

**STICHTING AQUACULTURE STEWARDSHIP COUNCIL
FOUNDATION
AT AMSTERDAM**

Annual Report 2017

CONTENTS

	Page
DIRECTOR'S REPORT	
1 Director's report	3
FINANCIAL STATEMENTS	
1 Balance sheet as at December 31, 2017	4
2 Statement of Income and Expenditure for the year 2017	5
3 Notes to the Statements	6
4 Notes to the balance sheet as at December 31, 2017	9
5 Notes to the Statement of Income and Expenditure over the year 2017	14
6 Independent auditor's report	16

Director's report

The report is available for inspection at the office of Stichting ASC and submitted in the consolidated annual accounts of Aquaculture Stewardship Council Limited.

1 BALANCE SHEET AS AT DECEMBER 31, 2017

After result appropriation

	December 31, 2017		December 31, 2016	
	€	€	€	€
ASSETS				
FIXED ASSETS				
Intangible fixed assets	(1)			
Software		-		1,178
Tangible fixed assets	(2)			
Equipment		4,927		6,865
		<u>4,927</u>		<u>8,043</u>
CURRENT ASSETS				
Receivables, prepayments and accrued income	(3)			
Accounts receivable		15,011		17,588
Receivables from related parties		325,110		-
Prepayments and accrued income		<u>105,720</u>		<u>32,341</u>
		445,841		49,929
Cash and cash equivalents		112,047		230,247
		<u>557,888</u>		<u>280,176</u>
		<u><u>562,815</u></u>		<u><u>288,219</u></u>



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	December 31, 2017		December 31, 2016	
	€	€	€	€
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES	(4)			
General reserve		206,945		-276,356
CURRENT LIABILITIES	(5)			
Accounts payable		44,703		64,819
Payables to related parties		64,112		222,583
Taxes and social securities		442		10,827
Other liabilities		67,175		-
Accruals and deferred income		179,438		266,346
		355,870		564,575

562,815

288,219



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2 STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2017

	Balance 2017	Balance 2016
	€	€
Income		
Income from joint activities	(6) 1,595,000	-
Grants from non-governmental organizations	(7) 314,261	652,477
Other income	(8) -	27,650
Total income	1,909,261	680,127
Expenditure		
Employee expenses	(9) 942,522	815,071
Amortisation and depreciation	(10) 6,502	8,625
Other operating expenses	(11) 464,164	329,254
Total expenditure	1,413,188	1,152,950
Financial income and expenses	(12) 12,772	36,078
Result	483,301	-508,901
Result appropriation		
General reserve	483,301	-508,901

3 NOTES TO THE STATEMENTS

GENERAL

Activities

The mission of Stichting Aquaculture Stewardship Council Foundation, statutory registered in Amsterdam (hereafter: Stichting ASC), is to transform aquaculture towards environmental sustainability and social responsibility using efficient market mechanisms that create value across the chain. Activities include fostering and increasing the measurability for responsibly farmed seafood.

Registered address

The registered and actual address of Stichting Aquaculture Stewardship Council Foundation (CoC file 34389683) is Arthur van Schendelstraat 650 in Utrecht.

Group structure

The Stichting ASC forms a partnership and group with Aquaculture Stewardship Council Limited in London as head. The financial data of the partnership is to be included in the consolidated annual accounts of the group. As the group is managed and controlled by a committee of directors in London, key elements such as the budget and the trustees annual report will only be submitted in the consolidated annual report prepared by Aquaculture Stewardship Council Limited.

All trading activities related to logo licensing (ASC Label) are carried out by ASCI Limited, which is a wholly owned subsidiary company from Aquaculture Stewardship Council Limited, located in London. The ASC label is managed and maintained by Stichting Aquaculture Stewardship Council Foundation in Utrecht.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Assumption of continuity

The activities accounted for in Stichting ASC, have mainly been financed by funds provided for by the group. These funds are accounted for in the annual report of Stichting ASC as income from joint activities. This results in the assumption that the continuity of the company depends to a significant extent on the funding from the group. The company therefore received a comfort letter from the board of the head of the group, Aquaculture Stewardship Council Limited, stating that sufficient funding will be made available to Stichting ASC to ensure they are able to meet their obligations in the upcoming period until and including the end of December 2020.

The accounting principles applied in these financial statements are based on the assumption of continuity of the company.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Trade and other receivables

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the nominal value, after deduction of any provisions. The fair value and amortised cost equal the nominal value. Any provisions for the risk of doubtful debts are deducted. The provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at nominal value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price. When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the income on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Determination of the result

The result is determined based upon the difference between the income and expenditure over that year, taken into account the aforementioned valuation principles. Profit is only included when realized on the balance sheet date. Income and expenditure originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.



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Grants

Grants are recognized as income over the periods in which the related costs/loss of revenue/loss was realised.

Expenses general

General expenses is determined on a historical basis and recorded in the reporting year to which it relates.

Amortisation and depreciation

The amortisation of intangible fixed assets have been calculated based on the straight-line method. The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Financial profit and losses on disposal of tangible fixed assets are recorded under amortisation/depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Taxes

Stichting ASC is granted the so called ANBI status by the Dutch tax authorities, which means the organisation is not obligated to pay corporate income taxes.

