

**AQUACULTURE STEWARDSHIP COUNCIL  
COMBINED FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017**

COMPANY REGISTRATION NUMBER 08172832

AQUACULTURE STEWARDSHIP COUNCIL  
DIRECTORS' REPORT AND COMBINED FINANCIAL  
STATEMENTS  
31 DECEMBER 2017

**AQUACULTURE STEWARDSHIP COUNCIL  
COMBINED FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2017**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	1
Combined statement of financial activities (incorporating the income and expenditure account)	12
Combined and charity balance sheet	13
Combined cash flow statement	14
Notes to the Combined financial statements	15

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

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 2017.

### 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 were as follows:

Prof P A Cook	Chairman
Mr P Arnesen	
Mr Hillbrands	(resigned 29.09.2017)
Mrs C Tippet	
Ms M Jeans	
Dr S Nichols	
Dr L Cao	

**Chief Executive Officer & Company Secretary** Mr C Ninnes

**Other Key Management Personnel**  
Finance Manager L Egan

### Our Advisors

<b>Auditor</b>	Crowe U.K. LLP	St Bride's House, 10 Salisbury Square, London EC4Y 8EH
<b>Bankers</b>	Barclays Bank Plc	5 Church Street, Leatherhead, Surrey, KT22 8DE
<b>Solicitors</b>	Wollen Michelmores	Carlton House, 30 The Terrace, Torquay, TQ1 1BS

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

### 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. ASCI 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 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 member's 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

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

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".

# **AQUACULTURE STEWARDSHIP COUNCIL**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2017**

#### **ACHIEVEMENTS AND PERFORMANCE 2017**

Five years on from the first farm to achieve ASC certification being recognised, the ASC has developed significantly. The ambition of the ASC to bring about change in the way that the global aquaculture industry operates is being realised. Producers of farmed fish as well as participants in the complex seafood supply chain and consumers are all acknowledging the value added and positive impact that the ASC programme delivers. This became ever clearer in 2017. All the indices of involvement with the ASC show a sharp rise, sustaining and even increasing the rate of rapid growth experienced in 2016.

For the first time the ASC has been able to offer the market the full range of standards that were produced by the pioneering aquaculture dialogues process that led to the creation of ASC in 2010. As a result there were farms certified or in assessment against all 8 standards for the first time. An initiative that came to fruition on November 22nd 2017 was the launch of the first standard that ASC has developed jointly with another collaborating organisation. The ASC and sister certification organisation the Marine Stewardship Council (MSC) came together to share expertise in sustainable fishing and responsible aquaculture. Building on each other's expertise in standard setting and seafood certification, the ASC and MSC worked together for over two years to develop a standard for environmentally sustainable and socially responsible farming and wild harvest of seaweed. The new standard will recognise and reward sustainable and socially responsible seaweed production. Given the scale of the global seaweed industry this is an important step forward.

The growth and development recorded in 2017 was in part made possible by the expansion of the ASC's staff establishment. As well as helping to expand the reach of the ASC programme, extra staff also made possible more and better service to ASC's existing partners. A new appointment dedicated to the development of an aquaculture improvement programme was made. It signalled the ASC's determination to make the farm certification programme more widely available. More outreach staff were recruited focussing on Spain and Spanish speaking countries as well as the Scandinavian market. A major restructuring of the Standards team was undertaken. The Standards and Science group was separated from staff working on Programme Assurance issues. This reflected the priority given to maintaining the integrity of the programme and ensuring quality control of it. More staff were recruited to enable the Programme Assurance team to operate effectively. Communications capacity was also expanded to enable more proactive as well as defensive messaging about the ASC.

The supply of certified seafood to the market rose significantly in 2017. It came from a rapidly growing number of farms entering the programme voluntarily. By the end of the year there were 548 farms that had undergone assessment successfully and achieved ASC certified status, a 48% increase over 2016. Continuing interest in the programme was indicated by the number of farms under assessment at the end of the year rising from 119 to 161 (a 35% increase). The volume of certified seafood made available to the market also continued to rise appreciably from 1.08 to 1.13 million tonnes.

