

COMPANY REGISTRATION NUMBER 08172832

AQUACULTURE STEWARDSHIP COUNCIL LIMITED
DIRECTORS' REPORT AND COMBINED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

AQUACULTURE STEWARDSHIP COUNCIL LIMITED
COMBINED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

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AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

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The directors of Aquaculture Stewardship Council Limited and Stichting Aquaculture Stewardship Council present the Directors' Report and combined financial statements of Aquaculture Stewardship Council in respect of the year ended 31 December 2019.

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council present the combined financial statements incorporating Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council. The directors have chosen to prepare non-statutory combined financial statements for each financial year in accordance with the basis of preparation set out in Note 1 to the combined financial statements.

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 Directors

The Directors who served the company during the period, and current serving directors are as follows:

Prof P A Cook	Chairman (resigned 14 June 2019)
Dr S Nichols	Chairman (appointed 2019)
C Stokes	(resigned 12 December 2019)
M Jeans	
Dr L Cao	(resigned 4 April 2019)
A Dingwall	
J Villalon	
H D Thuy	(appointed 12 June 2019)
K Nakamura	(appointed 12 June 2019)
Dr O Oaland	(appointed 17 June 2019)

Company Secretary R Ryan

Other Key Management Personnel

Chief Executive Officer C Ninnes
Finance Director L Egan

Our Advisors

Auditor	Haysmacintyre LLP	10 Queens Street Place, London, EC4R 1AG
Bankers	Barclays Bank Plc	5 Church Street, Leatherhead, Surrey, KT22 8DE
Solicitors	Russell-Cooke LLP	2 Putney Hill, London, SW15 6AB

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Introduction

Aquaculture Stewardship Council, 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.

As set out in note 1, the accounts are not statutory accounts. The principles and required presentation of the following legislation and regulations have been utilised in determining the format for these accounts: Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). Further details of the basis of preparation are set out in note 1.

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 Directors have established a Governance Committee to oversee Board governance arrangements. The Charity Commission Good Governance code will be considered at the September 2020 Board of Directors meeting, to ensure that all Directors 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 three sub-committees covering 1) Finance and Audit, 2) Governance, and 3) Board 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.

Key Management and Remuneration Policy

The directors consider that the board of directors, who are the directors, 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. Details of directors' expenses and related party transactions are disclosed in notes 9 and 20 to the accounts.

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The pay of key management and 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 and Public Benefit

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 operating on a more environmentally sustainable and socially responsible basis. It aims to do so by creating market incentives for farmers to engage and that create value across the seafood supply chain. Its work aims to conserve marine and freshwater environments and to advance education about the principles and practice of conservation for the benefit of the public.

ASC's activities promote and quantify responsible farming of fish, shellfish and crustaceans and, jointly with the Marine Stewardship Council (MSC), seaweed. They do so by, amongst other things, furthering the understanding and adoption of responsible aquaculture practices and maintaining and monitoring objective standards for responsible aquaculture whose application reduces the negative social and environmental impacts of aquaculture.

The ASC offers producers of farmed seafood access to a certification programme. Meeting the ASC standards necessary for certification means a farm is operating responsibly. The programme creates incentives that reward responsible farming practices by seeking market commitments to source ASC certified seafood. The ASC promotes and rewards responsible farming practices with 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. Additional supply chain assurances are provided through the use of a shared chain of custody platform with the MSC that gives supply chain partners confidence that the certified product they are buying originates from an ASC certified farm. 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 public benefit.

The aquaculture industry makes a major contribution to meeting the global demand for seafood. 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. The growth in aquaculture production reduces pressure on wild capture fisheries. Growth in aquaculture production is both a reflection of increasing demand for seafood globally and the natural production limit that is a necessary feature of wild capture fisheries management. In fact, projections by the FAO suggest that almost all future demand for seafood will be met from increases in aquaculture production.

Aquaculture production is also more environmentally friendly than other major terrestrial protein production systems. Per ton of production, less energy is consumed, fewer greenhouse gases produced, less freshwater required and lower space needs than for beef, pork, lamb and poultry farms.

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 environmentally harmful, more positive footing to the benefit of the public. When combined with the increasingly positive research about the benefits to human health through consumption of seafood, farming represents not only the future for seafood supply it does so not only in an environmentally beneficial way but with real consequence for human health, livelihoods and food security.

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The directors (as trustees) of the ASC 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". The aims and activities of the ASC are clearly focussed on this objective.

ACHIEVEMENTS AND PERFORMANCE IN 2019

In 2019 ASC continued to grow and to have an influential, beneficial, impact on the operation of the global aquaculture industry. It has been encouraging that at a time when global aquaculture production has been maintaining its growth trajectory the ASC programme has expanded too at an even faster rate. The services that it offered to the seafood industry throughout the supply chain in 2019 continue to be taken up and used worldwide.

The ASC programme remains driven by 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 makes available to qualified users ASC promotes certified responsibly farmed products in the marketplace. It acts, therefore, to influence both the supply and the demand for responsibly produced seafood.

