,000. While in August the number of salmon products rose to over 4,000. Products were approved in 70 countries. In 21 there were over 100 approved products from ASC certified seafood. Interest in ASC is clearly spreading widely. There were almost 2000 products approved in both The Netherlands and Germany. The rest of the top five countries in which the presence of ASC products has become established were, (as in 2017) Belgium and Switzerland where there were more than 1,000 products approved, but France overtook Sweden to move into fifth place. Growth in the huge Chinese market rose to almost 300 products while in the USA market there was an increase in supply chain interest and 185 products were approved. But this was only 12% of the average number of products approved for sale with the ASC logo in the top five Northern European countries.
ASC has continued to use a twin strategy of engaging with producers both directly when possible and indirectly at selected and relevant seafood shows and expositions. In 2018 ASC exhibited at the major shows in Europe (Brussels) and North America (Boston). It was present at the premier Asian show in Qingdao, China.

A significant initiative taken by ASC in 2018 was the introduction in October of a new programme to facilitate accessibility to the ASC standards by helping producers that are not yet ready for certification to improve their practices and mitigate their environmental and social impacts. The programme will not only help producers through access to expertise and networking opportunities, but it will also benefit the wider industry by encouraging a pre-competitive and collaborative approach to aquaculture production improvement. Farmers who participate in the programme will be supported by the ASC and given access to tools and networks to help them succeed through the ASC’s online academy. The programme will be open both to those producers that want to obtain certification and those that simply want help to improve farming practices without certification as an immediate goal.

**ASC promoted and supported with key audiences**

One of the most successful promotional and educative events that the ASC was involved in in 2018 was the largest ever Sustainable Seafood Week in Japan. Awareness of the importance of responsible caught seafood is going from strength to strength in that country. This year’s week was supported by 63 Japanese businesses. There was a particular focus on educating younger people about the importance of choosing seafood products that have been produced responsibly with a number of events in schools. ASC also helped to promote the responsible aquaculture message through similar events in France, Belgium and the Netherlands. In these the general approach was similar, a week of varied activities developing and promoting sustainability and seafood. The collaborative format with both other like-minded organisations and the industry worked well again.

The certification of an abalone farm in South Korea was celebrated publicly as it was the first farm to qualify in that country. The demonstration effect of this achievement was clear when over 150 people, including representatives from the Korean Ministry of Oceans and Fisheries, attended the ceremony at which the conformity assessment body Control Union handed over the certificate. At this ceremony the Wando local government announced its commitment that 10 per cent of all seafood produced in the area would be ASC-certified by 2021.

Other firsts that the Communications team helped to publicise included the first Dutch farm to be certified (a seriola farm). This was significant in that the very environmentally aware and supportive Dutch seafood consuming public can now choose to eat locally produced ASC certified fish for the first time. In Sweden the Sushi Yama restaurant chain (of 35 restaurants) became the first sushi restaurant in the Nordic region to achieve ASC certification.

In January 2018 ASC was pleased to help celebrations at Minamisanriku Town, Miyagi Prefecture in northern Japan to mark an unusual achievement. During an event held at the town hall, city officials announced that enterprises in the town had earned certifications from both the ASC and Forest Stewardship Council. The accomplishment was the focus of a Symposium to celebrate the town’s focus on sustainable development following the near total destruction of the area by the devastating tsunami caused by the Tōhoku earthquake in March 2011.

A new initiative of the ASC to engage with the public has been the launch in October of the first episode in the new series of podcasts. The first guest speaker was Barton Seaver, an author, speaker, chef and well-known figure in the sustainability and the farm-to-table movement in the USA. The former award-winning executive chef is currently the Director of the Sustainable Seafood and Health Initiative at the Center for Health and the Global Environment at the Harvard T.H. Chan School of Public Health.

