



MARINE STEWARDSHIP COUNCIL

(A company limited by guarantee)

TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

Registered Charity No: 1066806

Registered Company: 3322023

**Registered Office: 3rd Floor Mountbarrow House
6 – 20 Elizabeth Street
London
SW1W 9RB**

Trustees and Directors, Principal Officers and Advisers

Trustees and Directors:

Will Martin	Chairman	
Dr Keith Sainsbury	Vice Chairman	
Mike Parker	Finance Committee Chairman	
Dr David Agnew	Technical Advisory Board Chairman	
Annie Jarrett	Stakeholder Council Co-chair	Resigned 15 th May 2009
Dr Alfred Schumm	Stakeholder Council Co-chair	
Christine Penney	Stakeholder Council Co-chair	Appointed 1 st May 2009
Margaret Wittenberg		Resigned 18 th June 2009
Kees Lankester		
John Connelly		
Jeff Davis		
Euan Dunn		
Javier Corcuera		
Knut Vartdal		
Herve Gomichon		Appointed 17 th June 2009
Greg Stone		Appointed 4 th August 2009

Principal Officers:

Rupert Howes	Chief Executive
Chris Ninnes	Deputy Chief Executive
Kerry Coughlin	Regional Director – Americas
Nicolas Guichoux	Regional Director – Europe
John White	Director for Development
Simon Edwards	Global Marketing and Communications Director
Andrew Mallison	Standards & Licensing Director
Brad Ack	Special Projects Director
Jeremy Anglin	Finance Director

Advisers

Auditors:

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London, EC4Y 8EH

Bankers:

National Westminster Bank Plc
PO Box 113
2nd Floor, Cavell House
2A Charing Cross Road, London, WC2H 0PD

Solicitors:

Beachcroft Wansbroughs,
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TRUSTEES' REPORT

1. INTRODUCTION

The Marine Stewardship Council (MSC) is a company limited by guarantee (Company number 3322023) and is registered as a charity with the Charity Commission (number 1066806). The Charity is constituted through a Memorandum and Articles of Association dated 17th February 1997, as amended.

The overall objectives of the MSC as set out in the Memorandum are “to conserve the marine and freshwater environments for the benefit of the public and to advance public education in the principles and practices of conservation, particularly, but not exclusively by:

- conserving marine and freshwater fish populations and the environment on which they depend;
- promoting, for the public benefit, effective management of fisheries and ensuring the sustainability of global fish stocks and the health of aquatic ecosystems generally;
- establishing and promoting the application of a broad set of principles, standards and criteria for sustainable fishing”.

The MSC's mission is to use its fishery certification programme and eco-label to contribute to the health of the world's oceans by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with a range of partners to transform the seafood market to a sustainable basis.

The Trustees have, in preparing this report, implemented the principles of the Charity Commission's publication: “Accounting and Reporting by Charities: Statement of Recommended Practice (2005)”.

2. THE TRUSTEES' MANAGEMENT AND STRUCTURE

The MSC is governed by a Board of up to fifteen Trustees, elected by the Board, taking into account a balance amongst interested groups: fishing companies, processors and retailers (commercial sector), NGOs (conservation sector) and scientists and the need for suitable geographical representation (MSC is a global organisation). Two seats each are set aside for representatives of the fishing industry, commercial sector, and the conservation sector. The Articles of Association also provide for ex officio positions on the Board for each of the co-chairs of the Stakeholder Council, the chair of the Technical Advisory Board, and the chair of the MSCCI (see below for descriptions of these governance bodies).

Many trustees are involved in the specialist aspects of the MSC's programme and work. The Board delegates some of its work to standing Committees and ad hoc work groups. The Finance Committee examines periodic management accounts and recommends the budget to the Board; it also reviews certain fundraising activities. The Audit Committee works with third party auditors to review financial controls in place. Ad hoc working groups address specific issues, for example, governance review, the objections procedure, business model review and other topics.

The Board receives advice from two bodies that are an integral part of the MSC's governance structure. The Technical Advisory Board is made up of scientists and technical experts and provides the Board with advice on setting, reviewing and implementing the organisation's standard for sustainable fisheries and related issues. The Stakeholder Council is composed of stakeholders representing the various interests involved in the

MSC's work and provides the Board with views on topics related to the operation of the MSC programme.

The range of these committees provides for robust governance and is vital to the complex and sensitive work of the organisation.

Upon appointment, Trustees receive a Trustees Induction pack, including documents such as the latest published financial statements, the Articles and Memorandum of Association, an explanation of Trustees' roles and responsibilities, the Charity Commissions guidance on public benefit, etc.

The MSC wholly owns a subsidiary company, Marine Stewardship Council International Limited (MSCI), which carries out its trading activities, most notably those related to logo licensing.

3. RISK MANAGEMENT

The Trustees address from time to time the risks that face the Company and adopt responses to minimise the risks identified. Some of the major risks identified are damage to reputation, certifier performance, client and stakeholder concerns, political issues, financial risks including maintaining necessary funding levels.

The Trustees review the risks regularly and believe that there are adequate systems in place to minimise them.

4. PUBLIC BENEFIT

The MSC is an international organisation that partners with the environmental and science communities and the seafood industry to pursue an overall charitable purpose of the advancement of environmental improvement, using its fishery certification and eco-labelling programme. It does so by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with partners to help to transform the seafood market to a sustainable basis. The MSC believes its work delivers positive impacts for the marine environment, which in turn provides a significant benefit to the public.

