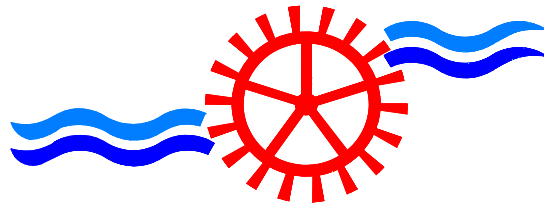


**SOUTH HOLLAND  
INTERNAL DRAINAGE BOARD**



**STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDING  
31st MARCH 2006**

Marsh Reeves  
Foxes Lowe Road  
Holbeach  
SPALDING  
Lincs  
PE12 7PA

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**SOUTH HOLLAND INTERNAL DRAINAGE BOARD**  
**MEMBERSHIP FOR THE YEAR ENDING 31st MARCH 2006**

**ELECTED MEMBERS**

<u>NAME</u>	<u>TOTAL MEETINGS</u>	<u>NUMBER ATTENDED</u>	<u>ATTENDANCE %</u>	<u>CONTACT DETAILS</u>
Geest J L van	8	7	88	john@jlfarms.co.uk
Grundy N J	11	8	73	info@south-holland-idb.gov.uk
Hay A G	11	9	82	andrew.hay@farmline.com
Hay G A	6	3	50	info@south-holland-idb.gov.uk
Markillie S A R *	14	13	93	strawberryhall@farmersweekly.net
Sly D	8	7	88	info@south-holland-idb.gov.uk
Taylor S (From 01/11/05)	2	2	100	info@south-holland-idb.gov.uk
Thompson R C	5	5	100	george.thompson.farms.ltd@farmline.com
Ward J W	10	6	60	info@south-holland-idb.gov.uk
Worth D R **	14	11	79	dworth@qvfoods.ltd.uk

**APPOINTED MEMBERS**

Atkin J M	7	5	71	mikeandpatatkin@yahoo.com
Biggadike A J	6	6	100	alan@biggadike4holme.freeserve.co.uk
Biggadike F	9	8	89	info@south-holland-idb.gov.uk
Booth S M	6	4	67	info@south-holland-idb.gov.uk
Bray T	5	5	100	info@south-holland-idb.gov.uk
Espin P A	4	3	75	info@south-holland-idb.gov.uk
Keeble S	6	3	50	shaun_keeble@hotmail.com
Przyslak P S (From 02/08/05)	4	2	50	info@south-holland-idb.gov.uk
Taylor M R	5	5	100	info@south-holland-idb.gov.uk
Walls P M (From 02/08/05)	3	3	100	info@south-holland-idb.gov.uk
Williams Mrs D P	4	3	75	stephenwilliams@sholland.gov.uk

\* Chairman      \*\* Vice-Chairman

<b><u>OFFICERS</u></b>	<b><u>POSITION</u></b>	<b><u>CONTACT DETAILS</u></b>
Camamile P J	Chief Executive Officer	phil.c@south-holland-idb.gov.uk
Daft K M	Office Manager/Finance Officer	karen.d@south-holland-idb.gov.uk
Dann G R	Engineer/Planning & Environmental Officer	george.d@south-holland-idb.gov.uk
Green S A	Works Supervisor	info@south-holland-idb.gov.uk
Hunt S P	Engineer/Information Officer	steve.h@south-holland-idb.gov.uk
Merrill J A	Secretary/Administrator	jan.m@south-holland-idb.gov.uk
Price A D	Operations Manager/Health & Safety Supervisor	info@south-holland-idb.gov.uk
Vines K J L	Engineering Manager/Health & Safety Officer	karl.v@south-holland-idb.gov.uk

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
STATEMENT OF ACCOUNTS**

**EXPLANATORY FOREWORD**

**INTRODUCTION**

The Board's accounts for the financial year 2005/06 are set out on pages 6 to 14. They consist of the statements explained below.

- **The Income and Expenditure Account (page 6)**

This statement shows the gross expenditure, income and net expenditure on the major functions and services for which the Board is responsible, and compares that cost with the finance provided from Ratepayers and other income.

- **The Balance Sheet (page 7)**

This is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves of the Board and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. Also included are the assets and liabilities of all activities of the Board.