In order to improve its understanding of the perception of the programme among participants in it, the ASC commissioned GfK Netherlands to conduct online research among eligible ASC certified farms from 5 December 2017 through 18 January 2018. Farms certified to all eight ASC Farm standards participated. The results were very encouraging. The majority (92%) of respondents stated that their reputation had been enhanced by certification, 90%
benefited from meeting the preference of buyers, and 87% gained access to new market opportunities. In addition, farmers valued the opportunity to reduce their environmental impact, and three quarters had become more aware of sustainability issues related to feed use. More than one third of the farmers found that their use of antibiotics and therapeutic medicines had decreased, whilst a quarter reported that their feed conversion ratio had lowered, with a consequent reduction both in the cost of feed and its impact on the environment. Notable improvements in water quality and a reduction in fish mortalities were also linked directly to working through the ASC certification process.

Involvement in social media platforms and a series of blogs on ASC related events and areas of interest have continued to be an active part of ASC’s communications portfolio of activities. While social media interaction is most welcome it does come at a resource cost for a small organisation such as ASC. Both monitoring and engaging with social media participants has become significant in communications activity.

**ASC collaboration with relevant certification and ratings organisations agreed and made operational.**

The international Certification and Ratings group convened by the major funders and promoters of a more sustainable seafood industry (the Packard, Walton Family and Betty and Gordon Moore Foundations) continued its work throughout 2018. ASC remained an active partner and participant in the meetings. The ASC CEO has been fully engaged in the process and has been a committed member of the group. In addition he has continued to hold the chair of the Steering Committee.

In 2018 ASC demonstrated its commitment to closer collaboration with like-minded organisations in a number of ways. A Memorandum of Understand (MOU) was signed with the Chinese Aquaculture Products, Processing and Marketing Alliance in April. Another MOU was negotiated and signed with FairTrade USA. The latter was given practical effect when the two organisations worked up a joint project for work in Indonesia and submitted it to a donor to seek funding for implementation.

Work within the context of the ASC’s emerging involvement in aquaculture improvement has begun with an initiative to promote collaboration with the Vietnamese government. ASC has worked with them and WWF Vietnam to produce a benchmark between VietGAP, the local Vietnamese aquaculture certification system, and the ASC standards for shrimp and tilapia. In Vietnam small farms produce some 85 per cent of shrimp output. Targeted guidance to help them improve their practices could have a big impact on overall aquaculture stand

**ASC Organisational development strengthened**

With the growth in demand for the ASC services so the organisation has had to expand its staff capacity. It has continued to do so cautiously and with an eye to the on-going financial burden implied. Additional strengthening took place using both full time staff and part-time employees, (including consultants) to work across the main teams. The ASC continued to operate with one physical office in Utrecht and with a proportion of staff working remotely.

In 2018 ASC continued to experience robust growth in income from logo licensing. This taken with tight control of expenditure meant that the ASC was able, again, to cover its baseline operating costs from its own generated income while meeting some discrete project costs from donated funding and continuing the creation of a financial reserve. The success of the business model so far has been encouraging. But as expenditure rises, as it has to in order to both service existing needs and begin to meet new ones, so too does the vulnerability of the organisation as more income will be needed as well. ASC will continue to seek help from philanthropic sources for time-bound projects that are additional to core tasking.
AQUACULTURE STEWARDSHIP COUNCIL
DIRECTORS’ REPORT
YEAR ENDED 31 DECEMBER 2018

FINANCIAL REVIEW

The results for the period ended 31 December 2018 are shown in the attached Statement of Financial Activities.

Net incoming resources of the group for the year was a surplus of €1,565,742 (2017: €1,303,173), of which there was a balance of €5,731,408 (2017: €4,204,643) on unrestricted funds. ASC has a wholly owned trading subsidiary, ASCI Ltd (Company number 07788176), established with a view to generate income through ASC’s trade logo licensing and feeding through the profit of the company into the charity. The trading subsidiary, whose accounts are consolidated into these group accounts, has generated trading revenue of €6,976,418 against trading expenditure of €1,489,093 giving a net income of €5,487,326 before taxation. The surplus trading profits of €9,377,430 will be donated to the parent charity ASC UK in 2018. The donation is equal to the taxable profits, therefore ASCI Ltd will have no payable Corporation tax due.