The application of the MSC's certification programme and eco-label empowers seafood buyers, both major retailer buyers and individual consumers, to make better and more informed choices when buying seafood. The effect is one that rewards in the market place those fisheries that follow responsible practices. In turn, this creates the incentives for fisheries around the world to meet the MSC's standard for environmentally responsible and sustainable fishing. In doing so they will have to demonstrate to third party certifiers that they are operating in a way that helps to ensure the long term sustainability of the fish stocks they are targeting and that they respect the ecosystems in which they operate. As the reach of the MSC's programme expands, the public will, increasingly, be able to identify the best environmental choice in seafood and will be more empowered to play their role in creating a sustainable marine environment. With the marine environment under considerable threat, all those that value and derive benefit from the oceans and marine resources stand to benefit from the work of the MSC.

Community groups and other sub-sets of the public that are dependent on the long term resilience of fisheries and the resulting creation of sustainable livelihoods, in particular, stand to benefit from the realisation of the MSC's aims.

The Trustees have considered the Charity Commission guidance on the issue of public benefit and can confirm that the aims and activities of the Charity are directed to that end consistently.

5. OBJECTIVES, ACTIVITIES AND ACHIEVEMENTS

Objectives and Activities

In 2009/10 the MSC continued to work towards ensuring that seafood supplies are secured for this and future generations and that the health and productivity of marine eco-systems are maintained. Priority attention during the year was given to the efficiency and effectiveness of technical areas of the MSC programme. An overarching consideration was to ensure that there was a proper balance between generating more supplies of certified seafood and servicing clients' needs, and creating demand for sustainable seafood.

The development of activities during the year was guided by the following longer term objectives:

1. to establish the MSC concept in the European market – namely that a credible, third party, science-based certification and labelling programme can generate incentives for well managed fisheries, and also for fisheries that need to implement improvements in the way they fish the oceans to achieve MSC certification, to enter the programme;
2. to further strengthen the MSC programme in the Americas' market – working with fisheries to increase the availability of MSC-certified supplies and with the supply chain, retail and food service sectors to increase awareness and demand for MSC-certified and labelled seafood products;
3. to develop the MSC concept in the Asia/Pacific region with a particular focus on the strategically important Japanese market.
4. to enhance and maintain an independent, credible and effective MSC programme, accessible globally.
5. to promote a growing and effective MSC that is supported by key stakeholders.

Operational plans designed to implement these objectives in a focussed way were carried through. The planning tools used for this purpose ensured a consistency of approach and tasking throughout the organisation.

Achievements and Performance

Highlights of the progress achieved in 2009/10 include:

- 28 fisheries were certified (a record number in any 12 month period), bringing the total at the end of the year to 69;
- a highly encouraging 60 new fisheries entered the full assessment process in the year taking the total number of fisheries in full assessment at the end of March 2010 to 118;
- the milestone of 50 certified fisheries was passed in July 2009;
- the number of MSC-labelled products on sale more than doubled from 2,366 at the end of March 2009 to just under 5000 (4,896) 12 months later.

Fisheries are responding positively to the market signals. In the past year, the number and types of fisheries in the MSC programme broadened as well as increased. Following a similar commitment by the Dutch fishing industry in 2008, the Danish Fishermen's Association committed to entering all Danish fisheries for the MSC assessment process, leading, hopefully to certification by the end of 2012. The initiative has already resulted in 35 new fisheries engaging in a pre-assessment with seven other fisheries in full assessment and three now certified. The first Russian fisheries, the first British Columbia fishery and the first Irish fishery were certified. There was real progress in respect of a key commercial species, tuna. A Japanese skipjack fishery became the first tuna fishery of its kind to be certified. A collection of yellowfin, bigeye and skipjack tuna fishery units operating in the Maldives entered MSC assessment. A surge of interest in the fishery sector in New Zealand in the year means that at least a third of total wild catch harvested by New Zealand fisheries is now in the MSC programme (either certified or in full assessment).

Market interest in seafood sustainability continues to grow. Buyers are more frequently seeing MSC certification as the best verification of sustainability. Increasingly, retailers around the world are committing themselves to giving priority to sourcing MSC-certified sustainable seafood. This market engagement continues to be particularly powerful in the UK, German and Dutch markets with increased commercial support for certified fisheries as well as those undergoing and considering assessment. MSC outreach has also progressed in France and Spain (with both countries showing greater receptivity and interest and support for the programme). In the Americas there has been a significant increase in interest in the MSC from the Canadian market. In Latin America the Suriname 'seabob' (shrimp) fishery moved into full assessment with strong commercial support from a Dutch import company.

To mark 10 years since the MSC began operations and the first fisheries entered the programme a report entitled 'Net Benefits' was published. In this study fishers in the first 42 fisheries certified outlined their experiences of being part of the MSC programme. The majority of these fisheries reported a range of environmental and financial benefits from MSC certification. Environmental benefits included better by-catch management, especially beneficial to some sea-bird populations, and some resulting from stock rebuilding planning. Financial benefits ranged from the maintenance of existing markets, through more stable prices to in some cases a price premium. The report is available on the MSC web site (www.MSC.org), where it can be downloaded in full or by selecting case studies on specific fisheries.