2017 saw a significant step forward in ASC's ability to communicate with the wide range of stakeholders and the curious public in general. The ASC website was redesigned and a new more informative and agile version launched. Communication through the media, both electronic and print has helped to promote the programme and defend it when and where necessary. Blogs, videos and an active social media presence have also helped to spread and explain the ASC's messages to a wide and international public.

The ASC has been an active participant in collaborative initiatives with a range of like-minded organisations. This has helped to forge cooperative links that improve the efficiency of responsible seafood initiatives for farmers. Practical collaboration with the MSC in 2017 has taken two forms: paying for use of MSC services to undertake logo licence administrative tasks and work on the setting up of a new joint venture company to be owned by ASC and MSC to oversee the operation of the seaweed standard.

The expansion of the programme in the marketplace has led to a rise in ASC's income. This had enabled the organisation to be strengthened. It has meant that own-generated resources have covered core costs of staffing and allied expenditure. Additional activity has been funded by philanthropic donations. Expenditure must and will

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

increase as the ASC moves ahead to tackle the 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.

### **Strengthening and Developing the Aquaculture Standards Programme**

2017 has been a particularly active year for work to both strengthen and develop the scope and efficiency of the standards at the heart of the programme. A milestone was reached with farms being assessed or preparing for assessment under all of the species groups identified by the founding Aquaculture Dialogues process. The launch of the *Seriola/Cobia* standard at the end of 2016 signalled this achievement. But a cardinal principle on which the ASC operates is that 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 certification programme needs to continue to provide for the on-going effectiveness of the standards in helping to deliver more responsible seafood farming outcomes. So a process of continuous review of the content of the standards is an integral part of the ASC approach.

In 2017 operational reviews were completed, following rounds of public consultation, of the *Pangasius* and Salmon standards. Among the changes made subsequently to the Salmon standard have been improved requirements for salmon feed and new restrictions on the use of antibiotics. A further review of the parasiticide treatment index part of the Salmon standard was also the subject of public consultation in 2017. A review of the freshwater trout standard was launched in 2017.

On-going work was done in 2017 to ensure that the programme is potentially available to as wide a range of producers as possible. Initiatives were developed further to allow a range of different farming structures to be accommodated. The issues and challenges to the audit process posed by companies operating multiple, geographically dispersed, sites all managed under the same management system have been tackled. A new multi-site certification methodology has been developed and was launched in 2017. In parallel technical work continued on the development of certification methodology that could be used by groups of farms operating under a common central management unit.

The possibility of expanding the range of species covered by ASC standards continued to be explored in 2017. Extensive work was done on shaping the content of a draft standard that might apply to Seabass, Seabream and Maigre. Two rounds of public consultation on a draft standard were held in 2017. Similarly, consultations were held on possible standards for Flatfish and Tropical Marine Finfish and developmental work was also undertaken.

At the heart of work to strengthen and develop the ASC standards has been the effort put into the evolution of a new farm standard model. It will have two elements. The first will consist of a new alignment of the content of the species-specific standards into a unitary core of indicators. The second will have, in addition, extra indicators, applicability requirements and methods relevant to a specific culture system and/or service offered and set out in annexes. Within the new farm standard there will also be unitary interpretation guidance, measurement methodology and definitions.

Work on this complex process has moved forward slowly but surely in 2017. A major review of the content of the emerging farm standard was undertaken. Work has focussed on finding ways to reduce ambiguity about the meaning of responsible aquaculture and on how this can be measured in an objective way. The continuing interest in the development of the new aligned standard from the industry in particular has been encouraging. This critical work has continued to be undertaken in a transparent way. It has drawn on both expert advice and on comment from stakeholders through public consultations as key parts of the alignment of the standards has been worked through.

ASC embarked on new work in 2017 on the development of a potential additional service that might be made available as part of the new farm standard. This focused on the possible creation of indicators that could be used in the standard covering fish welfare. This work has been generously supported through funding secured from an external donor. Work has also been done on other possible new services that might be offered such as a food safety module.