- **The Cash Flow Statement (page 8)**

This statement shows the cash movements of the Board for the year and reconciles the operating surplus to actual cash flows.

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts.

## **STATEMENT OF RESPONSIBILITIES**

### **The Board is required:**

- a) 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 Officer.
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **The Chief Executive Officer's Responsibilities**

The Chief Executive Officer is responsible for the preparation of the Board's Statement of Accounts, which is required to present fairly the financial position of the Board as at the accounting date, and its income and expenditure for the year ended 31st March 2006.

In preparing this Statement of Accounts, the Chief Executive Officer has:-

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgement and estimates that were reasonable and prudent;
- c) complied with generally accepted accounting practice (UK GAAP).

The Chief Executive Officer has also:-

- a) kept proper accounting records which were upto date;
- b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER**

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion. It presents fairly the financial position of the Board at 31st March 2006 and its income and expenditure for the year then ended.

Name: P J Camamile

Designation: Chief Executive Officer

Date: 14<sup>th</sup> July 2006

## STATEMENT OF ASSURANCE

We acknowledge as the members of South Holland 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 31st March 2006, that:

		Agreed – Yes or No	'Yes' Means that the Board:
1.	We have approved the Statement of Accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	Yes	Prepared its Statement of Accounts in the way prescribed by law.
2.	We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	Yes	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
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.	Yes	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4.	We have provided proper opportunity for the exercise of electors' rights in accordance with the Accounts and Audit Regulations.	Yes	Has given all persons interested the opportunity to inspect and ask questions about the Board's accounts.
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.	Yes	Considered the financial and other risks it faces in the operation of the Board and has dealt with them properly.
6.	We have maintained an adequate and effective system of internal audit of the Board's accounting records and control systems.	Yes	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Board.
7.	We have taken what we consider to be appropriate action on all matters raised in previous reports from the internal and external audit.	Yes	Has taken appropriate action in response to matters brought to its attention by 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.	Yes	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.

This Statement of Assurance is approved by the Board on the 1<sup>st</sup> August 2006.

Signed on behalf of South Holland Internal Drainage Board

Signed by Chairman: S A R Markillie

Signed by Chief Executive Officer: P J Camamile

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDING 31st MARCH 2006**

INCOME	Note	LAST YEAR £	THIS YEAR £	ESTIMATE £
Rates Collected by the Board		780,162.28	806,180.48	806,412.00
Special Levies Issued by the Board	2	927,334.00	968,447.00	968,447.00
Income From Rechargeable Works		18,420.93	87,828.39	0.00
Other Income	3	98,219.42	110,271.92	69,000.00
<b>Total Income for the Year</b>		<b>1,824,136.63</b>	<b>1,972,727.79</b>	<b>1,843,859.00</b>
 <b>EXPENDITURE</b>				
Capital Works	4	83,051.93	107,350.13	119,357.00
Precept Contributions	5	188,487.00	165,963.00	165,963.00
Maintenance of Watercourses	6	808,915.90	895,842.13	935,080.00
Pumping Stations, Sluices & Slackers	6a	225,851.57	216,328.27	213,067.00
Administrative Staff Costs	7	337,568.82	360,893.53	371,593.00
Establishment Charges	8	43,931.69	42,708.23	55,175.00
Revenue contributions towards other capital outlay	9	3,326.14	8,948.00	10,000.00
Rechargeable Works		14,978.99	74,821.51	0.00
Other Current Expenses	10	32,019.61	28,727.85	79,925.00
Net Surplus/Deficit on Operating Accounts		-43,417.44	-11,005.53	0.00
Transfer to Fixed Plant Renewals Account		0.00	0.00	0.00
<b>Total Expenditure for the Year</b>		<b>1,694,714.21</b>	<b>1,890,577.12</b>	<b>1,950,160.00</b>
 <b>Net Surplus/Deficit for the Year</b>	 11	 <b>129,422.42</b>	 <b>82,150.67</b>	 <b>-106,301.00</b>

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
BALANCE SHEET  
AS AT 31st MARCH 2006**

