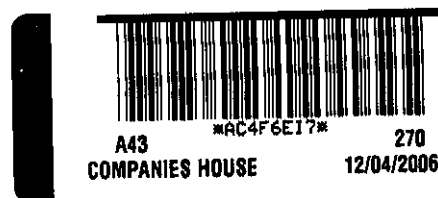


ASSOCIATION OF RIVERS TRUSTS

Registered Charity No: 1107144

Company No: 5136671

Financial Statements For The Year Ended 31 December 2005



ASSOCIATION OF RIVERS TRUSTS

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ASSOCIATION OF RIVERS TRUSTS

LEGAL AND ADMINISTRATIVE INFORMATION

Trust Director (Chief Executive)

A J Rickard

Trust Director (North)

A Maltby (appointed 1 October 2005)

Trust Secretary

A G Hawken

Registered and Principal Office

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Tel: 01208 851369
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Email: info@associationofriverstrusts.org.uk

Bankers

Alliance & Leicester Commercial Bank Plc
Bridle Road
Bootle
Merseyside
G1R 0AA

Registered Auditor

Mazars LLP
8 New Fields
2 Stinsford Road
Nuffield
Poole
Dorset
BH17 0NF

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005

The Trustees present their report along with the financial statements of the Company (and charity) for the year ended 31 December 2005. The financial statements have been prepared on the accounting policies set out in Note 1 to the financial statements and comply with the Company's Memorandum and Articles of Association, the Companies Acts and other applicable law, and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

Trustees

The directors of the Company for Companies Act purposes are defined as Trustees in the Company's Articles of Association. The Trustees at the end of 2005 are set out below, and they all acted for the whole year, except as otherwise stated.

I D Gregg	(Chairman)
J R Carr	(appointed 9 May 2005)
D M Haines	
J P Lord	
A Maltby	(resigned 9 May 2005)
S Marsh-Smith	
Prof L M Warren	(appointed 9 May 2005)
N P Yonge	

Our Structure

The Trust is less than two years old as an independent organisation and the policy is to maintain a small central executive function, relying on expertise from Rivers Trust members to provide additional technical support and resources. The Trust recognises that the rivers trust movement has developed from a grass roots or bottom-up approach. Its role is primarily as an umbrella organisation, promoting the development of the movement and building capacity to deliver the Trust's objectives through regional or local rivers trusts, including environmental improvements on the ground across England & Wales.

The total number of part-time staff at the end of 2005 was 4. There were no full time employees. The Trust is therefore not big enough to have distinct divisions or departments and groups its single activity of Advancement of the Rivers Trust Movement into two areas:

- Education and Rivers Trust Development

Our core object is to advance the understanding of water management, leading to sustainable environmental improvement, and the understanding of rivers, their flora and fauna, based on integrated catchment management and the ecosystem approach. Our core activity is therefore to promote rivers trusts at a national level and to provide support for new and emerging trusts, particularly in terms of starting up and generic issues affecting rivers trusts.

The Trust believes that education and the wider dissemination of information is necessary for rivers trusts to build the knowledge and gravitas to forge pro-active partnerships with national organisations including the Environment Agency, English Nature and the Countryside Council for Wales. To supplement our core activity, the Trust has accordingly organised biannual seminars, open to all, to encourage wide participation across various communities and organisations involved with water and the environment. Application of sound environmental practice and techniques by rivers trusts enables them to deliver solutions and advance science through experience on the ground.

In addition, where consistent with its charitable objectives, the Trust provides tangible support through the provision of grants to new trusts, established trusts and related organisations. A grant to a new rivers trust can give it that all important first "leg up", help sustainability and accelerate development. The Annual Awards for outstanding achievement are intended to encourage innovation within the rivers trust movement and publicly to recognise the contributions made, either by applying science and best practice or in some other special way, towards environmental, conservation or community benefits.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

- **National and European Projects**

Rivers trusts have hitherto largely relied upon successful grant applications for public and other funds to underwrite their operations and deliver environmental improvements. The Trust considers that project bids encourage partnerships, target activity towards societal needs, and can provide substantive funds to develop the rivers trust movement at an international, national and, through its members, a regional level. The Trust occupies a pivotal position in developing related networks across the UK, Europe and beyond, and is a conduit for know-how, technology and best practice transfer and dissemination.

Our Policy

The main policies of the Trust are to co-ordinate, represent and develop the aims and interests of the Rivers Trust members in the promotion of sustainable, holistic and integrated catchment management and sound environmental practices, recognising the wide economic benefits for the local communities and the value of education.

In pursuing these policies its principles are based on:

- ❖ Consent.
- ❖ Subsidiarity - where the Trust will serve its members and decisions will be taken at the appropriate level.
- ❖ Partnership.
- ❖ Education and technology transfer - with particular reference to new and emerging trusts.