In 2017 the work on the creation of an aquaculture feed standard moved closer to conclusion. There was much discussion on finding technically satisfactory and practical solutions to the promotion and measurement of the

**AQUACULTURE STEWARDSHIP COUNCIL**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2017**

sourcing of more sustainability grown plant based ingredients of feed. The drafting of the content of the standard continued. The content of the comments received from the second public consultation that ended in October 2017 were evaluated and where useful assimilated into what is hoped will be the final version of the standard.

The ASC has been conscious that the programme is, essentially, based on trust by users in the credibility of the offer. So a major risk to the organisation comes from the need to ensure and maintain the integrity of both the content and the application of the programme. In 2017 an enhanced effort was launched to provide more positive quality control over all the elements that together make up the operation of the assessment and certification process. Allied to that has been evolving work to measure the real impact of the programme on the environment on and around farms and on communities involved with and affected by them.

Work was done on the development of tools to deliver better assurance services. For example a shrimp supply chain monitoring tool was worked up. Another focus has been on improving the competence of the third party auditors who undertake the assessment work and on providing more training to increase the number of auditors qualified to do ASC certifications. In 2017 the Programme Assurance team undertook 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 Impact Code.

**Increasing the output of certified seafood and the availability of labelled products**

As a small but globally relevant organisation ASC has focussed its efforts on key markets in order to increase the output of certified seafood and the availability of labelled products. 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 2017 the overwhelming frontrunner country for the number of certified farms was Norway. Some 20% of all ASC certified farms were there. Chile had the second highest concentration of certified farms, overtaking Vietnam. Among the top ten producing countries the number of certified farms in Canada doubled, while the number of farms certified in India rose fast so that it was the fifth biggest producer at year-end. Also noteworthy was the first time entry of the USA into the top ten producers group. In all there were ASC certified farms in 36 countries at the end of 2017.



**AQUACULTURE STEWARDSHIP COUNCIL**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2017**

Looked at 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 2017 as shown below.

Species	Number of Farms Certified		Farms under Assessment	
	December 2016	December 2017	December 2016	December 2017
Pangasius	35	42	5	2
Tilapia	40	41	5	3
Salmon	176	223	32	57
Trout	25	54	16	9
Shrimp	72	102	24	49
Bivalves	18	82	37	19
Abalone	4	4	0	14
Seriola/Cobia	0	0	0	8
<b>TOTAL</b>	<b>370</b>	<b>548</b>	<b>119</b>	<b>161</b>

In 2017 there was an even sharper uptake and interest shown in the ASC by companies in the complex seafood supply chain and by consumers. Overall the number of products approved to carry the ASC logo saw the passing of a significant milestone: it rose from 7079 to 10267. The top five markets in which the presence of ASC products has become established are all in Northern Europe. They remained as in 2016 Netherlands, Germany, Belgium, Switzerland and Sweden. These markets account for 53% of the total number of approved products. While there was useful growth in the number of products approved in the USA market (up from 99 to 145) the total was still only 10% of the number approved in the Netherlands. There was a marginal increase in the overall number of countries and territories where approved products were available up from 64 to 66.

ASC has used a twin strategy of engaging with producers both directly when possible and indirectly at selected and relevant seafood shows and expositions. In 2017 ASC exhibited at the major shows in Europe (Brussels) and North America (Boston). It was present at the premier Asian show in Qingdao, China, where the ASC took the opportunity to host two events, a Sustainable Seafood Forum and the ASC Responsible Seafood Round Table.

**Promoting and supporting ASC with Key Audiences**

In 2017 ASC was proactive in helping to bring to the attention of the public the many ways and forms in which the industry has embraced responsible aquaculture and the ASC programme. At the start of the year, and for a second consecutive year, a seafood campaign day was held in Hong Kong where there is a growing interest in seafood sourcing. The achievement of the Nordic Choice Hotel Group in securing ASC certification for all of its hotel restaurants in Norway and Sweden was celebrated. As was the certification of the first Spanish farm (for trout) to meet ASC requirements. The ASC was very pleased to join in congratulating the ASC certified oyster farm operated by the Miyagi Prefecture Fishery Cooperative Association in Japan that was awarded a prize by the AEON Environmental Foundation in the prestigious Japan Awards for Biodiversity in 2017. In September 2017 Loch Fyne Oysters became the first farm in Scotland and the first blue mussel producer worldwide to receive certification against the bivalves standard. The communications team has also been active in defending and explaining the meaning of ASC certification, for example when a few retailers halted sales of Pangasius early in 2017.