4 NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2017

FIXED ASSETS

1. Intangible fixed assets

	Software
	€
<i>Carrying amount as of January 1, 2017</i>	
Purchase price	16,946
Cumulative depreciation and impairment	-15,768
	<u>1,178</u>
<i>Movement</i>	
Amortization	<u>-1,178</u>
<i>Carrying amount as of December 31, 2017</i>	
Purchase price	16,946
Cumulative depreciation and impairment	-16,946
	<u>-</u>
<i>Amortisation rates</i>	%
Software	20

2. Tangible fixed assets

	Equipment
	€
<i>Carrying amount as of January 1, 2017</i>	
Purchase price	26,349
Cumulative depreciation and impairment	-19,485
	<u>6,864</u>
<i>Movement</i>	
Investments	3,387
Disposals	-20,026
Depreciation of disposals	20,026
Depreciation	-5,324
	<u>-1,937</u>
<i>Carrying amount as of December 31, 2017</i>	
Purchase price	9,710
Cumulative depreciation and impairment	-4,783
Carrying amount as of December 31, 2017	<u>4,927</u>
<i>Depreciation rates</i>	
	%
Equipment	20

CURRENT ASSETS

3. Receivables, prepayments and accrued income

	12/31/2017	12/31/2016
	€	€
Accounts receivable		
Accounts receivable	15,011	38,306
Provision for bad debts	-	-20,718
	<u>15,011</u>	<u>17,588</u>
	<u>2017</u>	<u>2016</u>
	€	€
<i>Provision for bad debts</i>		
Carrying amount as of January 1	20,718	17,792
Allocation	-20,718	2,926
Carrying amount as of December 31	<u>-</u>	<u>20,718</u>
	<u>12/31/2017</u>	<u>12/31/2016</u>
	€	€
Receivables from related parties		
Intercompany account ASC UK	<u>325,110</u>	<u>-</u>
Prepayments and accrued income		
Accrued income	71,501	-
Salaries	-	3,526
Prepaid expenses	18,276	20,918
Rental deposits	7,260	6,897
Other debtors	8,683	1,000
	<u>105,720</u>	<u>32,341</u>

EQUITY AND LIABILITIES

4. EQUITY

	2017	2016
	€	€
General reserve		
Balance as per January 1	-276,356	232,545
Result appropriation	483,301	-508,901
Stand per December 31	<u>206,945</u>	<u>-276,356</u>

5. CURRENT LIABILITIES

	12/31/2017	12/31/2016
	€	€
Accounts payable		
Creditors	<u>44,703</u>	<u>64,819</u>
Payables to related parties		
Intercompany account ASCI	64,112	66,745
Intercompany account ASC UK	-	155,838
	<u>64,112</u>	<u>222,583</u>
Taxes and social securities		
Pay-roll tax	<u>442</u>	<u>10,827</u>
Other liabilities		
Other debt	<u>67,175</u>	<u>-</u>
Accruals and deferred income		
Holiday accruals	18,798	-
Deferred income	107,847	223,996
Other accrued expenses	52,793	42,350
	<u>179,438</u>	<u>266,346</u>

CONTINGENT LIABILITIES

Office rent

The foundation entered into commitments for the rent of the office building. The monthly obligation amounts to € 3.630 with a period of notice of a month. The duration of the agreement is for an undetermined time.

5 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE OVER THE YEAR 2017

	Balance 2017	Balance 2016
	€	€
6. Income from joint activities		
Aquaculture Stewardship Council Ltd, UK	1,595,000	-
7. Grants from non-governmental organizations		
Swedish Lottery	90,913	-
New Venture	48,308	-
David and Lucile Packard Foundation	107,847	602,477
WWF Netherlands	44,000	50,000
Sillicon Valley	23,193	-
	<u>314,261</u>	<u>652,477</u>
8. Other income		
Audit Training	-	27,650
9. Employee expenses		
Wages and salaries	484,355	428,964
Social security charges	75,280	65,043
Pension costs	39,379	35,535
Other personnel expenses	343,508	285,529
	<u>942,522</u>	<u>815,071</u>
<i>Other personnel expenses</i>		
Temporary workers	209,185	179,913
Travelling expenses	131,300	98,974
Canteen costs	761	1,228
Education allowance and training costs	2,262	5,414
	<u>343,508</u>	<u>285,529</u>
Staff		
During the 2017 financial year, the average number of employees converted into full-time equivalents, amounted to 10 (2016: 10).		
10. Amortisation and depreciation		
Intangible fixed assets	1,178	3,320
Tangible fixed assets	5,324	5,197
	<u>6,502</u>	<u>8,517</u>
Book result	-	108
	<u>6,502</u>	<u>8,625</u>

	Balance 2017	Balance 2016
	€	€
11. Other operating expenses		
Accommodation expenses	45,098	57,351
Office expenses	41,375	21,638
Selling and distribution expenses	209,287	134,587
General expenses	168,404	115,678
	<u>464,164</u>	<u>329,254</u>
12. Financial income and expenses		
Interest and similar income	103	320
Interest and similar expenses	-12,875	-36,398
	<u>-12,772</u>	<u>-36,078</u>

Amsterdam, September 28, 2018

Mr. C. Ninnes, Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To: the Directors of Stichting Aquaculture Stewardship Council Foundation

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Stichting Aquaculture Stewardship Council Foundation, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Aquaculture Stewardship Council Foundation as at 31 December 2017, and of its result for 2017 in accordance with The Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2017;
2. the profit and loss account for 2017; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Aquaculture Stewardship Council Foundation in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the notes to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on a comfort letter from the board of the related party companies. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The director's report;

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of The Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with The Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and other information as required by The Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with The Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, September 27, 2018

Crowe Foederer B.V.

H.J. Verhaar RA

Signed for identification purposes:

