

UPPER WITHAM INTERNAL DRAINAGE BOARD

STATEMENT OF ACCOUNTS

**FOR THE YEAR ENDED
31ST MARCH 2009**

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This document is the Statement of Accounts of the Upper Witham Internal Drainage Board for the financial year ended **31st March 2009**. The accounts consist of:

1. The Annual Report
2. The Auditor's Report
3. The Annual Governance Statement
4. The Statement of Responsibilities

This statement identifies the officer who is responsible for the proper administration of the Board's financial affairs.

5. The Statement of Accounting Policies

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

6. The Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure on the major activities for which the Board is responsible and compares the cost with the finance provided by the local rate payer and others.

7. The Statement of Movement on Reserves

This statement shows the changes in reserves.

8. The Balance Sheet and Notes to the Accounts

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal; and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held. The statement also includes the assets and liabilities of the Board.

UPPER WITHAM INTERNAL DRAINAGE BOARD

1. Annual Report

The Upper Witham Internal Drainage Board is an independent body created under land drainage statutes responsible for flood defence works, other than on main rivers, in the Upper Witham area. Board Members are either elected by and represent the occupiers of agricultural land/buildings in the area or are nominated by District Councils.

The Board secures income mainly from drainage rates of occupiers of agricultural holdings and from Special Levies on local authorities. The Board also pays a Precept to the Environment Agency (Anglian Region) to fund works on main rivers and for the protection of its area.

The Board consists of 17 elected Members and 18 Members nominated by 5 District Councils. Further details of the income from the Council's are attached at page 10.

During the year the Board entered into an agreement with the Witham First and Third Drainage Boards to operate a joint administration. The offices at Washingborough, of the Witham First Drainage Board was to be closed by 30th September 2009. The administration for the three Boards would all then be carried out from the Upper Witham offices, J1 The Point, LINCOLN.

The current Clerk and Finance Officer of the Board was due to retire in March 2009 and Mr C.J.Elkington the Chief Executive to Witham First and Third Boards had been appointed to look after the affairs of Upper Witham with effect from 1st January 2009. The joint administrative arrangement was to be effective from 1st April 2009.

During the year, after a break-in and vandalism at the Pyewipe Pumping Station, diesel oil leaked into the Main Drain and then into the Fosdyke Canal. The clean up operation for incident amounted to in excess of £32,000.

After protracted negotiations with the Board's insurers a total settlement of £22,309 was finally received in May 2009.

Summary of Financial Performance

The Board's financial position changed in the year to 31st March, 2009.

At its Estimates meeting in January 2008 the Board agreed to contribute £20,690 from balances in order to meet its estimated budget for 2008/09.

During the year the routine net expenditure remained in total around the projected £900,000. However, the three major additions of expenditure which were agreed by the Board during the year were as follows:-

	£
a) Purchase of new Mini Excavator	35,702
b) Augmentation of Pensions	25,000
c) Joint Administration (Jan – March)	8,845
	<u>69,547</u>

These items created an overall deficit for 2008/09 of £86,611. See page 8.

2. Auditors Report

3. The Annual Governance Statement

We acknowledge as the Members of the Upper Witham Internal Drainage Board our responsibility for ensuring that there is a sound system of internal control, including the preparation of the statement of accounts, and confirm, to the best of our knowledge and belief, with respect to the Board's statement of accounts for the year ended 31 March 2009 that:-

1. We have approved the statement of accounts which have been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the board to conduct its business or on its finances.
4. We have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.
5. We have carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
6. We have maintained throughout the year an adequate and effective system of internal audit of the board's accounting records and control systems and carried out a review of its effectiveness.
7. We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the board and where appropriate have included them in the statement of accounts.

The annual governance statement is approved by the Board and recorded as Finance and General Purposes Committee Minute referencedated 22nd June 2009.

Signed on behalf of Upper Witham Internal Drainage Board

Signed by Chairman:.....

Signed by Chief Executive and Clerk:.....

Dated.....

4. Statement of Responsibilities for the Statement of Accounts

The Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Chief Executive and Clerk;
- to manage its affairs to secure economic efficient and effective use of its resources and safeguard its assets.

The Chief Executive and Clerk's Responsibility

The Chief Executive and Clerk is responsible for the preparation of the Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ending 31 March 2009.

In preparing this statement of accounts, the Chief Executive and Clerk has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- compiled the accounts in accordance with the Financial Reporting Standard for Smaller Entities 2007 issued by the Accounting Standards Board and had regard to the guidance published by the Association of Drainage Authorities on Accounting for Larger IDBs;
- applied the accounting concept of a "going concern" by assuming that the IDB will continue to operate for the foreseeable future.

The Chief Executive and Clerk has:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Responsible Financial Officer

This statement of accounts is that upon which the auditor should enter his certificate and opinion. It provides a true and fair view of the financial position of the Board at 31 March 2009 and its income and expenditure for the year then ended.