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2017

Exposing the ASC programme to the gaze and critical review of journalists has been important to demonstrating the way in which it works. Press trips to Vietnam and Norway were organised in 2017. Independent journalists were given access to farms cooperating with ASC. During the visit to Norway, for example, the team got a first-hand insight into the operations of a farm that adheres to the ASC Salmon Standard. The ASC was pleased to see that a range of articles was published subsequently focussing on the work that is being done to promote responsible aquaculture.

Major promotional activity in 2017 in the Netherlands and Belgium, key receptive markets for ASC, and in France was focussed on the series of very successful "Think Fish" weeks. The collaborative format with both other like-minded organisations and the industry worked well again. ASC took part in seafood promotional events in Sweden and in Australia also. The extent to which ASC is able to participate in direct consumer related marketing is, however, resource constrained and so limited.

The launch of a new ASC website in 2017 ([www.asc-aqua.org](http://www.asc-aqua.org)) was a major event for the communications team and for the organisation more generally. Very considerable effort was invested in the design of the presentation of the website and in production of the content made available on it. The result has been a major communications tool and portal for the ASC that is more informative, better and easier to use and in all respects an improved external face for the ASC. With website access and use an ever increasing feature of interaction with the many stakeholders, and with users who may be engaging the ASC for the first time, having a high quality, attractive platform is vital. This has been a major step forward for ASC in 2017.

Social media and a series of blogs on ASC related events and areas of interest have also loomed increasingly large in 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 other relevant certification and ratings organisations**

In 2017 ASC continued to be an active partner in the meetings of an 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) that have been held throughout the year. 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. Progress towards drafting guidelines for closer cooperation between standards and ratings programmes that attract consensus has progressed, remained positive but has not reached conclusion yet. The goal of an agreed common aquaculture and fisheries framework for a pathway for improvement for farms and fisheries remains under discussion.

On a bilateral basis ASC has maintained and developed close collaboration with the MSC. ASC has also worked closely in 2017 with Fair Trade USA – Seafood to identify and develop synergies between their respective programmes.

#### **Developing and Strengthening the ASC organisation**

Staffing levels increased in 2017 using both full time staff and part-time employees, (including consultants). New staff were recruited to work across the main teams and were based in the Netherlands, UK, Spain, Sweden, France, and Vietnam. The ASC continued to operate with one physical office in Utrecht and a growing proportion of staff working remotely.

In 2017 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 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 2017

### FINANCIAL REVIEW

The results for the period ended 31 December 2017 are shown in the attached Statement of Financial Activities.

Net incoming resources of the group for the year was a surplus of €1,303,174 (2016: €2,141,006), of which there was a balance of €4,204,643 (2016: €3,029,010) 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 €5,023,509 against trading expenditure of €1,046,418 giving a net income of €3,977,091 before taxation. The surplus trading profits of €3,077,091 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 €5,699,225 (2016: €5,057,062) is an encouraging achievement.

During the year the Charity generated €59,156 from the Trout and Salmon auditor training program conducted by the charity.

The Charity's expenditure in charitable activity during the year was €3,349,633 (2016: €2,333,845) 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 be 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 credibility 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

#### Investment Policy

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

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

### FINANCIAL REVIEW (continued)

#### 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 2017 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 €4,204,643. Removing tangible fixed assets of €67,841, the remaining liquid unrestricted reserves amount to €4,136,802. The Board recognises the reserves are building year on year, as the logo license fees income increases. The budget for 2017 is in surplus to further increase reserves. The budgets 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.