Our Aims and Objectives

The aims and objectives of the Trust are to:

- ❖ Establish it as the natural leader of the "rivers trust movement" and voice for river basin and water related community improvement activities at a national level with Government, decision makers, opinion formers and others within England & Wales.
- ❖ Forge partnerships with other environmental organisations in England & Wales for optimum use of resources, know-how exchange or technology transfer and a consensus approach to sustainable environmental improvements.
- ❖ Forge international links, particularly with Scotland and the rest of the EU, in order to promote the "rivers trust movement" across a broader policy making spectrum and, reciprocally, to communicate international best practice and experience to its Rivers Trust members.
- ❖ Provide new and emerging trusts with a focal point of contact and support, utilising electronic media, e.g. website and newsletter, as far as practicable for cost effectiveness and accessibility.
- ❖ Draw on the technical expertise and experience of the Rivers Trust members to assist emerging trusts and underpin its technical competence, developing capacity at the regional Rivers Trust level and providing net financial benefit to Rivers Trust members.
- ❖ Maintain a small central administrative function to support areas of common interest to Rivers Trust members and emerging trusts.
- ❖ Establish and maintain the Trust as a reputable body, with high standards of compliance and integrity.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Advancement of the Rivers Trust Movement

• Education and Rivers Trust Development

In 2004/5 we said we would:

- Establish the Trust as the natural leader of the rivers trust movement in England & Wales.
- Provide a focal point of information, help and assistance for new and emerging trusts.
- Forge national and international links with other environmental organisations.
- Form a technical working group to provide the means of know-how exchange and the basis for sound environmental practice.
- Run two seminars respectively in the spring and autumn of 2005.
- Launch an awards dinner "in recognition of excellence and achievement", which, if successful, would become an annual event.
- Continually seek to provide funds and grants for new rivers trusts.

During 2005 we have:

- Been consulted on and contributed to national policy in respect of river basin and water related community activities. The Director sits on Defra's national Water Framework Directive Stakeholders' Group and Catchment Sensitive Farming Stakeholders Group, and the Trust is in the process of agreeing a national "partnership agreement" with the Environment Agency in order to facilitate partnerships between regional EA offices and corresponding regional rivers trusts.
- Established a web-site and electronic newsletter as a cost effective means of freely and openly disseminating information about rivers trusts and environmental issues to environmental organisations, whether or not members.
- Developed a start-up pack of pathfinder guides to help new and emerging trusts focus on issues of particular relevance to rivers trusts, which complement the excellent information generally available from the likes of the Charity Commission.
- Provided assistance to new trusts, in particular the launch of the Tyne Rivers Trust and the Yorkshire Dales Rivers Trust, and preliminary help to river groups on the Rivers Ellen, Leven & Crake and (Cumbrian) Kent. In addition we have met or talked with many other emerging rivers trust groups across England & Wales and sown the seeds of how they might form trusts in their own areas.
- Joined the influential Wildlife and Countryside Link as full members to listen, learn and contribute to wider environmental debate, and formalised membership links with the Freshwater Biological Association, ACA, Atlantic Salmon Trust, Salmon & Trout Association and Wild Trout Trust.
- Established a very constructive link with our sister organisation in Scotland, Rivers and Fisheries Trusts Scotland (RAFTS) for know-how exchange and best practice development, and developed links through the Union des Terres de Rivières partnership across the EU.
- Formed a technical working group, which is intended to link substantially with the Environment Agency, English Nature and Atlantic Salmon Trust's scientific panel to avoid duplication, and to be consistent with the Environment Agency's survey and monitoring methodology.
- Run a spring 2005 seminar at Berwick themed on the "Evolution of Fisheries Management", with particular reference to the River Tweed. This also incorporated a workshop session on compliance issues for new, emerging and established trusts, which was led by Mazars LLP, the Trust's auditors, and the Trust's first AGM.
- The spring seminar included presentations on the implications of the salmon stock conservation review by the EA, the developments in Scotland, the framework of why scientific research is undertaken and its practical application to achieve the desired aim of fisheries management and putting data into action using GIS. There were also presentations on salmon genetics, the impact of diffuse pollution on Atlantic salmon populations and the need to survey fish populations in order to target environmental action. The overall impact of the seminar was to highlight the substantial work being undertaken by rivers trusts and the government agencies and ever improving co-operation between them in working in partnership to identify problems and to seek solutions based on rigorous and sound scientific principles in a cost effective manner.
- Run an autumn 2005 seminar themed on "Community Partnerships" in support of Pembrokeshire Rivers Trust at Wolfs Castle, near Haverfordwest. Pembrokeshire Rivers Trust is part funded by the EU Interreg III A programme under the Celtic Rivers Project to develop working in partnership with the Slaney River Trust in South East Ireland. The project capitalizes on complementary skills and experience in both areas. Learning from one another and sharing skills and knowledge, the Celtic Rivers Project is designed to achieve community-development benefits that would otherwise be unaffordable and unattainable. Its targets - environmental, social and economic - are inseparable.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