	Note	LAST YEAR £	MOVEMENT £	THIS YEAR £
<b>Fixed Assets</b>	12	1,514,791.93	88,508.66	1,603,300.59
Depreciation		924,381.86	114,908.83	1,039,290.69
		590,410.07	-26,400.17	564,009.90
<b>Current Assets</b>				
Stocks & Consumables		14,473.41	19,971.55	34,444.96
Work in Progress		5,013.46	-1,750.27	3,263.19
Ratepayers Due	13	605.68	-275.96	329.72
Sundry Debtors		1,316.43	5,878.11	7,194.54
VAT Recoverable		8,478.39	8,889.80	17,368.19
Ministry Grants		1,086.39	11,700.00	12,786.39
Term Deposits	14	1,520,000.00	225,000.00	1,745,000.00
Cash at Bank and in Hand	15	5,951.96	80,054.88	86,006.84
Postage Units Control		389.24	23.19	412.43
Prepayments Control		23,505.32	-5,330.36	18,174.96
		1,580,820.28	344,160.94	1,924,981.22
<b>Less Current Liabilities</b>				
Creditors		93,004.33	17,323.58	110,327.91
Holiday Entitlement Control		4,238.02	192.98	4,431.00
Compensation Payable		23,000.00	-20,913.36	2,086.64
Capital Works Reserve		15,596.49	351,929.42	367,525.91
Debtors Refundable		21,509.38	-21,509.38	0.00
		157,348.22	327,023.24	484,371.46
<b>NET CURRENT ASSETS</b>		1,423,472.06	17,137.70	1,440,609.76
<b>TOTAL ASSETS</b>		<b>2,013,882.13</b>	<b>-9,262.47</b>	<b>2,004,619.66</b>
<b>FINANCED BY</b>				
Capital met out of Revenue		1,514,791.93	-69,491.34	1,445,300.59
Depreciation		924,381.86	114,908.83	1,039,290.69
		590,410.07	-184,400.17	406,009.90
<b>Funds</b>				
General Reserve	16	608,572.11	82,150.67	690,722.78
Capital Receipts Unapplied	17	211,864.18	-15,082.77	196,781.41
Mobile Plant Renewals Fund	18	196,681.30	43,601.50	240,282.80
Fixed Plant Renewals Fund	19	225,510.33	-44,834.33	180,676.00
I T Renewals Fund (Computers)	20	67,705.14	-48,697.37	19,007.77
Precept Stabilisation Fund	21	113,139.00	0.00	113,139.00
Revaluation Reserve		0.00	158,000.00	158,000.00
		1,423,472.06	175,137.70	1,598,609.76
<b>TOTAL LIABILITIES</b>		<b>2,013,882.13</b>	<b>-9,262.47</b>	<b>2,004,619.66</b>

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
CASH FLOW STATEMENT  
FOR THE YEAR ENDING 31st MARCH 2006**

	£	£
<b>Cash flow from operating activities (note 1)</b>		395,158.55
<b>Capital Expenditure</b>		
Purchase of tangible fixed assets	-141,176.90	
Sale of plant and machinery	<u>51,073.23</u>	-90,103.67
<b>Management of Liquid Resources</b>		
Increase in short term deposits		<u>-225,000.00</u>
		<u>80,054.88</u>

**Note 1 - Reconciliation of operating surplus to operating cash flows**

Operating surplus	82,150.67	
Depreciation Charges	131,405.01	
Increase in stocks	-18,221.28	
Increase in debtors	-20,884.78	
Increase in creditors	7,787.87	
Less contributions applied	-160,000.00	
Increase in provisions	353,003.83	
Development contributions received	<u>19,917.23</u>	
Net cash inflow from operating activities		<u>395,158.55</u>

**Note 2 - Reconciliation of net cashflow to movement in net funds**

		£
Increase in cash		80,054.88
Cash used to increase current asset investments		<u>225,000.00</u>
Change in net funds		305,054.88
Net funds at 31/03/05		<u>1,525,951.96</u>
Net funds at 31/03/06		<u>1,831,006.84</u>

**Note 3 - Analysis of changes in Net Funds**

	At 01/04/05	Cashflow	At 31/03/06
Cash at bank and in hand	5,951.96	80,054.88	86,006.84
Current asset investments	1,520,000.00	225,000.00	1,745,000.00
	<u>1,525,951.96</u>	<u>305,054.88</u>	<u>1,831,006.84</u>

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
NOTES TO THE ACCOUNTS**

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

**a) GENERAL**

The accounts have been prepared in accordance with generally accepted accounting practice (UK GAAP).