In 2019 the dual functionality of the ASC programme continued to gain traction in the global seafood marketplace. Seafood producers continued to adopt the certification scheme in ever bigger numbers. 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 recent years was maintained in 2019. The range of farmed species groups covered rose from 11 ASC standards for responsible aquaculture to 17 in 2019. There is also a joint ASC- MSC standard for seaweed. At the end of the year two new standards were opened enabling relevant fish farms to be able to be audited against them. They were for Flatfish, applicable to Flounders, Turbot and Halibut and for Tropical Marine Finfish, including Grouper, snapper, pompano, barramundi and croaker. The new standards allow for the transparent, third-party, certification of an additional 16 genera from commercially important species produced and consumed around the world. Both new standards are applicable in all regions globally where these fish are farmed.

By issuing new standards in 2019 ASC continues to be responsive to market demands. It has extended the opportunity for more producers to address the key environmental impacts of seafood farming in a structured way, meet requirements for workers' rights and demonstrate that they are protecting communities surrounding certified farms.

In addition to adding new coverage, ASC has continued to ensure the relevance of the existing core set of standards. They are reviewed and updated when new information becomes available and when experience with their operation suggests that their content can be improved. In 2019 ASC issued revisions of the Salmon and Freshwater Trout Standards. They were updated following a rigorous multi-stakeholder, science-based, review process. This delivered on ASC's ongoing commitment to continuously improve standards and adapt to changes in knowledge and in the industry.

In 2019 ASC reached a significant milestone when the number of farms certified to one of the standards passed 1,000. By the end of the year the total was 1,134. Of this total, salmon farms accounted for 30% and shrimp farms for not much less. There were encouraging signs of uptake for the relatively new (2018) Seabass/Seabream/Meagre standard with 33 farms certified at the end of the year. The growth in interest in acquiring ASC certification showed no sign of slowing in 2019.

The interest in ASC certification is worldwide. In 2019 some 37% of all certified farms were in European countries, overtaking Asia (35%) (the world's major aquaculture producing area), as the region having the biggest concentration of ASC certified farms. About 19% of all certified farms in 2019 were in Central and South America and only 6% in North America. In all there were ASC certified farms in 43 different countries and territories. The pipeline of farms seeking assessment under the programme has continued to be healthy with 313 at varying stages in the process.

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The volume of seafood on the market from certified farms has continued to provide another positive indicator of ASC's expansion. At the end of 2019 certified farms were producing almost 2 million tonnes of seafood, up from 1.6 million tonnes at the end of 2018. The statistics show that the programme has been reaching more smaller typically-sized farms in many countries and not just big industrial units.

Interest in the ASC programme along the supply chain saw some very significant developments in 2019. The number of approved products carrying the ASC logo passed the 20,000 ending the year with 20,743 available for sale in 82 countries and territories. This was more than double the number approved at the end of 2017, a very satisfactory commercial endorsement of the ASC model.

With an expanding array of commercial and other partners relating to the ASC and participating in the programme the need increased for ASC to be supportive of them and provide complementary services to help ensure that there is real value added from committing to backing responsible aquaculture. 2019 was a very active year for ASC's interaction with a wide range of stakeholders. It occurred through a variety of ways in different parts of the world and in relation to different needs. It included communicating publicly about both achievements and problems. The latter, for example, included providing public information about claims of intentional irregularities discovered about operations at a certified farm and the subsequent termination of the relevant logo licence agreement. While a challenging issue, the way it was dealt with demonstrated the strength of the ASC third-party approach to certification and ASC's determination to maintain the integrity of the programme.

As part of its ongoing contribution to improving understanding about issues related to responsible aquaculture via research and development, ASC published a paper in 2019 contributing to the debate about the environmental impact of plastics and especially how they affect oceans. The paper highlighted issues about how lost plastics from aquaculture and capture fisheries can be quite different.

ASC took part in a range of events with partners to promote responsible seafood. These included attendance at a range of international trade show events. It also included participation in a number of specially devised campaigns aimed at broad audiences. These efforts were recognised in France in 2019 when ASC and partner the MSC were awarded the Grand Prix for Social Responsibility for the campaign Semaine de la Peche Responsable, an annual French consumer focussed campaign. In competition with 48 other brands the ASC and MSC were selected as winners for the best NGO label. This came in recognition of successful engagement with numerous brands and distributors to mobilise the public to support and sustainable fisheries and responsible fish farming. Blogs, videos and an active social media presence continued to spread and explain the ASC's messages to a wide and international public in 2019.

ASC recognises that the challenges facing the global aquaculture industry can be tackled more effectively if close collaboration can be achieved with like-minded organisations. Work begun in 2018 in this area made significant progress in 2019 with a range of organisations. Projects began to be implemented with Fairtrade USA, the Sustainable Seafood Partnership and the Seafood Watch Programme of the Monterey Bay Aquarium. ASC's CEO continued to chair the Certifications and Rating Collaboration of major seafood organisations.

In 2019 ASC continued to cover its increasing core costs of staffing and allied expenditure from own-generated resources. Logo licensing income was over € 8 million for the first time. Additional activity has been funded by generous philanthropic donations. But expenditures 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. There will not be any complacency. The ASC will continue to need external funding for specific one-off projects.

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Delivering the Strategic Plan

The direction for the expansion of the ASC has been set out in the Strategic Plan. Implementation of the plan and hence the direction of travel and identification of in-year activities is undertaken in a logically consistent and transparent way. A set of outputs needed to help ASC be able to move forward with the achievement of its longer-term Mission has been identified. Delivering them over time remains the key challenge for the organisation. Progress in 2019 with the delivery of each of these outputs is set out below.