Certificate of the Chairman of the Board

I confirm that these accounts have been approved by the Upper Witham Internal Drainage Board at a meeting held on 17th May 2010.

Signed by Chairman.....

Dated.....

5. Statement of Accounting Policies

General

1. This statement of accounts has been prepared in accordance with the Financial Reporting Standards for Smaller Entities 2007 (FRSSE) issued by the Accounting Standards Board. In preparing the statements regard has been had to the Guidance published by the Association of Drainage Authorities.
2. These accounts have been prepared in accordance with the following accounting concepts:
 - Accruals
 - Relevance
 - Consistency
 - Reliability
 - Comparability
 - Understandability
 - Materiality and
 - Going Concern.

Fixed Assets

3. Fixed Assets, recognised as expenditure on the acquisition, creation or enhancement of fixed assets with a value in excess of £5,000 and with estimated lives in excess of one year are capitalised on an accruals basis in the accounts.
4. Fixed Assets are valued on the following basis:
 - Land and buildings are included in the balance sheet at cost or net realisable value if lower.
 - Vehicles, plant and equipment are included at cost less depreciation.
 - Pumping Stations are included at a value estimated by the Boards Engineer and Clerk in 2007. These values are currently being used for insurance purposes.
5. Disposals of plant and vehicles are written off at cost less depreciation. Any surplus or deficit arising is charged / credited to the Income and Expenditure account.
6. All office equipment, computer equipment and furniture with a purchase cost below £5,000 is purchased from revenue. There are no items with a purchase cost of more than £5,000. All items within the office are included in an inventory which is open to inspection.

Stocks and work in progress

7. Stocks are valued at the lower of cost or net realisable value. There are no works in progress.

Government grants and subsidies

8. Government grants and contributions have been credited to the income and expenditure account on an accruals basis.

Operating Leases

9. There are no operating leases.

Provisions

10. The Board sets aside provisions where there is a definite liability, but the amount and timing of the settlement is not known. There are no known provisions.

Pensions

11. The Board are now required to include the results of the actuarial valuation of its pension fund within its accounts. (See Balance Sheet - Page 9)

Post balance sheet events

12. There are no post balance sheet events.

Taxation

13. Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is generally recoverable as a refund.

Exceptional items, extraordinary items and prior year adjustments

14. There are no material exceptional or extraordinary items to disclose in the accounts. There are no material, prior period adjustments in the accounts.

Discontinued operations

15. The Board had no material operations which it acquired or which were discontinued in the year.

6. Upper Witham Internal Drainage Board

Income and Expenditure Account

2007/08		2008/09	Notes
£		£	
	<u>Income</u>		
191,533	Drainage Rates	195,762	
621,584	Special Levies on Councils	638,496	1
403	Grants Received	750	2
61,763	Income from Rechargeable Works	85,862	
5,142	Interest on Balances	17,652	
7,825	New Works and Improvements	8,025	
155,136	EA Contributions – Highland Water	137,021	
490,679	Sale of Offices	0	
13,102	Other Income	13,802	
0	Pyewipe – Insurance (On Account)	20,000	t
<u>1,547,167</u>		<u>1,117,370</u>	
	<u>Expenditure</u>		
171,766	Environment Agency Precept	157,105	
73,558	New Works and Improvements	55,894	
141,603	Pumping Stations	168,477	*
345,418	Drain Maintenance	358,740	
5,020	Members Expenses	4,278	
61,763	Cost of Rechargeable Works	85,862	
53,902	Office Costs	45,478	
154,745	Departmental Costs - Engineer	127,017	
110,962	- Clerks	152,052	
<u>100,000</u>	Loan Repayment	NIL	
1,218,737		<u>1,154,903</u>	
	<u>Exceptional Items</u>		
0	Purchase of Mini Excavator	35,702	
<u>12,474</u>	Plant Renewals Account	<u>13,376</u>	
<u>315,956</u>	Net Operating Surplus/(Deficit) for year	<u>(86,611)</u>	

* Includes expenditure of £32,178 on the Pyewipe pollution incident.

t In addition to the £20,000 a final further payment of £2,309 is expected to be received from the Board's Insurers to meet the Board's claims at Pyewipe P.S.