# AQUACULTURE STEWARDSHIP COUNCIL

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

### 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 <sup>12th</sup> December 2018 and signed on its behalf by:

  
.....  
Professor Peter Cook  
Trustee/Director, Chairman

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2017**

	Note	Total Funds Year to 31-Dec-17 €	Total Funds Year to 31-Dec-16 €
<b>INCOME FROM:</b>			
Grants and donations	2	614,102	1,372,874
Other trading activities	3	5,081,384	3,683,865
Investments		3,739	323
<b>TOTAL</b>		<b>5,699,225</b>	<b>5,057,062</b>
<b>EXPENDITURE ON:</b>			
Raising funds:			
Trading activities	4	( 1,046,418)	( 582,211)
Charitable activities	5	( 3,349,634)	(2,333,845)
<b>TOTAL</b>		<b>( 4,396,052)</b>	<b>( 2,916,056)</b>
<b>NET INCOME</b>		<b>1,303,173</b>	<b>2,141,006</b>
<b>OTHER RECOGNISED (LOSSES)/GAINS</b>			
Currency translation adjustment		(127,540)	(265,919)
<b>MOVEMENT IN FUNDS</b>		<b>1,175,633</b>	<b>1,875,087</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		2,915,454	1,027,727
Exchange movement on opening funds		113,556	130,196
		<b>3,029,010</b>	<b>1,153,923</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>4,204,643</b>	<b>3,029,010</b>

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 15 to 20 form part of these financial statements.


**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED AND CHARITY BALANCE SHEETS**  
**YEAR ENDED 31 DECEMBER 2017**

	Note	Group €	Group €
<b>FIXED ASSETS</b>			
Tangible Assets		67,841	11,069
Investments		-	-
		<u>67,841</u>	<u>11,069</u>
<b>CURRENT ASSETS</b>			
Debtors	6	2,987,560	2,284,332
Cash at bank		3,037,318	2,037,260
		<u>6,024,878</u>	<u>4,321,592</u>
<b>CREDITORS: Amounts due within one year</b>	7	<u>(1,888,076)</u>	<u>( 1,303,651)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>4,136,802</u>	<u>3,017,941</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>4,204,643</u>	<u>3,029,010</u>
<b>FUNDS</b>			
Restricted funds		-	-
Unrestricted funds		<u>4,204,643</u>	<u>3,029,010</u>
<b>TOTAL FUNDS</b>		<u>4,204,643</u>	<u>3,029,010</u>

The result for the financial year dealt within the financial statements of the parent charitable company was a deficit of €2,662,218 (2016: surplus €2,141,006)

*12th December*

These financial statements were approved by the Board and authorised for issue on.....2018 and are signed on their behalf by:

  
.....  
**Professor Peter Cook**  
**Trustee/Director, Chairman**

The notes on pages 15 to 20 form part of these financial statements.

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	€	€
Net income for the reporting period per the SOFA	1,303,173	2,141,006
Depreciation charges	24,904	9,614
Loss on disposal of fixed assets	-	650
Dividends and interest from investments	(3,739)	323
(Increase) in debtors	(703,208)	(1,189,030)
Increase/(decrease) in creditors	584,425	403,033
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<u><b>1,205,555</b></u>	<u>1,365,596</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends and interest from investments	3,739	(323 )
Purchase of property, plant and equipment	(81,462)	(2,300)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(77,723)</u>	<u>(2,623)</u>
Change in cash and cash equivalents in the reporting period	1,127,832	1,362,973
Effect of change in translation rates	(127,774)	(162,933)
Cash and cash equivalents at the beginning of the reporting period	2,037,260	837,221
Cash and cash equivalents at the end of the reporting period	<u><b>3,037,318</b></u>	<u>2,037,261</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash in hand	3,037,318	2,037,261
Total cash and cash equivalents	<u><b>3,037,318</b></u>	<u>2,037,261</u>

The notes on pages 15 to 20 form part of these financial statements.



# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

### 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.

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.