The ASC Global Standards and Certification Programme Strengthened and Developed

During 2019 standards development took two paths, the releases of new standards and, in line with ASC's commitment to continuous improvement of the quality of the standards, the revision of existing standards. This has helped to ensure that the ASC standards are maintained at the highest level possible. As the marketplace shows interest in the production of new standards, so too must the ASC continue to reflect advances in scientific knowledge and industry experience and best practice in the ask it makes of producers.

Two new standards were launched in 2019, for Flatfish and Tropical Marine Finfish. The majority (91%) of production of Flatfish covered by the new standard occurs in Korea and China, with most of the remaining production taking place in Spain, Portugal and Japan (7%). Flatfish are an important part of the live-fish retail trade in China and Korea and are high-end fresh fish in Southern Europe and Japan. Farming for the species covered by the Tropical Marine Finfish standard is dispersed throughout tropical and subtropical Asia and Australasia and important production occurs in China, Indonesia, Malaysia, Philippines, Thailand and Vietnam. Domestic consumption and inter-regional trade were both important market considerations behind the development of the standard. Requests from key consuming markets where ASC is becoming increasingly embedded, including China, Hong Kong, Japan and Singapore, were part of the rationale for the creation of the standard.

In 2019 the first farms were certified against the ASC's Seabass, Seabream, and Meagre Standard. Two farms in Greece and two in Turkey achieved certification at the same time on June 5. The programme was expanded in response to stakeholder demand for an ASC standard for seabass, seabream and meagre, which have traditionally been enjoyed by consumers in European markets. Turkey and Greece are both countries where production of the species has grown to meet rising demand. The response to the new standard from producers was enthusiastic with the strong demand for ASC certified product driving farms to schedule audits to the new standard from the first day the certification becoming available. The market demand for a transparent and rigorous certification for these species led nearly 30 additional farms in Turkey, Greece, Spain, Croatia and Albania to undergo audits in the weeks just after the standard went live.

Regular operational reviews ensure the continued relevance and efficiency of the various ASC standards. They are an essential ingredient in ASC's exercise of control over the integrity 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.

Continuous review of the content of the ASC standards focused on assessment of areas of some standards where the effectiveness of the 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. In 2019 the review of the Pangasius standard was completed in June. Work on the revision of the Salmon and Trout standards was also completed after extensive public consultation. The revision resolved inconsistencies between the two standards. All freshwater salmonid farming, including salmon smolt production, will now be audited against the Freshwater Trout Standard, which is specifically designed to minimise freshwater impacts. The change also means that ASC certified salmon farms will be able to use smolt from freshwater cage culture if the production has been certified responsible against the stringent requirements of the freshwater Trout Standard. With the updates, smolt production for all ASC certified salmon farms will now require an on-site audit for the first time.

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As a global industry, salmon production methods vary by region. In some areas, including Scotland, freshwater smolt production is more common. Until now it has not been possible for consumers, retailers and regulators to know whether these producers were meeting global best practice as measured by a transparent, independent industry-leading certification such as that offered by ASC. The revision will allow more salmon producers to embrace responsible production by meeting the stringent requirements of the ASC standards, including indicators that will protect the local areas where smolts are produced, by setting production levels that aid conservation, prevent escapes, and protect water quality. These were important developments for key species in ASC's portfolio of standards.

The review of the Shrimp standard launched in 2018 continued. It is looking at the current antibiotic-related requirements, those regarding mangroves, farm management, brood stock and the species-scope.

Building on the work initiated in 2018 with the recruitment of a staff member to work in the Standards and Science team on issues relating to fish welfare, extensive work began on the development of new ASC fish health and welfare criteria and indicators. A paper was produced and put out to public consultation on the project and to seek views on the approach that ASC might take and the potential focus for ASC action. ASC wants to find ways to provide guidance on fish welfare issues that is consistent with the ASC's more general environmental and social based approach to promotion of responsible aquaculture.

As reported in previous years, 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. It has been a complex task. But in 2019 the work moved close to conclusion. The Project's Steering Committee, made up of a multi-stakeholder group consisting of representatives from the feed mill industry, feed ingredient industry, farm industry, NGOs and retail, reached an in-principle agreement on the overall structure and content of the standard. Pilot assessments against the standard were undertaken and these informed the completion of guidance documents. The last remaining step before a Feed Standard is launched is for consideration and approval by the ASC Board. If all goes well the standard could be launched in 2020. Once operational, feed mills will be able to apply for certification against the Feed Standard and ASC certified farms will need to source feed from mills which are certified against the Feed Standard.

In 2019 work to improve the consistency and efficiency of the ASC standards, begun in 2016, continued apace. It aims to deliver a higher level of consistency and rationalisation across the current standards for all farmed seafood species currently targeted by ASC and provide greater clarity to farmers, auditors and to other external stakeholders. This will be achieved by an alignment process of the content of the standards. In turn this will allow the ASC to expand its reach more easily (for example to different production systems and more species) and have a more effective and efficient impact. It will also facilitate the continuous revisions process subsequently.

The thrust of the work has been on development of a new system in which instead of the original 7 Principles per-species in all ASC farm standards, the new ASC Farm Standard will have 3 Principles setting effective and credible requirements. They will cover legal and business management (P1), operation in an environmentally responsible manner (P2) and operation in a socially responsible manner (P3).