- The autumn seminar brought together public and other funding opportunities to develop community led initiatives, and to show how public participation linked to integrated river catchment management is working, not only in Pembrokeshire and the Slaney but across other areas where rivers trusts operate. It also covered the wider perspective of participation across Europe and educational development, in particular the Foundation Degree course started in 2005 at Duchy College, Cornwall under the aegis of Plymouth University and Westcountry Rivers Trust.
- Successfully established and run our second Annual Awards & Dinner, in conjunction with the autumn seminar in Pembroke on 27 September, opening up nominations for awards to all organisations and individuals in the process.
- Increased sponsorship of awards from WWF and HSBC, Atlantic Salmon Trust and Salmon & Trout Association, to raise the overall cash awarded to over £14,000. The money, together with a certificate and specially commissioned, lead crystal, water themed vase, is specifically for conservation projects of the winners' choice.
- Award winners were:

Contribution to Science: £2000, sponsored by the Atlantic Salmon Trust: Dr Stephen Marsh-Smith of the Wye & Usk Foundation, for applying best science to headwater regeneration.

Contribution to Best Fisheries Project with Environmental Improvements: £4,000 sponsored by the Salmon & Trout Association: Alistair Maltby and Lucy Dugdale of Eden Rivers Trust, for their innovative RARE (Rapid Assessment of the River Environment) project and electro-fishing surveying programme.

Outstanding Contribution by a Volunteer: £4,000 sponsored by WWF & HSBC: Michael Martin of Westcountry Rivers Trust for a decade of unstinting service.

Special Awards for Outstanding Contribution to the Rivers Trust Movement: totalling over £4,000: Brian Marshall, Wessex Salmon & Rivers Trust and Niall Greene, Stop Salmon Drift Nets Now, for their campaigning work on salmon conservation and the removal of the Irish drift nets; Pat O'Reilly, for angling and environmental improvements in Wales; and Peter Gough, Environment Agency Wales, contribution to the environment through partnership working.

- Created an unrestricted grant pool to stimulate rivers trust development and made a grant of £5,000 to the Yorkshire Dales Rivers Trust.
- Paid the outstanding £500 of restricted funds to Tyne Rivers Trust to coincide with its launch.
- Made an instalment payment of £1,750 to Pembrokeshire Rivers Trust from restricted funds and a further £2,500 as contribution towards its Celtic Rivers Project and our autumn seminar.
- Sponsored an award for £1,000 with the Institute of Fisheries Management to promote the advancement of aquatic science.

In 2006 we plan to:

- Continue to help promote, develop and establish the rivers trust movement, particularly in areas where no rivers trust currently exists, though the latter will continue to be dependent on local community wishes to maintain grass roots appeal and longevity.
- Develop our communications and support network.
- Act as a national two way conduit for information and policy guidance.
- Represent and incorporate the views and experience of the rivers trust movement in the development of the Water Framework Directive.
- Develop free generic operational and technical information and guidance for rivers trusts.
- Initiate an affinity group stakeholders pension scheme for river trusts' employees.
- Run an Eel Symposium in the spring in support of Westcountry Rivers Trust's Indicang project, which is part funded under the Interreg IIIB programme. The symposium is intended to focus on the management of the European eel and is scheduled to be held at the London Zoological Society.
- Host the 15th International Salmonid Conference at Newcastle upon Tyne on 17 - 20 October. The conference, which is normally held in the USA, is intended to provide 2 days of scientific papers on salmonid enhancements, followed by 2 days of field visits to the Tyne, Tweed and Eden catchments.
- Run our third Annual Awards & Dinner in conjunction with the International Salmonid Conference, giving an international arena in which to showcase the exceptionally good work being undertaken within the rivers trust movement.
- Increase the unrestricted grant pool for new and emerging trusts to facilitate their development and sustainability and to seek other funds to assist in the process.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

• National and European Projects

In 2004/5 we said that we would:

- Join a partnership bid for the Union des Terres de Rivières project, which is part funded under the Interreg IIIC programme, and led by the French partner of the same name. The project involves 24 partners in 10 countries and represents a means of developing a network of contacts throughout the EU who are interested in the interaction between land and rivers for a variety of cultural and economic reasons. In addition, the project offers the opportunity to create a UK gateway for future EU funding for the direct or indirect benefit of all our rivers trusts. Notification of a successful application was confirmed in late 2004.
- Develop an umbrella application to the Heritage Lottery Fund open to existing and emerging trusts throughout England & Wales.