7. Statement of Movement on Reserves

£		£
<u>315,956</u>	Income and Expenditure Surplus / (Deficit)	<u>(86,611)</u>
164,902	Opening Reserves	480,858
<u>480,858</u>	Closing Reserves	<u>394,247</u>
<u>315,956</u>		<u>(86,611)</u>

**8. Upper Witham Internal Drainage Board
Balance Sheet as at 31 March 2009**

2008		2009	Notes
£		£	
	Tangible Fixed Assets		
1,363,000	Infrastructure	1,363,000	} See Note 8
410,928	Land and Buildings	410,928	
714,844	Vehicles and Plant	710,919	
2,488,772	Fixed Assets	2,484,847	
	Current Assets		
21,100	Stock, stores and postages	17,673	9
66,155	Debtors and Prepayments	65,776	10
300,000	Short Term Investments	250,000	11
121,153	Cash at bank and in hand	97,095	
	Current Liabilities		
27,550	Creditors and Receipts in Advance	36,297	12
480,858	Net Current Assets	394,247	
2,969,630	Total Assets less Current Liabilities	2,879,094	
(226,000)	Pensions Liability	(566,000)	
NIL	Long Term Borrowing	NIL	
2,743,630	Total Assets less Liabilities	2,313,094	
	Represented by:-		
	Usable Reserves		
93,058	Plant and Vehicles Renewals Fund	94,165	13
387,800	General Reserve	300,082	
	Other Reserves		
2,488,772	Capital Acquisition Reserve	2,090,403	
0	Plant and Vehicle Depreciation Reserve	394,444	
(226,000)	Deferred Pensions Reserve	(566,000)	
2,743,630		2,313,094	

Notes to the Accounts

1) Special levies

	2008/09	2007/08
	£	£
City of Lincoln Council	351,638	345,326
North Kesteven District Council	147,638	141,122
South Kesteven District Council	95,080	92,630
West Lindsey District Council	35,716	34,962
Newark & Sherwood District Council	8,424	7,544
	<hr/> 638,496	<hr/> 621,584

2) Government grants received from DEFRA / EA

	2008/09	2007/08
	£	£
S106 – Boutham Pumping Station Refurbishment	750	0
S107 – Torksey Weedscreen Cleaner	0	403

3) Pension Fund Contributions: The Board pays an employers contribution of 26.5% of the employees' superannuable reckonable pay into the Lincolnshire County Council Pension Fund. The cost for the period is accounted for as a defined contribution scheme and amounted to £85,888 for the year.

The Annual Report of the Board's Pension Fund is available from the Chief Executive and Clerk at the Board's Offices.

4) Remuneration of Employees:

No one individual employee was paid a remuneration in excess of £50,000.

5) Audit Fees and Expenses

The fees paid to the Board's Internal Auditor of the accounts for 2007/08 were £1,875 (2006/07 £1,688). The fees provided for the Board's External Auditors for the 2007/08 accounts are £6,000 (2006/07 £2,938).

6) Related Party Transactions

The Board receive Levy income for five District Councils which have property within the Board's area (See Note 1 above).

The Board receive income from the Environment Agency as a contribution towards the costs of dealing with water entering the Board's area from higher ground.

The Board pay a precept to the Environment Agency (Anglian Region) as a contribution towards the works carried out within the Board's area by the Environment Agency.

7) Post balance sheet events

There were no post balance sheet events.

8) Tangible Fixed Assets

Cost	Infrastructure Pumping Stations £	Land and Buildings £	Vehicle and Plant £	Total £
Opening balance	1,363,000	410,928	714,844	2,488,772
Disposals	NIL	NIL	100,813	100,813
Additions	NIL	NIL	96,888	96,888
As at 31/3/2009	1,363,000	410,928	710,919	2,484,847
Depreciation				
Opening balance	0	0	324,131	324,131
Disposals	0	0	0	0
Charge for year	0	0	70,313	70,313
As at 31/3/2009	0	0	394,444	394,444
Net Book Value at 31/3/2009	1,363,000	410,928	316,475	2,090,403

9) Stocks, Stores and Postages

	2008/09	2007/08
	£	£
Stocks and Stores	17,490	20,829
Postages	183	271

10) Debtors and payments in advance

	2008/09	2007/08
	£	£
Ordinary Debtors	63,659	46,870
Drainage Rate Debtors	1,098	1,094
HM Revenue and Customs (VAT)	1,019	18,191
Amounts falling due within one year	65,776	66,155
Other Debtors falling due after one year	NIL	NIL

11) A **Short Term Investment** of £250,000 was placed with the Coventry Building Society

12) Creditors and Receipts in Advance

	2008/09	2007/08
	£	£
Sundry Creditors	36,297	27,550
Development Contributions paid in advance	NIL	NIL
Grants paid in advance	NIL	NIL

13) Plant and Vehicle Renewals Fund

		£	
Balance b/fwd 1 st April 2008			93,058
		£	
Add - Sales		5,893	
Interest on balances		4,236	
Contribution from Renewals a/c		60,184	<u>70,313</u>
			163,371
<u>Less</u> Purchases - Over £5,000		61,186	
- Under £5,000		8,020	<u>69,206</u>
Balance c/fwd 31st March 2009			<u>94,165</u>

14) Contingent Gains

Scheme No.	Balance	Expenditure	Income	Balance
R11	1.4.208	2008/09	2008/09	31.03.2009
	£	£	£	£
Running	46,263	0	0	46,263
Furrows				
Balancing				
Lagoon				