A significant procedural change in the operation of the programme was introduced in 2009/10. A revised set of instructions for the conduct of assessments the "Fishery Assessment Methodology" was promulgated. It includes for the first time a tool, the "Risk-Based Framework", to deal with the assessment of small-scale and data deficient fisheries. The new methodological guidance will improve the quality and consistency of fishery assessments. It will result in a reduction of the average length of individual assessments and so in the costs of assessment and certification for potential fisheries clients. The first fishery to be assessed using the new system took only 10 months to complete the whole assessment process successfully. This is less than half the average time for previous assessments.

The MSC's programme is greatly strengthened by the robust traceability (chain of custody) system integral to it. To strengthen the working of the chain of custody system a 'trace-back' pilot project has been exploring ways of tracing MSC-labelled products on sale back to the certified fishery of origin. In another initiative aimed at maintaining the credibility of the MSC eco-label DNA samples have been collected from seafood in Japan, Germany, UK and US and tested. Samples were taken from MSC and non-MSC labelled Alaska salmon, Alaska

pollock and South Georgia toothfish to analyse the origin of the material and to detect any misuse of the logo (fraud, substitution of species, mislabelling) from different countries. The results were most encouraging for the MSC. A consultant started working with the MSC's technical staff to review the situation with the supply chain in China.

Following consultation and intensive market research a new eco-label design has been made available for commercial use. The new design highlights the "Certified Sustainable Seafood" nature of MSC-labelled product and should be a help to consumers to identify MSC-labelled products in stores more easily. Another development aimed at improving communications with stakeholders has been the creation of a new area on the MSC website "Find a Supplier" that enables searchers to make contact with potential sources of MSC-certified seafood more efficiently. Microsites in a range of languages have also been developed to improve knowledge about the MSC and the programme.

6. PLANS FOR FUTURE PERIODS

The MSC will continue to apply its efforts to developing and improving institutional processes and activities. Among the most immediate areas to which attention will be given are:

- Improving the performance of accredited certifiers.
- Improving internal operational effectiveness – policy development, design, consultation and implementation (including logo licensing function), consistency with international best practice, investigation and articulation of the ecological and business cases for the MSC model and the development of tools, procedures and methodologies to ensure the continued quality, consistency and efficiency of fishery assessments.
- Increasing corporate communications capacity and effectiveness to raise awareness, understanding and trust and promote the MSC to all stakeholders.
- Improving stakeholder servicing and building broad stakeholder awareness and support.
- Improving the robustness of the supply chain;
- Completion of a review of the MSC business model;
- Commencing a review of the MSC strategic plan – a process running from January 2011 to December 2011.

Actions in key markets will include:

In Europe:

- In the UK and German markets continuing work with both fisheries and commercial operators to draw more of them into the programme.
- Expanding MSC's pro-active communications work in the UK and Germany.
- In the Netherlands the MSC will reinforce the strong pro-sustainability instincts of the market with supporting activities.
- In Northern European markets (such as Sweden) fisheries and commercial outreach work will be done to extend the MSC's influence. While in Norway, staff will further consolidate the support for the MSC from important, large scale fisheries. They will continue to engage with important supply fisheries in Iceland and the Faroe Islands to encourage them to enter the programme.
- An emerging focus for the MSC will be in Southern Europe, strengthening the MSC's presence, particularly in Spain.
- The strong links between southern European countries and developing country fisheries that are major suppliers to them (African hake to Spain for example) continues to be a significant opportunity and challenge for the MSC.

- The creation of a local office in 2009/10 in France has provided a platform from which to accelerate the impact achieved in this large market.

In the Americas:

- MSC will continue to work with the growing number of US and Canadian fisheries, those in the programme and those considering coming into the assessment process. The focus will be on fisheries that supply MSC global target markets as well as those of the highest importance specifically to the US and Canadian markets.
- Given the high proportion of imports of seafood in total American consumption, the MSC will mount an active global supply chain response.
- Work will continue to seek commitments from major buyers to support the MSC by stocking certified products. But the market is very fragmented so the MSC will also need to target regional and in some cases local companies.
- The foodservice industry will be a key target over the next few years, with a wide range of suppliers, processors and distributors of seafood potentially available with whom to work.
- Communications work will continue to aim to raise the organisation's profile in the region and to continue improving its reputation amongst its key stakeholders.

In Asia-Pacific:

- The MSC will try to extend its impact amongst fisheries both within and supplying the Japanese market.
- MSC's commercial work in Japan has had a promising start but levels of commercial and consumer awareness of the problems that are being tackled are still relatively low and will be addressed.
- ~~In the Western Pacific area fisheries outreach work will be developed to help some of the region's significant tuna fisheries as they engage in the programme.~~
- The MSC will continue to develop its position in Australia and New Zealand both with fisheries and commercial clients. Consumer awareness will continue to be encouraged in those countries through initiatives such as an annual "Sustainable Seafood Day".

The MSC's current Integrated Strategic Plan is at http://www.msc.org/html/content_1286.htm

7. FINANCIAL REVIEW AND RESULTS FOR THE YEAR.

Total group income in 2009/10 was £9,804 million compared to £8.039 million in the previous year, a 22% increase.

While the major source of income in absolute terms continued to be contributions from foundations and trusts in the USA, Europe and UK, income from charitable activities (logo licensing income) continued to grow. The percentage of logo licensing income compared to total income increased to 42% (2008/09 38%).

Voluntary income was £5.63 million in 2009/10, up 29% from the £4.36 million received in 2008/9. A further breakdown of this income source is shown in Note 2 to the accounts.