During 2005 we have:

- Undertaken the first year of the two year Union des Terres de Rivières project. As leader of the Communications component, we have majored on the partners' IT and organisational information and produced 2000 copies of a Communication Chart/Poster, covering Interreg IIIC publicity, partner information, the Ecosystem Approach and Water Framework Directive themes in French, English and Spanish.
- In addition, for use within our rivers trust network and as a comparative tool for the remainder of the EU, we have commissioned reports on UK water quality & biological monitoring, a history of agricultural and angling practice in the Tweed Catchment, community partnerships using the Pembrokeshire rural experience, and agri-environment schemes in England.
- Deferred an application to the Heritage Lottery Fund. Towards the end of 2005, with the Union des Terres de Rivières project well underway, we have been able to undertake preliminary research, but resource constraints effectively impeded earlier progress.

In 2006 we plan to:

- Complete the second and final year of the trans-national sustainable development Union des Terres de Rivières project, which is expected to create extra effort as the programme reaches its conclusion and final outputs and reports are completed.
- Host a Union des Terres de Rivières Steering Group meeting on the 8th & 9th June in Cornwall, as an integral part of the project and a forum for discussing development of the partnership following completion of the project. We also plan to become a member of Union des Terres de Rivières.
- Evaluate future cross border part EU funded projects related to the above.
- Prepare an application to the Heritage Lottery Fund of Great Britain (HLF) initially for a Project Planning Grant, in order to scope what aspects of rivers trusts work are likely to be funded by HLF and the method most likely to lead to a subsequent successful main project bid.
- Review with emerging, new and established rivers trusts their willingness and capacity to participate in a HLF full bid in order effectively to match or optimise rivers trusts' development with HLF criteria.

Financial Review 2005

Income

In 2005, in the Trust's first full year as an independent organisation, gross income was £249k. The Trust has been fortunate enough to receive support and assistance from a number of sources during the year, including WWF, in partnership with HSBC, Water UK, the Mazars Charitable Trust, the Atlantic Salmon Trust and the Salmon & Trout Association. The Trust is also pleased with the valuable support given by regional rivers trusts and its other members through subscriptions. In addition, the first two grant claims under the Union des Terres de Rivières project have been certified for eligibility and submitted to the EU Technical Secretariat for payment.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Expenditure

Total expenditure for the year was £182k. Our cost of generating funds is extremely low, with home-office working, negligible overheads, a small membership and no bespoke fundraising costs. Accordingly 67% (£122k) of expenditure was directed towards our core area of education and supporting rivers trust development, with a further 27% (£49k) spent on our Union des Terres de Rivières project to promote the wider rivers trust movement across the EU. Governance costs are higher than perhaps might be expected, at nearly 5% (£9k), which reflects our policy of adopting best practice, even if our small size would allow a less stringent approach.

Balance Sheet

The Trust was therefore in a healthy financial position at year end, with a cash balance in excess of £106k, and the Board confirms that since the year end it is not aware of any events that would have a material detrimental impact on its position.

Corporate Governance

Governing Documents

The Trust is a company limited by guarantee, governed by its Memorandum and Articles of Association. Subject to the Articles of Association, membership is open to any individual or organisation.

Objects

The objects of the Trust are: -

- (A) To advance the education of the public in the management of water and environmental protection, conservation, rehabilitation and improvement.
- (B) To advance the education of the public in the understanding of rivers, their basins, fauna and flora.
- (C) To protect, conserve, rehabilitate and improve the rivers, streams, watercourses and river basins, including adjacent coastal waters and water impoundments, of England and Wales or any part or parts thereof for the public benefit.

Governing Body

The governing body of the Trust is the Board of Trustees, which when complete comprises up to 11 Trustees. The full Rivers Trust members have the right to nominate and appoint up to six Trustees ("Rivers Trustees") pursuant to Article 48 and all Registered Members have the right to elect up to four Trustees ("Elected Trustees") and the Chairman at an AGM pursuant to Article 49.

All the Trustees were required to retire at the first AGM of the Trust held in 2005. At each subsequent AGM, one Rivers Trustee and one Elected Trustee or the Chairman is required to retire by rotation.

The recruitment of Trustees is by word of mouth with full member trusts and others. Subject to the Articles, selection is based on environmental or specific rivers trust interest, expertise in environmental or other relevant matters, general experience of charities and integrity, with the over-riding objective of maintaining a broadly representative body, strong on governance and ability to add value. Newly appointed Trustees receive a letter of appointment, including appointment declarations, and an induction pack, which covers the working of the Trust specifically and the rivers trust movement generally. In addition, Trustees are given copies of the Charity Commission's The Essential Trustee: What you need to know (CC3) and The Hallmarks of an Effective Charity.