#### **Resources expended**

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 2017

### 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 2017

### 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. VOLUNTARY INCOME

	Unrestricted Funds €	Restricted Funds €	Total Funds 2017 €	Total Funds 2016 €
<b>Grants receivable</b>				
Moore Foundation	-	-	-	486,245
Walton Foundation	-	-	-	161,205
John Ellerman Foundation	-	-	-	37,032
Packard Foundation	292,776	-	292,776	441,996
TAPAS	-	60,343	60,343	23,044
New Venture	-	93,523	93,523	47,454
Silicon Valley	-	32,545	32,545	-
Swedish Lottery	-	90,915	90,915	-
WWF NL	44,000	-	44,000	50,000
<b>Donations</b>				
Corporate donations	-	-	-	125,898
	<u>336,776</u>	<u>277,326</u>	<u>614,102</u>	<u>1,372,874</u>

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

### 3. OTHER TRADING ACTIVITIES

	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Trading Income	5,022,273	3,656,215
Trout auditor training	59,111	27,650
	<b>5,081,384</b>	<b>3,683,865</b>
UK	394,543	227,114
Outside Europe	893,005	642,209
Europe	3,793,836	2,814,542
	<b>5,081,384</b>	<b>3,683,865</b>

### 4. RAISING FUNDS: TRADING ACTIVITIES

	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Direct Costs – Cost of Goods Sold	653,503	493,000
Other Direct Costs - Administration	373,183	240,167
Other Direct Costs – Foreign exchange gains	19,732	(150,956)
	<b>1,046,418</b>	<b>582,211</b>

### 5. COSTS OF CHARITABLE ACTIVITIES

	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Consultants	466,090	318,871
Accreditation	22,200	11,317
Depreciation	9,944	9,722
Finance Costs	615	(74,839)
Insurance	37,713	18,486
Information Technology	4,476	38,610
Legal	28,404	21,117
Accounting	89,277	59,144
Offices and Premises	67,435	68,479
Telephone	16,512	15,370
Fees and Salaries	1,631,619	1,256,648
Training	21,410	26,473
Travel	405,000	339,510
Meetings	155,902	113,983
Marketing	233,959	68,640
Bad Debt Provision	0	2,926
Revaluation	13,708	39,388
Other Provisions	145,370	0
	<b>3,349,634</b>	<b>2,333,845</b>

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2017**

### 6. DEBTORS

	2017 Group €	2016 Group €
Trade debtors	467,701	828,339
Other debtors	85,713	30,318
Prepayments & accrued income	2,434,146	1,425,675
Amount due from subsidiary	-	-
	<b>2,987,560</b>	<b>2,284,332</b>

### 7. CREDITORS: Amounts falling due within one year

	2017 Group €	2016 Group €
Trade creditors	243,448	168,811
Taxation and social security	44,400	19,240
Amount due to associated undertaking	-	-
Amount due to subsidiary	-	-
Accruals & deferred Income	1,500,456	1,074,790
Other creditors	99,772	40,811
	<b>1,888,076</b>	<b>1,303,651</b>

	Group 2017 €
Movement on deferred income	
Deferred income at 1 January 2017	463,494
Released to income in year	(463,494)
Income deferred in year	538,909
Deferred income at 31 December 2017	<b>538,909</b>

**AQUACULTURE STEWARDSHIP COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2017**

**8. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

	Note	Unrestricted Funds €	Restricted Funds €	Total Funds Year to 31-Dec-16 €
<b>INCOME FROM:</b>				
Grants and donations	2	491,996	880,878	1,372,874
Other trading activities	3	3,683,865	-	3,683,865
Investments		323	-	323
<b>TOTAL</b>		<u>4,176,184</u>	<u>880,878</u>	<u>5,057,062</u>
<b>EXPENDITURE ON:</b>				
Raising funds:				
Support costs	4	( 493,000)	-	( 493,000)
Trading costs	4	(240,167)	-	( 240,167)
Charitable activities	5	( 1,452,947)	( 880,878)	( 2,333,845)
<b>TOTAL</b>		<u>( 2,035,178)</u>	<u>(880,878)</u>	<u>(2,916,056)</u>
<b>NET (EXPENDITURE) / INCOME</b>		2,141,006	-	2,141,006
<b>OTHER RECOGNISED GAINS</b>				
Foreign exchange differences arising on Combination of Subsidiaries		(265,919)		(265,919)
<b>NET MOVEMENT IN FUNDS</b>		1,875,087	-	1,875,087
<b>RECONCILIATION IN FUNDS</b>		1,153,923		1,153,923
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>3,029,010</u>	<u>-</u>	<u>3,029,010</u>