Incoming sources from charitable activities (logo licensing income) increased by 33% from £3,069,825 in 2008/9 to £4,081,828 in 2009/10. Annual fees amounted to £310,000 (2008/09 £177,000) reflecting the continued increase in engagement with the programme by the commercial sector. Volume royalty amounted to £3.771 million (2008/09 £2.893 million).

Expenditure totalled £7.009 million in 2009/10, up 21% from £5.790 million in 2008/9.

Staff costs increased by 32% from £2.680 million to £3.527 million as the average number of employees in the year increased from 48 in 2008/9 to 59 in 2009/10.

The cost of generating funds for the MSC's fundraising activities increased by 13% to £286,907 (2008/9 £253,685). The MSC's fundraising costs were only 5% of total voluntary income in 2009/10 (2008/9 5.8%), a ratio which compares favourably with most other charities of the MSC's size.

Note 6 to these accounts provides a breakdown of costs incurred in furtherance of the Charity's objectives and shows a year on year increase in spend on the MSC's charitable activities of 22% to £6.523 million (2008/9 £5.353 million). Expenditure classified as policy and maintenance of standards increased by 13.5% to £1.95 million. Expenditure on education and awareness increased by 31% to £1.61 million. Expenditure on servicing and outreach to fisheries and the commercial sector increased by 15.7% to £2.59 million. Logo licensing expenditure increased by 117% to £0.38 million, driven not only by the increased scale of the logo licensing activity, but the increased resources allocated to MSC activities by Accreditation Services International, who provide the third-party, independent accreditation function.

Governance costs increased by 8.3% to £199,100. These costs include the audit fee, the cost of holding Board meetings and an allocation of relevant staff salary costs. Governance costs are only 2% of total MSC income in an organisation which is very complex and has a truly global reach.

The MSC ended the year in a sound financial position, including reserves at levels consistent with the reserves policy set by the Board.

The £2,794,991 surplus for the year when added to exchange gains arising from the revaluation of assets held overseas of £10,229 increased total reserves going forward to £7,607,812. £544,202 of this are restricted funds and £7,063,610 unrestricted. Cash balances (including cash investments of £4.1m) totalled £6.2 million (2008/9 £3.6 million).

8. RESERVES POLICY

The Trustees believe that it is generally good practice to hold reserves to protect against funding and other financial difficulties. In January 2009 the Board revised upwards their target for reserves from 6 months to 9 months of the following years budgeted expenditure, as a response to the potential impact upon the MSC of the unprecedented global economic conditions. The MSC ended the year with unrestricted net current asset reserves worth just under 9 months of the 2010/11 committed expenditure budget.

9. INVESTMENT POLICY

The MSC does not currently have any long term investments. If at some future date it is able to invest for the longer term, a suitable socially responsible investment policy, influenced by its objectives, will be developed.

10. ACCOUNTING AND REPORTING RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

11. S 418 CONFIRMATION

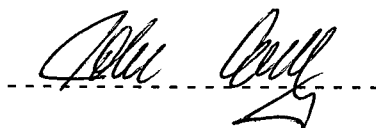
Each of the Trustees at the date of approval of this report confirms that:

so far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

Approved by the Board of Trustees



John Connelly
Chairman Audit Committee

Independent Auditor's Report to the Members of Marine Stewardship Council

We have audited the group and parent company financial statements of Marine Stewardship Council for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Marine Stewardship Council for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and report to you in accordance with that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you if in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other

irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



Pesh Framjee

Senior Statutory Auditor

For and on behalf of

Horwath Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London EC4Y 8EH
United Kingdom

[Date] 19 August 2010

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2010	Total Funds 2009
		£	£	£	£
Incoming resources					
Incoming Resources from generated Funds:					
Voluntary incoming resources	2	4,508,279	1,124,887	5,633,166	4,363,919
Activities for Generating Funds		0	0	0	0
Investment income	3	13,704	0	13,704	92,615
Incoming resources from Charitable activities		4,081,828	0	4,081,828	3,069,825
Other Incoming Resources	4	69,546	6,311	75,857	513,295
Total incoming resources		8,673,357	1,131,198	9,804,555	8,039,654
Resources expended					
Cost of generating funds	5	277,691	9,216	286,907	253,685
Charitable Activities	6	5,601,251	922,306	6,523,557	5,353,208
Governance costs	8	192,107	6,993	199,100	183,853
Total resources expended		6,071,049	938,515	7,009,564	5,790,746
Net incoming resources before transfers	9	2,602,308	192,683	2,794,991	2,248,908
Gross transfers between funds		0	0	0	0
Net Movement in Funds		2,602,308	192,683	2,794,991	2,248,908
Funds at 1 April 2009		4,446,792	355,800	4,802,592	2,449,704
Exchange gains (loss) on translation of foreign assets		14,510	(4,281)	10,229	103,980
Funds at 31 March 2010	18	7,063,610	544,202	7,607,812	4,802,592

There were no recognised gains or losses other than those included in the Statement of Financial Activities.

All incoming resources and resources expended derive from continuing activity.