For ongoing training purposes, the Board have agreed that workshops, presentations by the Auditors (as at the spring seminar at Berwick) etc. and Board papers will maintain standards of governance on an ongoing and timely basis.

The Board meets formally three times per year, but there is frequent consultation with Trustees individually and as groups outside of formal meetings, particularly with the Rivers Trustees, most of whom have executive responsibilities within member trusts.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Governance

The Board recognises that as an umbrella organisation representing the rivers trust movement there is a moral emphasis on it positively to embrace best governance practice.

The Board has confirmed that, in principle, the Trust should adopt best practice on a voluntary basis, even if it falls below the stated statutory thresholds, in accordance with the advice and guidance of its Auditors. This year, we have accordingly decided to implement one year early the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities 2005 and Charities (Accounts and Reports) Regulations 2005.

The Board has also reviewed and adopted Good Governance - A Code for the Voluntary and Community Sector, published by the National Hub of Expertise in Governance in June 2005, though it believes that the summary version is more appropriate to the Trust, as a relatively small charity with few staff. The Code is considered to provide an excellent check-list of good governance practice, which complements our Trustees' Induction pack, and, in summary form, will be added to the pack.

Arising from the review, the Board recognised that, pursuant to Principle 3 of the Code: The high performance Board - Supporting Principle: Trustee duties and responsibilities, it would be more appropriate in the Trust's case to prepare a job description for Trustees to ensure clarity of role rather than a statement or letter specifically signed by the Trustees in place of the existing consent to act form. The Board also recognised that, pursuant to Principle 4: Board review and renewal - Supporting Principle: Performance Appraisal, the Trust was too young yet to review its own performance, but agreed that systematic review was desirable and would be undertaken in due course.

Officers

At the end of 2005 the principal officers of the Trust, all of whom attend Trustees' meetings, were:

A J Rickard	(Trust Director)
A Maltby	(Director North)
A G Hawken	(Trust Secretary)

Investment Policy

At this stage of its development, the Trust has insufficient funds to consider long term investments, and a detailed review of performance and performance targets is not required. The Trust's investment policy currently is to keep any surplus liquid funds in short-term deposits that are low risk and the target is simply to maintain a competitive rate of bank deposit interest. Any investment beyond short-term deposits is required to be supported by independent professional advice, at which point the Trustees will consider ethical investment issues and direction.

Reserves Policy

It is the aim of the Trustees to generate a level of reserves sufficient to carry out the objects of the Trust on a steady and stable basis. The Board has therefore resolved to hold surplus liquid funds in short term deposits that can be accessed readily, until such time that the Board is comfortable that the level of reserves is sufficient to meet the cash flow requirements of funding its activities, including projects, for at least the ensuing 12 months without the need for overdraft or other loan facilities.

In determining the above policy, the Board has taken into account the lead time to bid for project funds; the outcome and timing difficulty thereof; matched funding requirements of grant funded projects; and the cash flow implication of claims paid in arrears. A review of the cash flow forecast for 2006 has indicated that the above threshold would not be exceeded and the Board has decided that it would be more appropriate to consider a longer term or aspirational level of reserves in due course, particularly when project matched funding requirements become better known. Budgeted expenditure for 2006 is expected approximately to double to £375k against free reserves of £148k at 31 December 2005.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Risk Management

The policy of the Trustees is to encourage the executive team to adopt innovative approaches in developing the rivers trust movement, and to promote leadership and initiative. The policy supports entrepreneurial spirit leading to real and significant contributions to environmental improvements, and is to be conducted against a framework of good governance, prudent financial control and sustainability.

The Board believes it good practice to adopt and codify good risk management procedures, notwithstanding falling below any legal reporting threshold from time to time, in a form readily reviewable within accounting regulations and best practice reporting standards. In principle, the Trustees believe that the framework suggested by the Charity Commission offers a comprehensive and coherent methodology, and it has been adopted by the Trust.

The Trust therefore considers its major risks under the following categories:

- Governance and management
- Operational risks
- Finance risks
- External risks
- Law and compliance risks

Assessment of risks is kept under regular review. In general, the administrative nature of the Trust, the experienced, close knit and professional status of the officers, and the control systems are considered to render the Trust's activities as a generally low foreseeable risk. However, with 4 employees, the Trust is vulnerable to accident, injury or loss of its executive team. Given that the Director and Secretary live in Cornwall, and long trips are unavoidable, the Board has therefore instructed that they give themselves adequate time for travel to reduce risk of injury/illness and that flying, though environmentally damaging, is an acceptable mode of transport where feasible.

The Trustees confirm that they have established systems to mitigate significant risks at source as far as reasonably practicable, with any risks in need of attention designed to be identified within the review process and to be remedied within a set timetable. The Trust also maintains Employers' Liability and Public Liability insurance cover, Professional Indemnity and Trustees' Indemnity Insurance for additional protection.