Principal Funding Sources
ASC is reliant on contributions in the form of donations and grants from commercial organisations and like-minded international charities and the revenue generated by trading subsidiary, ASCI Ltd. Total incoming resources of €7,368,186 (2017: €5,699,225) is an encouraging achievement.

During the year the Charity generated €65,555 from the Trout and Salmon auditor training program conducted by the charity.

The Charity's expenditure in charitable activity during the year was €4,313,351 (2017: €3,349,634) as the charity started its activities from current financial year in the true sense, after having laid the foundation in the previous financial period.

Risk Management
The Directors address from time to time the risks that face the charity and adopt responses to manage the risks identified. Some of the major risks identified are:

- **Mission Risk** – interest and demand for the ASC certified seafood is not maintained while supply develops. It is critical to encourage farms to seek the ASC certification, this can done by undertaking commercial outreach and communication initiatives
- **Market Risk** – industry’s lack of interest in the promotion &/or development of certified products, undermines the creditability of the programme. Need to be active in the market, engaging with retailers & food services to demonstrate the added value of the ASC programme
- **Organisational Risk** – a lack of funding and slow adoption of the use of the ASC Logo, and the reliance on a single business model, could have limitations to the capacity of ASC ambitions. ASC needs to be continually active in its search for supportive partners, and in addition focus on key receptive markets and countries
FINANCIAL REVIEW (continued)

Investment Policy
The Charity has no investments apart from the trading subsidiary and therefore there is no immediate need for an investment policy.

Reserves Policy
The Board has examined the Charity's requirements for reserves in light of the main risks to the organisation and satisfied that the current reserves are sufficient to meet the next eight months of the organisations' immediate funding requirements. The Board constantly reviews the level of reserves as part of its oversight. The Board’s review in 2018 recognised with the growth of ASC the level of reserves should increase to nine months, building to twelve months within the next five years.

ASC ended the year with unrestricted reserves of €5,714,192. Removing tangible and intangible fixed assets of €102,104, the remaining liquid unrestricted reserves amount to €5,612,089. The Board recognises the reserves are building year on year, as the logo license fees income increases. The budget for 2018 is in surplus to further increase reserves. The budget surplus reflects the growing need to build reserves to counter the expected decline in generous grants ASC has received in their growth years, this future level of reduced voluntary income increases the dependence of logo licence fees from the supply chain and is expected to continue over the near future.

PLANS FOR FUTURE PERIODS

The ASC’s planned activities are structured around the primary objectives set out in its strategic plan. The top level priorities continue to focus on:

- Achieving a strong global certification programme covering the main species of farmed seafood that are traded internationally.
- Improving farm production by engaging with and certifying as environmentally and socially responsible an increasing number of farms.
- Further developing the ASC certification with major retailers and foodservice companies by achieving a critical mass presence in the key receptive target markets in Europe (Germany, Austria, Switzerland, Netherlands, Denmark and Sweden), establishing a market position in other less receptive markets (USA, Canada, UK, France, Australia, Belgium and South Africa) and developing the potential elsewhere.
- Raising awareness of the ASC among seafood buyers and consumers.
- Working collaboratively with like-minded organisations that are also seeking to transform seafood production
- Strengthening the institutional development of the ASC and achieving financial self-sufficiency.

Building on these initiatives and by the end of this decade the ASC will have:

- Secured significant market penetration in most major developed markets. That will lead, ultimately, to securing a meaningful presence in all major seafood producing and consuming countries, but this will be beyond 2020.
- Established its appeal to export oriented farmers around the world and so provide a supply of ASC certified seafood that will meet the demands from the marketplace.
DIRECTORS’ RESPONSIBILITIES

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council are responsible for preparing the Directors’ Report and combined financial statements.