CONSOLIDATED AND CHARITY BALANCE SHEET as at 31 MARCH 2010

	Note	Group 2010 £	£	Group 2009 £	£	Charity 2010 £	Charity 2009 £
Fixed Assets							
Intangible assets	12	1		1		1	1
Tangible assets	13	282,396		255,489		80,795	99,302
Investments	14	0		0		145,000	145,000
			282,397		255,490	225,796	244,303
Current Assets							
Investments	15	4,089,911		2,000,000		3,528,664	1,225,000
Debtors	16	2,654,224		1,851,893		3,875,159	2,611,984
Cash at bank and in hand		2,141,949		1,586,931		1,055,523	1,013,156
		8,886,084		5,438,824		8,459,346	4,850,140
Creditors: Amounts falling due within one year	17	(1,560,669)		(891,722)		(1,234,688)	(530,975)
Net current assets			7,325,415		4,547,102	7,224,658	4,319,165
Total assets less total liabilities			7,607,812		4,802,592	7,450,454	4,563,468
Funds							
Unrestricted funds-general	18/19		7,063,610		4,246,792	6,950,883	4,077,826
Unrestricted Funds - Designated	18/19		0		200,000	0	200,000
Restricted funds	18/19		544,202		355,800	499,571	285,642
Total funds			7,607,812		4,802,592	7,450,454	4,563,468

The financial statements on pages 11 to 24 were approved by the Trustees on 28 July 2010 and signed on their behalf by:


John Connelly



Director/Trustee MSC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

**Reconciliation of net incoming resources to net
Cash (outflow)/inflow from operating activities**

	2010 £	2010 £	2009 £	2009 £
Net incoming resources	2,794,991		2,248,908	
Exchange gain (loss) on translation of foreign assets	10,229		103,980	
Net incoming resources after exchange gains		2,805,220		2,352,888
Investment income		(13,704)		(92,615)
Depreciation charge		148,886		123,404
Cost of Fixed Asset disposal		34,801		0
Depreciation on Fixed Asset disposals		(34,091)		0
(Increase)/decrease in debtors		(802,331)		(1,298,873)
(Decrease)/increase in current liabilities		668,947		(152,601)
Net cash inflow from operating activities		2,807,728		932,203
Consolidated cash flow statement				
Net cash inflow from operating activities		2,807,728		932,203
Return on investments – interest received		13,704		92,615
Capital expenditure – purchase of tangible fixed assets		(176,503)		(238,932)
Cash inflow before use of liquid assets		2,644,929		785,886
Management of liquid resources				
Increase in cash investments		2,089,911		(775,000)
Increase in cash during the year		555,018		10,886

Analysis of net funds shown in the balance sheet and changes during the year

	As at 1 April 2009 £	Change in year £	As at 31 March 2010 £
Cash at bank and in hand	1,586,931	555,018	2,141,949
Cash investments	2,000,000	2,089,911	4,089,911
Net Funds	3,586,931	2,644,929	6,231,860

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

1. *Accounting policies*

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and follow recommendations in Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in April 2005 and the Companies Act 1985.

These financial statements consolidate the results of the charity and its three wholly owned subsidiaries, Marine Stewardship Council International Limited (which is incorporated in the UK), Marine Stewardship Council Limited (which is incorporated in the United States) and Marine Stewardship Council Asia Pacific Pty Limited (which is incorporated in Australia) on a line by line basis. A separate statement of financial activities or income and expenditure account for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 230 of the Companies Act 1985.

Company Status

The charity is a company limited by guarantee. The members of the company are the directors named in the relevant section of this document. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Fixed Assets

Fixed assets are recorded at cost or, in cases where fixed assets have been donated to Marine 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

Depreciation for UK entities 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, equipment & computers	25%
Fixtures	50%
Cost of London Office Refurbishment	Over the period of the lease

Overseas subsidiaries apply a different depreciation policy but the differences for the results presented in the Financial Statements are immaterial.

Incoming resources

Grants and donations are recognised as income when it is clear MSC has entitlement to the income, that the donation is reasonably certain to occur and that the value of the donation can be measured. Logo license royalty income is accounted for in the period in which the labelled products were sold by our trading partners. Donated services and facilities are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for the services donated by volunteers.

Expenditure

Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of VAT which cannot be recovered. Since 1st February 2009, the Charity has been registered within a VAT group consisting of itself and its UK based trading subsidiary, Marine Stewardship Council International. From 1st February 2009, therefore, Input tax can be partially recovered based upon a business: non-business model.

Costs of generating funds comprise expenditure incurred in encouraging others to make contributions to the charity and include staff costs directly attributable to that activity.

Costs in furtherance of the charity's objectives comprise direct expenses incurred on the defined charitable purpose of the charity, and include staff costs directly attributable to the charitable activities.

Governance costs include expenditure, management and compliance with constitutional and statutory requirements.

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.

Investment income

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

Investments

The charity has three wholly owned subsidiary undertakings. Marine Stewardship Council International Limited is a trading subsidiary and receives royalties from logo licensing fees as well as income from the sale of merchandise. Marine Stewardship Council Limited is a subsidiary incorporated in the United States and promotes the aims of the parent there. MSC Asia Pacific Pty Ltd is a subsidiary incorporated in Australia and promotes the aims of the parent there and in South East Asia generally. Investments in the subsidiaries are stated at cost less any provision for permanent diminution in value.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences are included in the statement of financial activities. Transactions during the year are recorded at the prevailing rates.

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

Marine 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.

Operating lease assets

Assets held under operating leases are not capitalised, and rental payments are charged in the income expenditure account as they fall due.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

2. Voluntary incoming resources

	2010 £	2009 £
Grants from other charitable bodies	5,152,759	3,941,487
Donations from government organisations	385,458	129,884
Donations from companies	89,100	288,533
Other donations	5,849	4,015
	5,633,166	4,363,919

Donations from companies includes £16,300 (2009 £211,000) of donated services.