The new ASC Farm Standard will also have production-system specific criteria (where needed/applicable) and species-specific metrics (where needed/applicable). In the consultation processes carried out so far ASC has considered 8 separate Units of Certification: Feed Mills; Farm-cage culture; Farm-pond culture; Farm-flow through culture; Farm-recirculation culture (RAS); Farm-Non-fed/Non-fertilised culture; Farm-Non-fed but fertilised culture; Processing Plants.

In 2019 two different sets of public consultation were carried out. The first focussed on the legal (P1) and social (P3) principles. That round of public consultation also included seeking views on revisions to the Certification and Accreditation Requirement document, which notably introduced a new Social Auditing Methodology including a Social

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Risk Assessment tool. The new environment Principle P2 was the focus of the second public consultation round towards the end of 2019. The continuing interest in the development of the new aligned standard from the industry and other stakeholders has been encouraging.

The ASC's current standards set criteria for dealing with plastic with various requirements for certified farms to implement policies for waste reduction and recycling and ensuring responsible storing and disposal of waste.

Conscious of the need to do more to tackle these issues ASC published a paper in November 2019 on Marine Litter and Aquaculture Gear. It showed that the three main causes of plastic pollution from aquaculture were mismanagement, deliberate discharges and extreme weather. The paper assessed the relative risks from each of these causes for different aquaculture production methods. It included recommendations to the wider seafood industry for tackling issues like poor waste management and other production related issues. It noted that extreme weather is a major cause of plastic 'ghost gear' from fish farms entering oceans and rivers. The paper warned that the increasing frequency and severity of tropical storms due to climate change could exacerbate the problem. The evidence found and reported will be used to help update ASC standards to include requirements on the plastic waste issue.

An important initiative came to fruition in April 2019 when ASC's new Group Certification methodology, which will make applying for ASC certification more accessible for small producers, was launched at an event in Vietnam. Group Certification will allow smaller-scale producers to join as a group to collectively implement the requirements of ASC standards. This allows them to share the costs and resources involved in meeting these requirements and auditing them. While it will allow smaller producers to collectively apply for certification, the applicable requirements of the standard remain the same, and every part of the group must meet these requirements to achieve certification.

In recent years ASC has expanded the effort it makes to provide stakeholders with confidence that the ASC Standards are effectively implemented and audited. Programme Assurance work in 2019 aimed to ensure that the ASC programme remained meaningful, effective and robust, that there was traceability and provision of assurance about products certified by ASC to supply chain partners. The Programme Assurance team was strengthened further to provide more capacity for this key part of the organisation's establishment. Upholding the integrity of the programme is the top priority for ASC management.

A number of initiatives was taken in 2019 to improve ASC's assurance performance. For example, the Programme Assurance team embarked on a project aimed at introducing the use of technology to improve the digital traceability of ASC certified products. The project involves using and/or developing software to capture and convey key data elements (KDEs) from certified farm origin throughout the supply chain to end consumers. Several companies already report in this format. Besides providing greater verifiable information and meeting industry demands and expectations, the system will enhance supply chain transparency and risk mitigation. To achieve this ASC is working closely with supply chain company partners, stakeholders and global initiatives with aligned objectives.

Another project, begun in 2018, but active in 2019, was undertaken in response to concerns about antibiotic contamination in the shrimp industry in Vietnam. A 12-month antibiotics sampling programme was put in place involving Vietnamese ASC shrimp at the first point of Chain of Custody (CoC). From 1st August 2018, all CoC certificate holders operating in Vietnam that wished to handle ASC *Whiteleg shrimp* (*L.vannamei*) had to agree to be subject to inspection. Any product receiving medicated feed or antibiotic was not authorised to carry the ASC label and contaminated products became non-eligible for sale as ASC certified.

A third assurance related project has involved trialling a web-based tool to collect certified product antibiotic test result data from a range of sources, including certificate holders, government data base sets and ASC's own sampling. Submission are made confidentially into an online reporting tool by responding to several simple questions about the product tested and any antibiotic residue detected. The results are held in a database and on a quarterly basis the data are aggregated and reported back to the participating network of submitters. This allows participants to gain insights on trends of antibiotic detection across different suppliers and avoid suppliers whose products tend to have positive results.

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Oversight of this information allows ASC to focus attention and resources to higher risk suppliers and products, ultimately improving programme assurance and certified product integrity. The tool is initially focused on antibiotic testing of certified shrimp products, but it is possible to enter results for other species as well.

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

In spite of expanding staffing in 2019, ASC remains a small organisation with limited capacity but with ambitions to influence the way that aquaculture is done world-wide. So, it has aimed to focus 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 must be assessed.

Towards the end of 2019 the ASC Board commissioned a consultant to work with ASC senior management to review and systematise a new Market Development Strategy. This involved a root and branch review of priorities among and between markets and a detailed analysis of how ASC could and should operate strategically and tactically in each market to promote the ASC's values and brand. This work was on-going at the year's end.