The Directors have chosen to prepare combined financial statements for each financial year in accordance with the basis of preparation set out in Note 1 to the combined financial statements. They are responsible for determining that the basis of presentation is acceptable in the circumstances and for such internal control as management determines is necessary to enable the preparation of combined financial statements and for being satisfied they give a true and fair view of the state of affairs of the combined entities as set out in Note 1 to the combined financial statements and of the profit or loss of for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of Aquaculture Stewardship Council, together with the directors of Stichting Aquaculture Stewardship Council, are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the combined financial position of Aquaculture Stewardship Council, and to enable them to ensure that the combined financial statements comply with the basis of preparation set out in Note 1 of the combined financial statements. They are also responsible for safeguarding the assets of the companies and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- in so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board of Directors on 17 August, 2020 and are signed on their behalf by:

Dr Scott Nichols
Trustee/Director, Chairman
## AQUACULTURE STEWARDSHIP COUNCIL LIMITED

**COMBINED STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED 31 DECEMBER 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>INCOME FROM:</th>
<th>Restricted Funds</th>
<th>Unrestricted Funds</th>
<th>Total Funds Year to 31-Dec-18</th>
<th>Total Funds Year to 31-Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grants and donations</td>
<td>34,000</td>
<td>286,826</td>
<td>320,826</td>
<td>614,102</td>
</tr>
<tr>
<td>2</td>
<td>Other trading activities</td>
<td>7,037,626</td>
<td>-</td>
<td>7,037,626</td>
<td>5,081,384</td>
</tr>
<tr>
<td>3</td>
<td>Investments</td>
<td>9,734</td>
<td>-</td>
<td>9,734</td>
<td>3,739</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>7,081,360</td>
<td>286,826</td>
<td>7,368,186</td>
<td>5,699,225</td>
</tr>
</tbody>
</table>

| EXPENDITURE ON: |
|-----------------|------------------|------------------|------------------|------------------|
| Raising funds: | Trading activities | (1,489,093) | - | (1,489,093) | (1,046,418) |
| Charitable activities | (4,043,812) | (269,539) | (4,313,351) | (3,349,634) |
| TOTAL | (5,532,905) | (269,539) | (5,802,444) | (4,396,052) |

| NET INCOME | 1,548,455 | 17,287 | 1,565,742 | 1,303,173 |

| OTHER RECOGNISED (LOSSES)/GAINS |
|---------------------------------|------------------|------------------|------------------|------------------|
| Currency translation adjustment | (6,280) | (71) | (6,351) | (127,540) |
| TOTAL MOVEMENT IN FUNDS | 1,542,175 | 17,216 | 1,559,391 | 1,175,633 |

| RECONCILIATION OF FUNDS |
|-------------------------|------------------|------------------|------------------|------------------|
| Total funds brought forward | 4,204,643 | - | 4,204,643 | 2,915,454 |
| Exchange movement on opening funds | (32,626) | - | (32,626) | 113,556 |
| TOTAL FUNDS CARRIED FORWARD | 4,172,017 | - | 4,172,017 | 3,029,010 |

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 14 to 22 form part of these financial statements.
AQUACULTURE STEWARDSHIP COUNCIL LIMITED
COMBINED AND CHARITY BALANCE SHEETS
YEAR ENDED 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Charity</th>
<th>Group</th>
<th>Charity</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>8,103</td>
<td>17,527</td>
<td>7,837</td>
<td>13,765</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>17,539</td>
<td>84,576</td>
<td>-</td>
<td>54,076</td>
</tr>
<tr>
<td>Investments</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>25,643</td>
<td>102,103</td>
<td>7,838</td>
<td>67,841</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>6</td>
<td>5,009,308</td>
<td>4,227,660</td>
<td>91,199</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>1,449,926</td>
<td>3,447,047</td>
<td>1,601,745</td>
<td>3,037,318</td>
</tr>
<tr>
<td></td>
<td>6,459,234</td>
<td>7,674,707</td>
<td>1,692,944</td>
<td>6,024,878</td>
</tr>
<tr>
<td>CREDITORS: Amounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>due within one year</td>
<td>7</td>
<td>(976,913)</td>
<td>(2,045,402)</td>
<td>(1,609,133)</td>
</tr>
<tr>
<td>NET CURRENT (LIABILITIES)/ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,482,321</td>
<td>5,629,305</td>
<td>83,811</td>
<td>4,136,802</td>
<td></td>
</tr>
<tr>
<td>NET ASSETS/(LIABILITIES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,507,964</td>
<td>5,731,408</td>
<td>91,649</td>
<td>4,204,643</td>
<td></td>
</tr>
<tr>
<td>FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted funds</td>
<td>17,216</td>
<td>17,216</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>5,490,748</td>
<td>5,714,192</td>
<td>91,649</td>
<td>4,204,643</td>
</tr>
<tr>
<td>TOTAL FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,507,964</td>
<td>5,731,408</td>
<td>91,649</td>
<td>4,204,643</td>
<td></td>
</tr>
</tbody>
</table>