Relationships with other charities and organisations

The Trust works closely with its Rivers Trust members and other charities and organisations. However all relationships are conducted at an arms' length basis and an inter trust services agreement formalises the contractual position in respect of full Rivers Trust members, who pursuant to the Articles, are required to be bona fide rivers trusts and registered charities.

Statement of Trustees' responsibilities

Law applicable to charities and companies in England and Wales requires the Trustees to prepare statements for each financial year that give a true and fair view of the charity's and company's activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity and company will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and charity and which enable them to ascertain the financial position of the company and charity and which enable them to ensure that the financial statements comply with applicable laws, regulations and its Memorandum and Articles of Association. They are also responsible for safeguarding the assets of the charity and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ASSOCIATION OF RIVERS TRUSTS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Auditors

Mazars LLP were re-appointed by the Board as the independent auditor to the Trust at the Annual General Meeting on 9 May 2005 and a resolution proposing that they will be re-appointed will be put to the next Annual General Meeting.

The report of the Trustees has been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'I D Gregg', written over a faint circular stamp or watermark.

I D Gregg
Chairman

Date: 27 March 2006

ASSOCIATION OF RIVERS TRUSTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATION OF RIVERS TRUSTS

We have audited the financial statements of the Association of Rivers Trusts for the year ended 31 December 2005 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 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 Directors and auditors

The trustees' (who are the directors of the Association of Rivers Trusts for the purposes of company law) responsibilities for preparing the trustees' annual report and the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' annual report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the other information contained in the trustees' annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

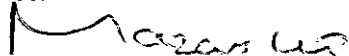
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ASSOCIATION OF RIVERS TRUSTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ASSOCIATION OF RIVERS TRUSTS (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS LLP

Chartered Accountants and Registered Auditors

8 New Fields, 2 Stinsford Road

Nuffield

Poole

Dorset

BH17 0NF

Date:

70 March 2006

ASSOCIATION OF RIVERS TRUSTS

Statement of financial activities (including the income and expenditure account) For the year ended 31 December 2005

	Notes	Unrestricted funds £	Restricted funds £	Total funds £	2004 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	185,502	-	185,502	131,640
Investment income	3	5,277	-	5,277	334
Incoming resources from charitable activities					
	4	8,861	48,997	57,858	8,872
Total incoming resources		<u>199,640</u>	<u>48,997</u>	<u>248,637</u>	<u>140,846</u>
Resources expended					
Costs of generating voluntary income	5	2,736	-	2,736	4,227
Charitable activities	5	114,657	56,016	170,673	48,763
Governance costs	5	8,715	-	8,715	4,504
Total resources expended		<u>126,108</u>	<u>56,016</u>	<u>182,124</u>	<u>57,494</u>
Net income / (expenditure)		<u>73,532</u>	<u>(7,019)</u>	<u>66,513</u>	<u>83,352</u>
Funds at 1 January 2005	15	74,852	8,500	83,352	-
Funds at 31 December 2005	15	<u>148,384</u>	<u>1,481</u>	<u>149,865</u>	<u>83,352</u>

All of the company's activities are classed as continuing.

The statement of financial activities shows all movements on reserves and all recognised gains and losses in the period.

Because of the structure of the charitable company's finances, the statement of financial activities includes the same information as a summary income and expenditure account. Consequently, the trustees have taken the decision to combine the two statements and not to present a separate summary income and expenditure account.

ASSOCIATION OF RIVERS TRUSTS

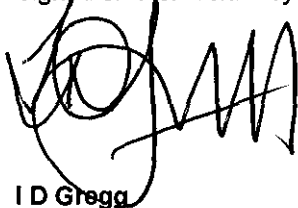
Balance Sheet As at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Furniture and equipment	11	5,982	1,156
Current assets			
Debtors	12	41,174	3,335
Cash at bank and in hand		106,741	87,916
		<hr/> 147,915	<hr/> 91,251
Creditors: Amounts falling due within one year	13	4,032	9,055
Net current assets		<hr/> 143,883	<hr/> 82,196
Net assets		<hr/> <u>149,865</u>	<hr/> <u>83,352</u>
Funds			
Unrestricted funds:			
General fund	15	148,384	74,852
Restricted funds	15	1,481	8,500
Total funds	15	<hr/> <u>149,865</u>	<hr/> <u>83,352</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Trustees on 27 March 2006

Signed on their behalf by:



I D Gregg

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

1. Principal accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. In preparing the financial statements the charity follows best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in March 2005.

1.2 Gifts in kind

Voluntary income received by way of donations to the charity is included in full in the Statement of Financial Activities when receivable. Intangible income is not included unless it represents goods or services which would have otherwise been purchased. Gifts in kind are included at its market value and as resources expended at the same value when distributed.