The volume of seafood produced by ASC certified farms rose from 1.57 million tonnes in 2018 to 1.91 million tonnes at the end of 2019. This material contributed to the increase in the number of products using ASC certified seafood approved for sale throughout the supply chain. At the year's end there were 20,743 products approved, up from 15,112 at the end of 2018. These products were available in 82 countries, 8 more than in 2018. Of the products approved some 49% were salmon related, 29% for shrimp. There were more than 1,000 approved products available in each of 7 countries and more than 500 in each of a further 4 countries. Germany and the Netherlands retained their top-ranking places with 2,951 and 2,810 approved products respectively. The next three top countries in which the presence of ASC products has become established were Belgium, Switzerland and France. Growth in the countries with big populations but limited take up of ASC products (for example China 406 and USA 321) was steady. A notable development in 2019 was that shoppers in Brazil were able to buy ASC labelled seafood products for the first time with the launch of 4 ASC labelled salmon products in 125 stores in Swift supermarkets.

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 2019 ASC exhibited at the major shows in Europe (Brussels) and North America (Boston). It was also present at the premier Asian show in Qingdao, China. This event saw the launch of a new initiative supported by ASC to help contribute to the responsible development of the Yellow Sea region, the Yellow Sea Responsible Mariculture (YSRM) Initiative made up of 31 seafood producers, processors, and distributors.

In 2019, as the table below shows the rise in the number of farms entering and seeking entry to the programme continued to grow rapidly. Notable were the expansion in the number of bivalve farms certified and the certification of the first seaweed farm. In all there were ASC certified farms in 43 countries at the end of 2019. There were more than 200 farms certified in Vietnam and over 100 in Norway (185), Chile (144) and France (110).

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Species	Number of Farms Certified		Farms under Assessment	
	December 2018	December 2019	December 2018	December 2019
Pangasius	48	47	1	1
Tilapia	44	47	2	2
Salmon	245	345	93	114
Trout	54	57	7	11
Shrimp	189	324	165	105
Bivalves	137	247	42	11
Abalone	17	18	0	15
Seriola/Cobia	8	16	3	1
Seabass/Seabream/Meagre	0	33	0	8
Tropical Marine Finfish	0	0	0	5
TOTAL	742	1134	313	273
Seaweed	0	2	1	0

ASC recognises that many seafood farmers would like to improve their farming methods so they can meet the requirements in the ASC standards. To help bridge the gap, work was done in 2019 to set out and develop an ASC Improver Programme. The aim being to make the full ASC programme more accessible and to ensure that ASC standards are better understood by producers. A goal is to leverage market forces by attracting producers to drive improvements in those areas where the biggest change can be achieved. Work began on developing technical tools and supportive networks to help producers make improvements to their aquaculture production at scale; to engage and enable local governments and initiatives to contribute to and participate in the development of supporting networks to deliver efficient approaches for improvement and to support a pre-competitive approach to improvement work in the aquaculture sector. Together these workstreams will act as an instrument for meaningful change and, in collaboration with others, help to accelerate further transformation towards responsible aquaculture.

ASC promoted and supported with key audiences

Promotion of the ASC brand was taken to a very different audience at the start of 2019. During the FIS Alpine World Ski Championships 2019 in Åre, Sweden only sustainably caught and responsibly farmed seafood was served to VIPs, volunteers, media and the public in the course of the two-week event by Sweden's largest temporary kitchen established for the duration of the Championships. Clear labelling on the daily menus demonstrated that the salmon served had been responsibly farmed and recognised as such by ASC.

AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

Another event in the global sporting calendar, the 2020 Tokyo Olympic and Paralympic Games provided another focus for ASC to engage with a wide range of stakeholders. In 2019 ASC participated in a very successful Japan Sustainable Seafood Week. This was the sixth such annual event in Japan, run jointly by ASC and MSC to raise awareness of responsible seafood production and featuring a variety of events for all ages around the country.

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.

ASC has been able to use the enthusiasm of farms achieving certification to publicise the programme. For example, in October 2019 China's largest abalone producer became the first in the country to achieve certification against the ASC Abalone Standard. Fujian China-Singapore Evervest Co., Ltd. celebrated the achievement with a certification ceremony at a national annual abalone symposium held in Rongcheng, Shandong Province so multiplying awareness of the ASC into a wide audience. Another first that the Communications team helped to publicise was the first seaweed farm to be certified against the ASC-MSC Seaweed Standard in the Republic of Korea.

The ASC label is not only found on food products, thanks to the many and varied uses of responsibly produced fish. This was further highlighted with the launch of a new skincare supplement in Sweden, the world's first ASC certified collagen product. It was launched by Inekogruppen at an annual event for the LIFE Europe health food store chain, the biggest health food chain in Sweden, Norway and Finland in September 2019. Furthermore, Swedish consumers looking for responsibly-sourced dietary supplements were able to have their needs met by the launch of the world's first ASC and MSC certified Omega-3 capsules.

To extend the reach of the ASC message, a new Find a Recipe page was launched on the ASC website. It features a variety of meals to make with ASC certified seafood. ASC worked with its commercial partners to develop the initial collection of recipes. The new feature allows consumers to search through recipes using several filters including cooking time, difficulty, dietary requirements, and even special occasions.

ASC used a range of different media forms, platforms and means to communicate with stakeholders. A wide range of subjects was covered in a series of blogs made available on the ASC website. Social media interactions were maintained and were active. Help was given to journalists around the world and a wide range of informative articles appeared during the year in many of the world's leading print outlets.

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 2019. 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.