3. Investment Income

	2010 £	2009 £
Bank interest receivable	13,704	92,615

4. Other Incoming Resources

This represents the exchange gain arising from the revaluation to the year end rate of foreign currency balances (cash, debtors and creditors) held in the UK.

5. Cost of generating funds

	2010 £	2009 £
General fundraising activities		
- Salaries	169,770	151,527
- Other running costs	43,290	27,446
- Support	73,847	74,712
	286,907	253,685

6. Costs in furtherance of the Charity's objectives

	Activities undertaken directly £	Support costs £	2010 £	Activities undertaken directly £	Support costs £	2009 £
Policy & maintenance of standards	1,619,635	328,105	1,947,740	1,443,866	271,873	1,715,739
Education & awareness	1,366,273	240,279	1,606,552	1,065,228	158,607	1,223,835
Servicing & outreach to fisheries and the commercial sector	2,150,153	441,426	2,591,579	1,971,973	267,064	2,239,037
Logo licensing costs	343,285	34,401	377,686	140,861	33,736	174,597
	5,479,346	1,044,211	6,523,557	4,621,928	731,280	5,353,208

7. Support Cost Breakdown by Activity

	Cost of Genera- ting Funds	Policy and mainten- ance of standards	Education and awareness	Servicing & outreach to fisheries and the commercial sector	Logo Licensing costs	Govern- ance costs	Total 2010
	£	£	£	£	£	£	£
Office Services	18,439	80,063	69,935	148,902	9,147	4,448	330,934
IT Services	16,062	69,741	46,281	86,522	7,968	3,875	230,449
Finance Services	15,148	65,771	25,046	33,154	7,514	3,654	150,287
Human Resources	1,491	6,475	2,466	3,264	740	360	14,796
Premises	22,707	106,055	96,551	169,584	9,032	8,892	412,821
TOTAL	73,847	328,105	240,279	441,426	34,401	21,229	1,139,287

Support costs have been allocated to activities in line with staff salary expenditure in a specific activity (salary cost being a reasonable approximation of staff numbers / time spent on that activity).

8. Governance costs

	2010 £	2009 £
Governance costs	159,371	140,581
Audit	18,500	23,774
Support costs	21,229	19,498
	199,100	183,853

9. Net incoming resources before transfers

The group's net incoming resources before transfers are stated after or charging:

	2010 £	2009 £
Fees payable to parent charity's auditors for the audit of the charity's annual accounts	12,500	12,000
Fees payable to the parent charity's auditors for the audit of the charity's subsidiaries pursuant to legislation	6,000	5,000
Total fees payable to the parent charity's auditors for auditing services	18,500	17,000
Fees payable to parent charity's auditors for tax services	3,362	2,305
Fees payable to parent charity's auditors for other services	6,943	20,000
Operating lease charges		
- land and building	206,980	159,028
- office equipment	13,638	12,465
Loss on fixed asset disposal	448	0
Depreciation	147,289	117,931

The income raised by the parent charity only was £8,972,706. The expenditure incurred by the parent charity only was £6,085,719.

10. *Trustee directors and employees*

Staff costs, including directors' remuneration, were as follows:

	2010	2009
	£	£
Wages and salaries	3,084,620	2,351,425
Social security costs	261,442	178,736
Pension	180,805	150,197
	3,526,867	2,680,358

The average number of staff employed by the charity during the year was as follows:

	Number	Number
Direct charitable	40	31
Fund raising and publicity	11	11
Administration	<u>8</u>	<u>6</u>
	<u>59</u>	<u>48</u>

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

£60,000 - £69,999	7	5
£70,000 - £79,999	3	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	0
£120,000 - £129,999	1	1
£140,000 - £149,999	0	1
£150,000 - £159,999	1	0

MSC paid pension contributions and other benefits on behalf of staff totalling £180,805 (2009: £150,197). For the fifteen members of staff whose emoluments were greater than £60,000 the MSC paid pension contributions and other benefits totalling £76,393.

11. *Trustees' remuneration and expenses*

Two of the directors of the charitable company, who are also Trustees under charity law, received emoluments and related travel expenses of £5,370 and £4,199 during the year for professional services rendered in respect of their attendance at two workshops focused upon issues surrounding Low Tropic fisheries (2009: £36,641 paid to two Trustees). These payments were made in line with criteria laid down in the Memorandum and Articles of Association of the Company and was approved by the full Board. The Charity has met travel and subsistence expenses incurred by the 15 Trustees on the Charity's business totalling £49,908 (2009: £31,826 for 15 Trustees).

The Charity has also paid for the indemnity insurance cost for the trustees (who are also directors) and its key employees with regard to their actions on behalf of the charity.

12. *Intangible assets*

This represents the £1 purchase cost to buy the MSC logo trademark from Marine Stewardship Council International.