The result for the financial year dealt within the financial statements of the parent charitable company was a surplus of €5,417,061 (2017: deficit €2,662,218)

These financial statements were approved by the Board and authorised for issue on 17 August, 2020 and are signed on their behalf by:

Dr Scott Nichols
Trustee/Director, Chairman

The notes on pages 15 to 22 form part of these financial statements.
### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the reporting period per the SOFA</td>
<td>€1,565,742</td>
<td>€1,303,173</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>€13,442</td>
<td>€24,904</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>€ -</td>
<td>€ -</td>
</tr>
<tr>
<td>Dividends and interest from investments</td>
<td>€(9,734)</td>
<td>€(3,739)</td>
</tr>
<tr>
<td>(Increase) in debtors</td>
<td>€(1,240,632)</td>
<td>€(703,208)</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors</td>
<td>€157,326</td>
<td>€584,425</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€486,144</td>
<td>€1,205,555</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest from investments</td>
<td>€9,734</td>
<td>€3,739</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>€(48,667)</td>
<td>€(81,462)</td>
</tr>
</tbody>
</table>

**NET CASH USED IN INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€38,933)</td>
<td>(€77,723)</td>
</tr>
</tbody>
</table>

Change in cash and cash equivalents in the reporting period

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€447,211</td>
<td>€1,127,832</td>
</tr>
</tbody>
</table>

Effect of change in translation rates

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€37,482)</td>
<td>(€127,774)</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at the beginning of the reporting period

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3,037,318</td>
<td>€2,037,260</td>
</tr>
</tbody>
</table>

Cash and cash equivalents at the end of the reporting period

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3,447,047</td>
<td>€3,037,318</td>
</tr>
</tbody>
</table>

### ANALYSIS OF CASH AND CASH EQUIVALENCES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>€3,447,047</td>
<td>€3,037,318</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>€3,447,047</td>
<td>€3,037,318</td>
</tr>
</tbody>
</table>

The notes on pages 16 to 22 form part of these financial statements.
1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention, except that fixed asset investments are stated at market value, and in accordance with Financial Reporting Standard 102 (FRS 102) and follow recommendations in Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) effective 1 January 2015.

These financial statements combine the consolidated results of Aquaculture Stewardship Council Limited and Stichting Aquaculture Stewardship Council Foundation at Utrecht on a line by line basis.

The businesses included in the combined financial statements have not operated as a single entity. There is no legal requirement to prepare these combined financial statements as Aquaculture Stewardship Council Limited (and its wholly owned subsidiary Aquaculture Stewardship Council International Limited) and Stichting Aquaculture Stewardship Council Foundation are separate legal entities. However, the combined financial statements are prepared voluntarily in order to present the combined financial position, results and cash flows of Aquaculture Stewardship Council.

All transactions and balances between entities included in the combined financial statements are eliminated.

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council have concluded that the functional currency of Aquaculture Stewardship Council is Euros on the basis that this is the predominant currency affecting Aquaculture Stewardship Council’s operations. In addition, they have decided to present these combined financial statements in Euros.

Income Recognition
Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of all or part of the specified performance conditions is deferred until the criteria for income recognition are met (see note 7).

Donations are included in income when received. Income eligible for gift aid is recognised in full on receipt. There are no donated services.

Grants are recognised as income when it is clear ASC has entitlement to the income. Where income through contract or grant is received in advance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

Logo license royalties are accounted for in the period in which the labelled products were sold by our trading partners.

Fund accounting
Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity.

Restricted funds are only available to spend on specific programmes or purpose for which a grant is received for.

Expenditure
Expenditure is recognised on an accrual basis as a liability is incurred.

Costs generating funds comprise expenditure incurred in encouraging others to make contributions to the charity and include staff costs attributable to that activity.
AQUACULTURE STEWARDSHIP COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

Where costs could not be directly attributed to a particular function or activity, they have been allocated by applying bases consistent with the use of the resource.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and any costs linked to the strategic management of the charity.

Investments, assets and income
Investment income is recognised in the accounts when it is receivable and is allocated to the appropriate fund.

Investments: The charity has one wholly owned subsidiary undertaking, ASCI Ltd, incorporated in England & Wales. It is a trading subsidiary and receives royalties from logo licensing fees.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the charity’s accounting policies, which are described in note 1, Directors are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fixed Assets
Fixed assets are recorded at cost or, in cases where fixed assets have been donated to Aquaculture Stewardship Council, at valuation at the time of acquisition. Fixed assets are capitalised in the balance sheet at cost, except for items costing less than £500 which are expensed in the year of purchase.

Depreciation has been provided at the following rates in order to write down cost or valuation, less estimated residual value, of all tangible assets by equal annual instalments over their expected useful lives.

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, Fittings &amp; IT equipment</td>
<td>33%</td>
</tr>
<tr>
<td>Software and Database</td>
<td>20%</td>
</tr>
</tbody>
</table>

Going concern
We have set out in the Directors’ report a review of financial performance and the charity and the group's reserve position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity and the group's ability to continue. The accounts have therefore been prepared on the basis that the charity and the group is a going concern.

Foreign Exchange
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.
1. ACCOUNTING POLICIES (continued)

Pension costs
The charity operates a defined contribution group personal pension scheme for the benefit of any employees wishing to join. The contributions payable under the scheme are charged in the income & expenditure account, and the assets are managed by an independent organisation.

Taxation
Aquaculture Stewardship Council is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, since it falls within the various exemptions available to registered charities.

Financial Instruments
ASC Ltd has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors, excluding prepayments. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors. Investments in subsidiary undertakings are held at cost less impairment.

2. DONATIONS AND GRANTS

<table>
<thead>
<tr>
<th>Grants receivable</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds 2018</th>
<th>Total Funds 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sainsbury</td>
<td>-</td>
<td>19,083</td>
<td>19,083</td>
<td>-</td>
</tr>
<tr>
<td>ISEAL</td>
<td>-</td>
<td>9,982</td>
<td>9,982</td>
<td>-</td>
</tr>
<tr>
<td>Packard Foundation</td>
<td>-</td>
<td>7,055</td>
<td>7,055</td>
<td>292,776</td>
</tr>
<tr>
<td>TAPAS</td>
<td>-</td>
<td>41,942</td>
<td>41,942</td>
<td>60,343</td>
</tr>
<tr>
<td>New Venture</td>
<td>-</td>
<td>46,710</td>
<td>46,710</td>
<td>93,523</td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>-</td>
<td>101,604</td>
<td>101,604</td>
<td>32,545</td>
</tr>
<tr>
<td>Swedish Lottery</td>
<td>-</td>
<td>60,449</td>
<td>60,449</td>
<td>90,915</td>
</tr>
<tr>
<td>WWF NL</td>
<td>34,000</td>
<td>-</td>
<td>34,000</td>
<td>44,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34,000</strong></td>
<td><strong>286,825</strong></td>
<td><strong>320,825</strong></td>
<td><strong>614,102</strong></td>
</tr>
</tbody>
</table>
### 3. OTHER TRADING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Total Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Trading income</td>
<td>€6,972,071</td>
<td>€6,972,071</td>
<td>€5,022,273</td>
</tr>
<tr>
<td>Audit training income</td>
<td>€65,555</td>
<td>€65,555</td>
<td>€59,111</td>
</tr>
<tr>
<td></td>
<td>€7,037,626</td>
<td>€7,037,626</td>
<td>€5,081,384</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>€167,592</td>
<td>€167,592</td>
<td>€394,543</td>
</tr>
<tr>
<td>Outside Europe</td>
<td>€1,970,914</td>
<td>€1,970,914</td>
<td>€893,005</td>
</tr>
<tr>
<td>Europe</td>
<td>€4,899,120</td>
<td>€4,899,120</td>
<td>€3,793,836</td>
</tr>
<tr>
<td></td>
<td>€7,037,626</td>
<td>€7,037,626</td>
<td>€5,081,384</td>
</tr>
</tbody>
</table>

### 4. COSTS OF TRADING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Direct Costs – Cost of Goods Sold</td>
<td>€922,792</td>
<td>€922,792</td>
<td>€653,503</td>
</tr>
<tr>
<td>Other Direct Costs - Administration</td>
<td>€586,187</td>
<td>€586,187</td>
<td>€373,183</td>
</tr>
<tr>
<td>Other Direct Costs – Foreign exchange gains</td>
<td>(€19,886)</td>
<td>(€19,886)</td>
<td>€19,732</td>
</tr>
<tr>
<td></td>
<td>€1,489,093</td>
<td>€1,489,093</td>
<td>€1,046,418</td>
</tr>
</tbody>
</table>

### 5. COSTS OF CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td>€447,456</td>
<td>€466,090</td>
</tr>
<tr>
<td>Accreditation</td>
<td>€25,548</td>
<td>€22,200</td>
</tr>
<tr>
<td>Depreciation</td>
<td>€7,176</td>
<td>€9,944</td>
</tr>
<tr>
<td>Finance costs</td>
<td>€5,006</td>
<td>€615</td>
</tr>
<tr>
<td>Insurance</td>
<td>€37,296</td>
<td>€37,713</td>
</tr>
<tr>
<td>IT</td>
<td>€12,914</td>
<td>€4,476</td>
</tr>
<tr>
<td>Legal &amp; Governance</td>
<td>€265,656</td>
<td>€28,404</td>
</tr>
<tr>
<td>Accounting &amp; Audit</td>
<td>€98,274</td>
<td>€89,277</td>
</tr>
<tr>
<td>Office &amp; Premises</td>
<td>€103,174</td>
<td>€67,435</td>
</tr>
<tr>
<td>Telephone</td>
<td>€19,894</td>
<td>€16,512</td>
</tr>
<tr>
<td>Salaries &amp; Fees</td>
<td>€2,308,103</td>
<td>€1,631,619</td>
</tr>
<tr>
<td>Training</td>
<td>€20,071</td>
<td>€21,140</td>
</tr>
<tr>
<td>Travel</td>
<td>€521,805</td>
<td>€405,000</td>
</tr>
<tr>
<td>Meetings</td>
<td>€164,716</td>
<td>€155,902</td>
</tr>
<tr>
<td>Marketing</td>
<td>€296,398</td>
<td>€233,959</td>
</tr>
<tr>
<td>Bad Debt Provision</td>
<td>€5,200</td>
<td>€0</td>
</tr>
<tr>
<td>Revaluation</td>
<td>(€41,583)</td>
<td>€13,708</td>
</tr>
<tr>
<td>Other Provisions</td>
<td>€16,246</td>
<td>€145,370</td>
</tr>
<tr>
<td></td>
<td>€4,313,351</td>
<td>€3,349,634</td>
</tr>
</tbody>
</table>
AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

6. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Charity</td>
<td>Group</td>
<td>Charity</td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>586,613</td>
<td>11,421</td>
<td>467,701</td>
<td>9,422</td>
</tr>
<tr>
<td>Other debtors</td>
<td>101,998</td>
<td>15,610</td>
<td>85,713</td>
<td>37,929</td>
</tr>
<tr>
<td>Prepayments &amp; accrued income</td>
<td>3,539,049</td>
<td>13,296</td>
<td>2,434,146</td>
<td>43,848</td>
</tr>
<tr>
<td>Amount due from subsidiary</td>
<td>-</td>
<td>4,968,981</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,227,660</td>
<td></td>
<td>2,987,560</td>
<td>91,199</td>
</tr>
</tbody>
</table>

7. CREDITORS: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Charity</td>
<td>Group</td>
<td>Charity</td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>59,783</td>
<td>26,967</td>
<td>243,448</td>
<td>203,721</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>39,879</td>
<td>-</td>
<td>44,400</td>
<td>25,160</td>
</tr>
<tr>
<td>Amount due to associated undertaking</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>325,110</td>
</tr>
<tr>
<td>Amount due to subsidiary</td>
<td>-</td>
<td>364,580</td>
<td>-</td>
<td>350,510</td>
</tr>
<tr>
<td>Accruals &amp; deferred Income</td>
<td>1,917,600</td>
<td>572,417</td>
<td>1,500,456</td>
<td>704,632</td>
</tr>
<tr>
<td>Other creditors</td>
<td>28,140</td>
<td>12,949</td>
<td>99,772</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>2,045,402</td>
<td></td>
<td>1,888,076</td>
<td>1,609,133</td>
</tr>
</tbody>
</table>

Movement on deferred income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Charity</td>
</tr>
<tr>
<td></td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Deferred income at 1 January 2018</td>
<td>535,390</td>
<td>535,390</td>
</tr>
<tr>
<td>Released to income in year</td>
<td>(410,522)</td>
<td>(410,522)</td>
</tr>
<tr>
<td>Income deferred in year</td>
<td>560,780</td>
<td>560,780</td>
</tr>
<tr>
<td>Deferred income at 31 December 2018</td>
<td>685,648</td>
<td>685,648</td>
</tr>
</tbody>
</table>

Employees:
The number of employees during the year, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year to 31 Dec 18</th>
<th>Year to 31 Dec 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Direct Charitable</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Communication &amp; publicity</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Standards &amp; Assurance</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Administration</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>18</td>
</tr>
</tbody>
</table>
## 8. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds Year to 31-Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td><strong>INCOME FROM:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and donations</td>
<td>2</td>
<td>336,776</td>
<td>277,326</td>
</tr>
<tr>
<td>Other trading activities</td>
<td>3</td>
<td>5,081,384</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td>3,739</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>5,421,899</td>
<td>277,326</td>
</tr>
<tr>
<td><strong>EXPENDITURE ON:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raising funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading activities</td>
<td>4</td>
<td>(1,046,418)</td>
<td>-</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>5/6</td>
<td>(3,072,308)</td>
<td>(277,326)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>(4,118,726)</td>
<td>(277,326)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td></td>
<td>1,303,173</td>
<td>-</td>
</tr>
<tr>
<td><strong>OTHER RECOGNISED (LOSSES)/GAINS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation adjustment</td>
<td></td>
<td>(127,540)</td>
<td>-</td>
</tr>
<tr>
<td><strong>MOVEMENT IN FUNDS</strong></td>
<td></td>
<td>1,175,633</td>
<td>-</td>
</tr>
<tr>
<td><strong>RECONCILIATION OF FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds brought forward</td>
<td></td>
<td>2,915,454</td>
<td>-</td>
</tr>
<tr>
<td>Exchange movement on opening funds</td>
<td></td>
<td>113,556</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted funds brought forward</td>
<td></td>
<td>3,029,010</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS CARRIED FORWARD</strong></td>
<td></td>
<td>4,204,643</td>
<td>-</td>
</tr>
</tbody>
</table>