A notable step forward in ASC's demonstration of its commitment to closer collaboration with like-minded organisations was the first success of the relationship developed with Fairtrade USA. This was seen in the award of a significant grant made possible through the Walton Family Foundation for work in Indonesia. It will focus on ways of reducing potential confusion at farm level and lowering the potential cost of involvement with different certification schemes for farmers, of improving the efficiency with which certification schemes can work at operational level and of providing more consistent and clearer messaging about responsible aquaculture.

AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

Another success in promoting collaboration was the award of a grant from the ISEAL Innovations Fund with the support of the Swiss State Secretariat for Economic Affairs to a partnership led by ASC with the Sustainable Seafood Partnership and the Seafood Watch Programme of the Monterey Bay Aquarium. This will enable work to be done to test the possibilities for better integration of seafood certification and jurisdictional assurance models. Closer collaboration and integration between certification and ratings scheme approaches operating at different scales will encourage more responsible aquaculture. More authoritative and consistent information will be provided to global seafood markets. This in turn will improve buyer choice and encourage greater take-up by producers of responsible aquaculture practices.

ASC Organisational development strengthened

With the growth in demand for the ASC services so the organisation has had to expand its staff capacity. Additional strengthening took place in 2019 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 2019 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.

COVID-19

The ASC as a global organisation with a presence in China was aware of the impact of the coronavirus at an early stage of what became designated by WHO as the COVID-19 pandemic. By early March 2020 it was clear that the virus was spreading internationally and fast and was deadly. All travel was stopped. For a global outward looking organisation, much of whose work involved face to face contact with stakeholders throughout the seafood supply chain, this was a serious response to the emergency. Many ASC staff members work remotely routinely. But as an additional precaution all offices were closed and so all staff moved to remote home working. ASC already had systems in place for remote working. These were strengthened. Additional security and backups systems were implemented to cope with home working being the norm. Advice was given to staff on the working regime and on the importance to following national rules and regulation in the relevant country. The Senior Management Team began regular meetings to monitor the impact of COVID-19 on all aspects of the operation of the ASC.

See further COVID-19 comments in sections Financial Review (page 13) and Going Concern (page 20)

AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW

The results for the period ended 31 December 2019 are shown in the attached Statement of Financial Activities.

Net income of the group for the year was a surplus of €935k (2018: €1,565k). 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 €8,494k against trading expenditure of €1,569k giving a net income of €6,925k before taxation. The surplus trading profits of €6,925k will be donated to the parent charity ASC UK in 2019. The donation is equal to the taxable profits, therefore ASCI Ltd will have no payable Corporation tax due.

Principal Funding Sources

ASC receives contributions in the form of donations and grants from commercial organisations and like-minded international charities and the revenue generated by trading subsidiary.

During the year the Charity generated €30k from the Trout and Salmon auditor training program conducted by the charity.

The Charity's expenditure on charitable activity during the year was €4,342k (2018: €4,313k) 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 Trustees address the risks that face the charity and adopt responses to managing the risks identified through a Risk Register. A risk to achievement of the ASC's Mission might arise if the ASC Value Proposition fails in the market reducing uptake of the certification programme and reducing income. Other major risks identified include risks to:

- The certification programme - such as unaddressed challenges to the integrity of the programme, the scope and cost of services offered does not meet market demand and reduces programme uptake; on-going stakeholder problems with the content and application of standards; insufficient supply of competent local auditors increasing the cost and uptake of certification.
- Market development - such as in key, more mature markets, the supply chain's commitment to promoting labelled products from ASC certified and improving farms diminishes; in developing markets, the supply chain's commitment to promoting labelled products from ASC certified and improving farms does not materialise; the ASC Improver Programme does not deliver its farm engagement objectives as expected; Government policy in major producing countries does not embrace ASC.
- Audience Advocacy - marketing and communications promoting the value of the ASC programme does not reach or resonate with target audiences.
- Collaboration - competition with similar certification, benchmarking and ratings organisations increases; MSC CoC assurances are not adequate nor cost efficient.
- Organisational Development - reluctance to use the logo and the impact on funding would constrain ASC's operational capacity.

For all of these risks the impact and likelihood of a risk occurring are reviewed and rated, existing control measures are assessed and any further mitigation measures and initiatives identified and put in place.

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.

AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW (continued)

ASC ended the year with unrestricted reserves of €6,958k (see note 11). Removing tangible and intangible fixed assets of €142k, the remaining liquid unrestricted reserves amount to €6,816k. The Board recognises the reserves are building year on year, as the logo license fees income increases. The budget for 2019 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 continued 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.

The directors acknowledge that these are not the statutory accounts of either entity.

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

AQUACULTURE STEWARDSHIP COUNCIL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2019

- 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.

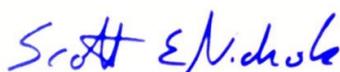
The directors of Aquaculture Stewardship Council, together with the directors of Stichting Aquaculture Stewardship Council, are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the combined financial position of Aquaculture Stewardship Council, and 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.