13. Tangible fixed assets

Fixtures, Fittings and Equipment	Group Total £	Charity Total £
Cost		
At 1 April 2009	539,871	286,235
Additions	175,736	43,497
Exchange adjustment	767	
Disposals/write-offs	(34,801)	(33,910)
At 31 March 2010	681,573	295,822
Depreciation		
At 1 April 2009	284,382	186,933
Charge for the year	147,289	62,004
Exchange adjustment	1,597	
Disposals/write-offs	(34,091)	(33,910)
At 31 March 2010	399,177	215,027
Net book value		
At 31 March 2010	282,396	80,795
At 31 March 2009	255,489	99,302

14. Investments

Cost	Group Shares in Subsidiary £	Charity Shares in Subsidiary £
At 1 April 2009	0	145,000
Additions	0	0
At 31 March 2010	0	145,000
Net book value		
At 31 March 2010	0	145,000
At 31 March 2009	0	145,000

The company's subsidiaries during the year were as follows:

	Country of incorporation	Activity
Marine Stewardship Council International Limited	UK	Commercial activities of Marine Stewardship Council, (UK Trading Subsidiary)
Marine Stewardship Council Limited	USA	Achieve objectives of MSC (US Charitable subsidiary)
Marine Stewardship Council Asia Pacific Pty Limited	Australia	Achieve objectives of MSC Australian Charitable subsidiary)

	MSCI Ltd	MSC Ltd	MSC Asia Pacific PtyLtd
	£	£	£
Income:			
Charitable donations	0	66,258	0
Logo Licensing	4,081,828	0	0
Bank Interest	1,632	690	1,563
Grants from UK Charity	0	871,115	500,000
Other Income	0	0	0
Total incoming resources	4,083,460	938,063	501,563
Expenditure:			
Costs in furtherance of the charity's objectives	723,555	1,071,013	460,604
Foreign Exchange losses/(gain)	39,783	16,179	(26,409)
Total resources expended	763,338	1,087,192	434,195
Net incoming (outgoing) resources	3,320,122	(149,129)	67,368
Gift Aid to UK Charity	(3,320,122)	0	0
Funds at 1 April 2009	150,000	232,230	1,887
Purchase of shares by Charity	0	0	0
Funds at 31 March 2010	150,000	83,101	69,255
Fixed Assets	166,335	31,823	3,444
Current Assets:			
Debtors	2,122,084	5,066	1,357
Cash at bank and in hand	1,447,314	111,482	88,877
Total Current Assets	3,569,398	116,548	90,234
Creditors: Amounts falling due within one year	3,585,733	65,270	24,423
Net current assets (liabilities)	(16,335)	51,278	65,811
Total Assets less total liabilities	150,000	83,101	69,255
Represented by:			
Unrestricted Funds	150,000	38,470	69,255
Restricted Funds	0	44,631	0

15. *Current Asset Investments*

These are comprised of cash deposits held for investment purposes

	2010	2009
	£	£
Balance at beginning of year	2,000,000	1,225,000
Additions	2,089,911	775,000
Closing value at end of year	4,089,911	2,000,000

16. Debtors

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	467,842	317,348	30,550	58,466
Other debtors	86,299	53,580	87,302	60,207
Prepayments and accrued income	2,100,083	1,480,965	415,286	263,733
Amounts due from subsidiary undertakings	0	0	3,342,021	2,229,578
	<u>2,654,224</u>	<u>1,851,893</u>	<u>3,875,159</u>	<u>2,611,984</u>

17. Creditors: amounts falling due within one year

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Trade creditors	593,144	277,523	379,358	175,928
Tax and social security creditor	1,139	20,576	0	209
Other creditors	172,707	85,910	110,110	14,846
Accruals and deferred income	793,679	507,713	745,220	339,992
	<u>1,560,669</u>	<u>891,722</u>	<u>1,234,688</u>	<u>530,975</u>

Movement on deferred income:

	Group 2009 £	Charity 2009 £
Deferred income at 1 April 2009	215,470	202,493
Released to income in year	(215,470)	(202,493)
Income deferred in year	630,803	622,518
Deferred income 31 March 2010	<u>630,803</u>	<u>622,518</u>

18. Funds – Group

Restricted	Balance 1 April 2009 £	Income 2009/10 £	Expenditure 2009/10 £	Transfers 2009/10 £	Balance 31 March 2010 £
Aker Biomarine Antarctic Krill Objection	0	12,766	5,287	0	7,479
BC Sockeye Objection	0	0	6,233	0	(6,233)
Coutts Environmental Donor Advised Fund – Global Sustainable Seafood Lunch	525	7,021	7,546	0	0
DEFRA Greener Living Fund – MSC on the Menu	0	336,927	202,304	0	134,623
D&L Packard Foundation – aquaculture review	5,539	2,371	0	(7,910)	0
D&L Packard Foundation – North American communications	9,640	0	9,640	0	0
D&L Packard Foundation – US major buyer liaison	38,996	0	46,906	7,910	0
GASS/DD pilots project	0	0	0	0	0
Golden Rule Foundation – Japan	11,896	0	11,896	0	0