1.3 Incoming resources

Income is recognised in the period in which the charitable group is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfill conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Grants from the government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use.

In accordance with this policy, legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

1.4 Grants receivable

Government grants are recognised as income when all the terms attached to the grant are within the control of the Trust. Government grants are accrued for in the period immediately prior to the year end, where the measurement of expenditure defrayed but not recovered, is certain.

1.5 Resources expended

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts. Expenditure on operational programmes is recognised in the period in which it is incurred.

1.6 Grants payable

The Trust awards a small number of nominal grants to other charitable organisations as recognition for their contribution to the Rivers Trusts movement.

1.7 Costs of generating funds

These comprise the costs associated with attracting voluntary income.

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

1. Principal accounting policies (continued)

1.8 Charitable expenditure and basis of allocation of costs

Comprises those costs incurred by the charity in the delivery of its activities and services to enable the Charity to meet its charitable aims and objectives. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Staff costs and overhead expenses are allocated to activities on the basis of staff time spent on those activities, over and above a material de-minimis.

1.9 Governance costs

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

1.10 Funds accounting

Funds held by the charity are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

1.11 Transfers

For funds held on behalf of other organisations, transfers between projects are executed at the fund holders' request, provided adequate justification and supporting evidence is supplied.

For funds held for the Trust, transfers are executed for projects which have been completed, but have a remaining surplus. Transfers only take place with the funders' consent.

1.12 Fixed Assets

All equipment purchased exceeding £300 is capitalised.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

	Annual rate
Office equipment & furniture	33%

1.13 Pension contributions

The pension cost charge represents the contributions payable to a personal pension scheme by the charity to the fund of an employee. The charity has no liability under the scheme other than for the payment of those contributions.

1.14 Irrecoverable Value Added Taxation

Irrecoverable Value Added Taxation is aggregated with the expenditure to which it relates.

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements
For the period ended 31st December 2005

2. Donations, legacies and similar incoming resources

	Unrestricted	Restricted	Total	Total 2004
	£	£	£	£
Donations				
Donations from individuals	182,502	-	182,502	-
Donations from organisations	3,000	-	3,000	131,640
	<hr/>	<hr/>	<hr/>	<hr/>
Donations and gifts	<u>185,502</u>	<u>-</u>	<u>185,502</u>	<u>131,640</u>

3. Investment income and interest

	Unrestricted	Restricted	Total	Total 2004
	£	£	£	£
Deposit interest	5,277	-	5,277	334
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>5,277</u>	<u>-</u>	<u>5,277</u>	<u>334</u>

4. Income from charitable activity

	Unrestricted	Restricted	Total	Total 2004
	£	£	£	£
National and European projects				
Grant income from EU funding	-	35,497	35,497	-
Grant income from organisations	-	8,500	8,500	-
Education and rivers trust development				
Grant income from organisations	-	5,000	5,000	750
Seminar income	5,061	-	5,061	6,622
Subscriptions	3,800	-	3,800	1,500
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>8,861</u>	<u>48,997</u>	<u>57,858</u>	<u>8,872</u>

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

5. Total resources expended

	Voluntary income £	National and European projects £	Education and rivers trust development £	Governance £	Total £	Total 2004 £
Direct charitable expenditure						
Meeting facility costs	-	-	4,130	-	4,130	3,953
Award and design costs	-	-	-	-	-	2,216
Interreg expenditure	-	28,025	-	-	28,025	6,080
Grants payable	-	-	27,313	-	27,313	14,500
Allocation of support costs						
Wages and salaries	1,291	17,188	54,177	4,457	77,113	14,757
Social security costs	151	2,011	6,340	521	9,023	1,173
Pension costs	68	913	2,876	237	4,094	2,106
Office costs	792	628	19,187	-	20,607	7,145
Travel	345	-	6,273	-	6,618	2,440
Depreciation	89	-	1,612	-	1,701	69
Audit	-	-	-	2,000	2,000	1,880
Accountancy	-	-	-	1,500	1,500	1,175
	<u>2,736</u>	<u>48,765</u>	<u>121,908</u>	<u>8,715</u>	<u>182,124</u>	<u>57,494</u>

No employee earned more than £60,000 in the period.

6. Net incoming resources

This is stated after charging:

	2005 £	2004 £
Depreciation of tangible assets	1,701	69
Audit	<u>2,000</u>	<u>1,880</u>

7. Grants payable

	Unrestricted £	Restricted £	Total £	Total 2004 £
Awards given	9,100	5,000	14,100	10,000
Delegated non EU grants given	10,963	2,250	13,213	4,500
	<u>20,063</u>	<u>7,250</u>	<u>27,313</u>	<u>14,500</u>

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

8. Indemnity Insurance

The charity has paid insurance premiums to indemnify directors and senior staff from any loss arising from the neglect or defaults of directors or staff and any consequent loss.