DISCLOSURE OF INFORMATION TO AUDITORS

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 trustee 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 18 August 2021 and signed on its behalf by:



Dr Scott Nichols
Trustee/Director, Chairman

AQUACULTURE STEWARDSHIP COUNCIL LIMITED
COMBINED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted Funds €000	Restricted Funds €000	Total Funds Year to 31-Dec-19 €000	Total Funds Year to 31-Dec-18 €000
INCOME FROM:					
Grants and donations	2	12	214	226	320
Other trading activities	3	8,519	-	8,519	7,037
Investments		11	-	11	9
TOTAL		8,542	214	8,756	7,368
EXPENDITURE ON:					
Raising funds:					
Trading activities	4	(3,482)	-	(3,482)	(1,489)
Charitable activities	5	(4,117)	(222)	(4,339)	(4,313)
TOTAL		(7,599)	(222)	(7,821)	(5,802)
NET INCOME		943	(8)	935	1,565
OTHER RECOGNISED (LOSSES)/GAINS					
Currency translation adjustment		21	-	21	(6)
NET MOVEMENT IN FUNDS		964	(8)	956	1,559
RECONCILIATION OF FUNDS					
Total funds brought forward		5,714	17	5,731	4,204
Exchange movement on opening funds		280	-	280	(32)
		5,994	17	6,011	4,172
TOTAL FUNDS CARRIED FORWARD		6,958	9	6,967	5,731

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.

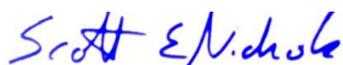
All of the above amounts relate to continuing activities.
The notes on pages 19 to 26 form part of these financial statements.

AQUACULTURE STEWARDSHIP COUNCIL LIMITED
COMBINED AND CHARITY BALANCE SHEETS
YEAR ENDED 31 DECEMBER 2019

	Note	2019		2018	
		Charity €000	Group €000	Charity €000	Group €000
FIXED ASSETS					
Tangible Assets		23	50	8	17
Intangible Assets		15	92	17	84
Investments		-	-	-	-
		<u>38</u>	<u>142</u>	<u>25</u>	<u>102</u>
CURRENT ASSETS					
Debtors	9	4,868	4,606	5,009	4,227
Cash at bank		3,305	4,510	1,449	3,447
		<u>8,173</u>	<u>9,116</u>	<u>6,459</u>	<u>7,674</u>
CREDITORS: Amounts due within one year	10	<u>(1,392)</u>	<u>(2,291)</u>	<u>(976)</u>	<u>(2,045)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>6,781</u>	<u>6,825</u>	<u>5,482</u>	<u>5,629</u>
NET ASSETS/(LIABILITIES)		<u>6,819</u>	<u>6,967</u>	<u>5,507</u>	<u>5,731</u>
FUNDS					
Restricted funds		9	9	17	17
Unrestricted funds		6,810	6,958	5,490	5,714
		<u>6,819</u>	<u>6,967</u>	<u>5,507</u>	<u>5,731</u>
TOTAL FUNDS		<u>6,819</u>	<u>6,967</u>	<u>5,507</u>	<u>5,731</u>

The result for the financial year dealt within the financial statements of the parent charitable company was a surplus of €1,312k (2018: surplus €5,417k)

These financial statements were approved by the Board and authorised for issue on 18 August 2021 and are signed on their behalf by:



Dr Scott Nichols
Trustee/Director, Chairman

The notes on pages 19 to 26 form part of these financial statements.

AQUACULTURE STEWARDSHIP COUNCIL LIMITED
COMBINED AND CHARITY STATEMENT OF CASH FLOW
YEAR ENDED 31 DECEMBER 2019

	2019	2018
	000	000
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the reporting period per the SOFA	935	1,565
Depreciation & Amortisation charges	38	13
Dividends and interest from investments	(11)	(9)
(Increase) in debtors	(379)	(1,240)
Increase/(decrease) in creditors	246	157
	<hr/>	<hr/>
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	829	486
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest from investments	11	9
Purchase of property, plant and equipment	(79)	(48)
NET CASH USED IN INVESTING ACTIVITIES	(68)	(38)
	<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period	761	447
Effect of change in translation rates	302	(37)
Cash and cash equivalents at the beginning of the reporting period	3,447	3,037
Cash and cash equivalents at the end of the reporting period	4,510	3,447
	<hr/>	<hr/>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash in hand	4,510	3,447
Total cash and cash equivalents	4,510	3,447
	<hr/>	<hr/>

The notes on pages 19 to 26 form part of these financial statements.

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements utilise a special purpose framework which, except for the matters set out below, follows the presentation and principles of Financial Reporting Standard 102 (FRS 102) and follow recommendations in Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) Second Edition, effective 1 January 2019.

These financial statements combine the consolidated results of Aquaculture Stewardship Council Limited and Stichting Aquaculture Stewardship Council Foundation and ASCI Netherlands B.V 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. The framework adopted is therefore a special purpose framework as there is no requirement to present such consolidated or combined accounts under FRS 102.

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. They have therefore 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 17).

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 2019

1. ACCOUNTING POLICIES (continued)

Where costs could not be directly attributed to any 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.

Furniture, Fittings & IT equipment	33%
Software and Database	20%

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.