communications					
J G Hogg – environmental benefits	1,622	0	1,622	0	0
Hivos – exit grant	0	40,218	40,218	0	0
Nederlandse Vissersbond – Dutch demersal fleet certification	0	17,961	17,961	0	0
North Sea Foundation – Dutch market transition	0	78,600	78,600	0	0
Oak Foundation – Promoting sustainable fishery management in Spain	0	109,600	78,353	0	31,247
Oxfam Novib – Enabling MSC certification for small-scale developing country fisheries	14,056	51,472	65,528	0	0
Pacific Hake Objection	0	13,043	13,043	0	0
Postcode Lottery Sweden– Fish & Kids Sweden	21,986	37,365	59,351		0
Ross Sea Toothfish Objection	0	12,766	0	0	12,766
Royal Caribbean Cruises Ltd – Bristol Zoo project	20,427	0	17,362	0	3,065
Rufford Foundation – Moroccan outreach project	28,712	0	17,689	0	11,023
Scottish Executive – Scottish Fishery outreach	0	50,000	50,000	0	0
TradeMark (formally ComMark Trust) – Southern Africa capacity building	160,898	173,000	120,601	0	213,297
Tinker Foundation – Mahi Mahi project	25,987	43,887	25,243	0	44,631
Wallace Global Fund – Japan fishery outreach	15,516	0	15,516	0	0
Walton Family Foundation – Business model review	0	132,247	44,904	0	87,343
WWF US – Chairman’s travel costs	0	11,954	6,993	0	4,961
Total Restricted	355,800	1,131,198	942,796	0	544,202
Unrestricted					
General purpose fund	4,246,792	8,673,357	6,056,539	200,000	7,063,610
Designated	200,000	0	0	(200,000)	0
Total Group Funds	4,802,592	9,804,555	6,999,335	0	7,607,812

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

The £200,000 designated fund created in 2008 / 09 to capture under spend against 2008 / 09 joint marketing budget, has been released back to unrestricted since the designated fund was not drawn down during the year.

19. Funds – Charity

Restricted	Balance 1 April 2009	Income 2009/10	Expenditure 2009/10	Transfers 2009/10	Balance 31 March 2010
	£	£	£	£	£
Aker Biomarine Antarctic Krill Objection	0	12,766	5,287	0	7,479
BC Sockeye Objection	0	0	6,233	0	(6,233)
Coutts Environmental Donor Advised Fund – Global Sustainable Seafood Lunch	525	7,021	7,546	0	0
DEFRA Greener Living Fund – MSC on the Menu	0	336,927	202,304	0	134,623
D&L Packard Foundation – aquaculture review	5,539	2,371		(7,910)	0
D&L Packard Foundation – US major buyer liaison		0	7,910	7,910	0
GASS/DD pilots project	17,018	0	17,018	0	0
Golden Rule Foundation – Japan communications	11,896	0	11,896	0	0
J G Hogg – environmental benefits	1,622	0	1,622	0	0
Hivos – exit grant	0	40,218	40,218	0	0
Nederlandse Vissersbond – Dutch demersal fleet certification	0	17,961	17,961	0	0
North Sea Foundation – Dutch market transition	0	78,600	78,600	0	0
Oak Foundation – Promoting sustainable fishery management in Spain	0	109,600	78,353	0	31,247
Oxfam Novib – Enabling MSC certification for small-scale developing country fisheries	1,503	51,472	52,975	0	0
Pacific Hake Objection	0	13,043	13,043	0	0
Postcode Lottery Sweden– Fish & Kids Sweden	21,986	37,365	59,351	0	0
Ross Sea Toothfish Objection	0	12,766	0	0	12,766
Royal Caribbean Cruises Ltd – Bristol Zoo project	20,427	0	17,362	0	3,065
Rufford Foundation – Moroccan outreach project	28,712	0	17,689	0	11,023
Scottish Executive – Scottish Fishery outreach	0	50,000	50,000	0	0
TradeMark (formally ComMark Trust) – Southern Africa capacity building	160,898	173,000	120,601	0	213,297
Wallace Global Fund – Japan fishery outreach	15,516	0	15,516	0	0
Walton Family Foundation – Business model review	0	132,247	44,904	0	87,343
WWF US – Chairman’s travel costs	0	11,954	6,993	0	4,961
Total Restricted Funds	285,642	1,087,311	873,382	0	499,571
Unrestricted					
General purpose fund	4,077,826	7,885,395	5,212,337	200,000	6,950,884
Designated	200,000			(200,000)	0
Total Charity Funds	4,563,468	8,972,706	6,085,719	0	7,450,455

The £200,000 designated fund created in 2008 / 09 to capture under spend against 2008 / 09 joint marketing budget, has been released back to unrestricted since the designated fund was not drawn down during the year.

20. Financial Commitments

At 31 March 2010 the group has annual commitments under non-cancellable leases as follows:

	Group 2010		Charity 2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry Date:				
Two to five years	224,834	13,648	136,540	7,397

21. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 March 2010 as represented by:			
Tangible fixed assets & investments	282,397	0	282,397
Net current assets	6,781,213	544,202	7,325,415
Total net assets	7,063,610	544,202	7,607,812

22. Related party transactions

The Marine Stewardship Council's related parties as defined by the Financial Reporting Standard 8, and the nature of the relationship, are summarised below:

Marine Stewardship Council International Limited (MSCI)

During the financial year MSC charged MSCI 5% of its central service cost (office, premises, finance and IT) as well as proportion of the salary of the Deputy CEO and the Communications Manager. At 31st March 2010, MSCI owed £ 3,342,021 in total to the parent charity company. £3,360,189 of this year end creditor related to the gift aid of profits generated and £18,168 was the outstanding debtor balance on MSCI's inter-company account with MSC.

The ultimate controlling party of the Charity is its members who are also the Directors and Trustees.

23. Derivatives not included at fair value

The charity uses foreign exchange forward contracts to manage its exposure to foreign currency exchange risks. The fair value of these instruments is calculated at the balance sheet date by comparison between the rate implicit in the contract and the exchange rate at that date. At 31 March 2010 the charity had US\$ 1.3 million of foreign currency forward contracts. The unrealised loss on these derivatives as at 31 March 2010 was £56,302 (2009: no commitments).