9. Staff numbers

The average number of staff employed by the charity during the year was as follows (part time equivalent)

	Number
Core staff	<u>3</u>

10. Trustees' Remuneration and Expenses

The Trustees received no remuneration from the charity during the year.

The Trustees received reimbursement of travel costs for attending meetings totalling £955 (2004 - £nil).

11. Fixed assets

	Furniture & equipment £
Cost	
At 1 st January 2005	1,225
Additions in year	6,527
At 31 st December 2005	<u>7,752</u>
Depreciation	
At 1 st January 2005	69
Charge for the year	1,701
At 31 st December 2005	<u>1,770</u>
Net Book Value	
At 31 st December 2004	<u>1,156</u>
At 31 st December 2005	<u>5,982</u>

12. Debtors

	2005 £	2004 £
Trade debtors	40,508	2,576
Prepayments	666	759
	<u>41,174</u>	<u>3,335</u>

All debts are due within one year.

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

13. Creditors: Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	507	6,000
Other creditors	3,525	3,055
	<u>4,032</u>	<u>9,055</u>

14. Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
	£	£	£	£
Fund balances at 31 December 2005 as represented by:				
Fixed assets	5,982	-	5,982	1,156
Net current assets	142,402	1,481	143,883	82,196
Total net assets	<u>148,384</u>	<u>1,481</u>	<u>149,865</u>	<u>83,352</u>

15. Funds

	At 1 January 2005	Incoming	Outgoing	At 31 December 2005
	£	£	£	£
<u>Restricted funds</u>				
Pembrokeshire Rivers Trust	3,000	-	(1,750)	1,250
Teme Rivers Trust	5,000	-	-	5,000
Tyne Rivers Trust	500	-	(500)	-
Project: Union des Terres de Rivieres (U.TdR)	-	43,997	(48,766)	(4,769)
Grant awards	-	5,000	(5,000)	-
Restricted funds	<u>8,500</u>	<u>48,997</u>	<u>(56,016)</u>	<u>1,481</u>
<u>Unrestricted funds</u>				
General fund	74,852	199,640	(126,108)	148,384
Total funds	<u>83,352</u>	<u>248,637</u>	<u>(182,124)</u>	<u>149,865</u>

16. Fund descriptions

Pembrokeshire Rivers Trust

Funds are being held for development of Pembrokeshire Rivers Trust generally, and in particular for its Celtic Rivers Project, by way of a matched funding contribution. During the year £1,750 was released, leaving a final instalment of £1,250, which represents the balance of the fund, to be released before completion of the Celtic Rivers Project in February 2007.

ASSOCIATION OF RIVERS TRUSTS

Notes forming part of the financial statements For the period ended 31st December 2005

16. Fund descriptions (continued)

The Teme Rivers Trust

Funds were held to assist the start up of the Teme Rivers Trust, which was launched in early 2005, at which time the residual amount of £500 was released.

Tyne Rivers Trust

Funds are being held to assist the start up of a Tyne Rivers Trust when it is in a position to make progress. The original fund of £5,000 remained unused during 2005.

Project: Union des Terres de Rivieres (U.TdR)

A fund to provide and coordinate a strategic information communications network programme, between partner organisations for the exchange and dissemination of information regarding environmental, social and economic activities, planning and management tools and education awareness under the EU Interreg programme.

Grant awards

A fund to recognise outstanding contributions to the rivers trust movement.

17. Funds in deficit

Project: Union des Terres de Rivieres (U.TdR)

Under the EU Interreg IIIC programme, the Trust is entitled to claim 75% of eligible expenditure incurred on the U.TdR project as a result of its situation within the Objective 1 area of Cornwall. The remaining 25% requires matched funding from any source other than other public grant funds. The deficit during the year was partly due to a shortfall on specific matched funding income to date, which can readily be met from existing unrestricted funds if required, and partly due to timing difference between the half yearly claim at the end of November 2005 and the Trust's year end. Income is only accrued after expenditure is certified by the auditors as eligible.

18. Related party transactions

D M Haines was the director of Westcountry Rivers Trust until June 2005 and is a trustee of the Association of Rivers Trusts. The company has an agreement with Westcountry Rivers Trust for the provision of payroll services.

A Maltby is the chief executive of the Eden Rivers Trust, S Marsh-Smith is the chief executive of The Wye and Usk Foundation and N P Yonge is the chief executive of the Tweed Foundation, as well as trustee's of the Association of Rivers Trusts. There were no material transactions in respect thereof during the year to be disclosed.

The Trust is a party to an umbrella agreement related to standard terms and conditions for the provision of services, if desired, between Rivers Trusts members.

19. Control

The Charity is controlled by its directors.