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

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

	Unrestricted Funds €000	Restricted Funds €000	Total Funds 2019 €000	Total Funds 2018 €000
Grants receivable				
Sainsbury	-	-	-	19
ISEAL	-	30	30	9
Packard Foundation	-	17	17	7
TAPAS	-	33	33	41
New Venture	-	31	31	46
Silicon Valley	-	41	41	101
Walton Foundation	-	62	62	
Swedish Lottery	-	-	-	60
WWF NL	12	-	12	34
Total	<u>12</u>	<u>214</u>	<u>226</u>	<u>320</u>

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

3. OTHER TRADING ACTIVITIES

	Total Funds	Total Funds
	2019	2018
	€000	€000
Trading income	8,489	6,972
Audit training income	30	65
	8,519	7,037
UK	255	167
Outside Europe	1,412	1,970
Europe	6,852	4,899
	8,519	7,037

4. RAISING FUNDS: TRADING ACTIVITIES

	Total Funds	Total Funds
	2019	2018
	€000	€000
Direct Costs – Cost of Goods Sold	984	922
Other Direct Costs - Administration	2,371	586
Other Direct Costs – Foreign exchange gains	127	(19)
	3,482	1,489

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted	Restricted	Total Funds
	Funds	Funds	2019
	€000	€000	€000
Policy and maintenance of standards	1,899	156	2,055
Education and awareness	304	22	326
Servicing and outreach to fisheries and commercial sector	1,914	44	1,959
	4,117	222	4,339

PRIOR YEAR

	Unrestricted	Restricted	Total Funds
	Funds	Funds	2018
	€000	€000	€000
Policy and maintenance of standards	1,820	189	2,009
Education and awareness	298	28	326
Servicing and outreach to fisheries and commercial sector	1,924	54	1,978
	4,042	271	4,313

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

6. TOTAL EXPENDITURE – Trading Activities & Charitable Activities

Expenditure	2019	2019	2018	2018
Salaries	3,626,884	46%	2,485,758	43%
Technical Services	636,617	8%	458,302	8%
Supply Chain Services	1,034,789	13%	948,338	16%
Governance	318,803	4%	297,116	5%
Markets & Marketing Services	544,171	7%	324,997	6%
Travel	972,131	12%	714,044	12%
Central Services	687,647	9%	573,888	10%
	7,821,042	100%	5,802,444	100%

7. EXPENSES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The charity has met travel and subsistence expenses incurred by 7 members for international Board meetings as Board of Directors on Charity's business totalling 7 Directors €137k (2018: 7 Directors €94k)

No members of the Board of Directors received any remuneration during the period, nor had any interest in any transaction or contract entered into by the charity during the period.

8. Particulars of employees:

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

	Year to 31 Dec 18	Year to 31 Dec 18
	No	No
Direct Charitable	1	1
Communication & publicity	14	12
Standards & Assurance	19	12
Administration	7	3
	<u>41</u>	<u>28</u>

9. DEBTORS

	2019		2018	
	Group €000	Charity €000	Group €000	Charity €000
Trade debtors	565	6	586	11
Other debtors	168	105	102	17
Prepayments & accrued income	3,873	54	3,539	13
Amount due from subsidiary	-	4,703	-	4,968
	<u>4,606</u>	<u>4,868</u>	<u>4,227</u>	<u>5,009</u>

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

10. CREDITORS: Amounts falling due within one year

	2019		2018	
	Group €000	Charity €000	Group €000	Charity €000
Trade creditors	122	93	59	26
Taxation and social security	63	27	39	-
Amount due to associated undertaking	-	-	-	-
Amount due to subsidiary	-	375	-	364
Accruals & deferred Income	2,087	897	1,917	572
Other creditors	19	-	28	12
	<u>2,291</u>	<u>1,392</u>	<u>2,045</u>	<u>976</u>

	2019	
	Group €000	Charity €000
Movement on deferred income		
Deferred income at 1 January 2019	685	685
Released to income in year	(304)	(304)
Income deferred in year	300	300
Deferred income at 31 December 2019	<u>682</u>	<u>682</u>

11. POST BALANCE SHEET EVENTS

Subsequent to year-end, the outbreak of the coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods.

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

12. Results of Stichting ASC

As set out in note 1, the results of Stichting ASC have been included in the combined accounts in order to present a combined set of figures incorporating Aquaculture Stewardship Council and Stichting ASC. The results of Stichting ASC before combination are presented as follows:

	€000
Income	1,862
Expenditure	<u>(1,907)</u>
Net loss	(4)
Finance expense	9
Result in participating interest	<u>(28)</u>
Result for the year	<u>(74)</u>
Funds at 1 January 2019	<u>223</u>
Funds at 31 December 2019	<u>149</u>
Current assets	414
Current liabilities	<u>(265)</u>
Total Assets less total liabilities	149
Represented by: General reserve fund	<u>149</u>

AQUACULTURE STEWARDSHIP COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

13. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds €000	Restricted Funds €000	Total Funds Year to 31-Dec-18 €000
INCOME FROM:				
Grants and donations	2	34	286	320
Other trading activities	3	7,037	–	7,037
Investments		9	–	9
TOTAL		7,081	286	7,368
EXPENDITURE ON:				
Raising funds:				
Trading activities	4	(1,489)	–	(1,489)
Charitable activities	5	(4,043)	(269)	(4,313)
TOTAL		(5,532)	(269)	(5,802)
NET INCOME		1,548	17	1,565
OTHER RECOGNISED (LOSSES)/GAINS				
Currency translation adjustment		(6)	(71)	(6)
MOVEMENT IN FUNDS		1,542	17	1,559
RECONCILIATION OF FUNDS				
Funds brought forward		4,204	-	4,204
Exchange movement on opening funds		(32)	-	(32)
Adjusted funds brought forward		4,172	-	4,172
TOTAL FUNDS CARRIED FORWARD		5,714	17	5,731