**b) FIXED ASSETS**

Fixed assets are stated at historical cost less depreciation as referenced in note C.

The main categories of fixed assets are:

Fixed Plant and Equipment  
Mobile Plant and Equipment  
Light Plant and Equipment  
Computer Equipment  
Radio Telephone Equipment  
Office Site  
Offices and Workshops  
Bungalow at Sutton Bridge  
83 Bridge Road, Sutton Bridge

**c) DEPRECIATION**

Depreciation of plant and equipment is charged to the Plant Operations Account.

Depreciation is charged on a straight line basis, with the exception of light plant which is charged on a reducing balance basis. Rates of depreciation are as follows:-

<b>Asset Group</b>	<b>Estimated Life (Years)</b>
Fixed pumping plant	20
Tractors	7
Light Plant	7
Excavators	7
Lifting Equipment	5
Commercial Vehicles	4
Flailmowers	4
Computer and Radio Equipment	3

**d) DEBTORS**

There is no provision for bad debts.

**e) STOCK AND WORK IN PROGRESS**

Stock and work in progress are valued at the lower of cost or net realisable value in accordance with SSAP9.

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDING 31st MARCH 2006**

NOTE	LAST YEAR	THIS YEAR	ESTIMATE
	£	£	£
<b>2</b>	<b>SPECIAL LEVIES ISSUED BY THE BOARD</b>		
South Holland District Council	926,651.00	967,741.00	967,741.00
Boston Borough Council	683.00	706.00	706.00
	<u>927,334.00</u>	<u>968,447.00</u>	<u>968,447.00</u>
<b>3</b>	<b>OTHER INCOME</b>		
Rents & Acknowledgements	5,192.19	6,123.69	5,000.00
Investment Interest	84,318.66	94,587.13	60,000.00
Engineering & Administration Fees	50.00	300.00	0.00
Sundry Income	3,258.57	7,861.10	4,000.00
Maintenance Contributions	5,400.00	1,400.00	0.00
	<u>98,219.42</u>	<u>110,271.92</u>	<u>69,000.00</u>
<b>4</b>	<b>CAPITAL WORKS</b>		
First Line Sluice Refurbishment	0.00	100,000.00	100,000.00
Second Line Sluice Refurbishment	0.00	10,097.30	18,000.00
Pumping Station Outfalls	0.00	0.00	16,000.00
Pumping Station Switchgear Refurbishment	0.00	155,000.00	109,741.00
Telemetry	0.00	50,000.00	40,000.00
Infrastructure Health & Safety Works	0.00	88,000.00	160,000.00
Hundred Drain Improvement Scheme	10,549.32	0.00	0.00
Wheatmere Drain Improvement	50,000.00	1,502.83	2,000.00
Fleet Fen P S Refurbishment	33,486.85	0.00	0.00
Sutton Bridge Sluice Refurbishment	27,580.24	0.00	0.00
Yard Improvements	8,968.09	0.00	0.00
Electrical Refurbishment of Pumping Stations	2,414.20	0.00	0.00
Roses/Quick Lane Connection Scheme	48,053.57	0.00	0.00
	<u>181,052.27</u>	<u>404,600.13</u>	<u>445,741.00</u>
Contributions and interest applied	-98,000.34	-297,250.00	-326,384.00
	<u>83,051.93</u>	<u>107,350.13</u>	<u>119,357.00</u>
<b>5</b>	<b>PRECEPT CONTRIBUTIONS</b>		
Annual Precept	188,487.00	165,963.00	165,963.00
Precept Fluctuation Reserve	0.00	0.00	0.00
	<u>188,487.00</u>	<u>165,963.00</u>	<u>165,963.00</u>
<b>6</b>	<b>MAINTENANCE OF WATERCOURSES</b>		
Hand Roding	8,414.26	9,392.00	13,715.00
Mechanical Roding	399,389.95	408,356.27	421,391.00
Chemical Weed Control	23,075.63	18,340.20	26,850.00
Mudding Channels	33,478.13	59,380.29	33,681.00
Cleansing Culverts/Inspecting Pipelines	32,853.72	39,061.67	40,000.00
Bushing & Tree Coppicing	68,578.24	58,444.33	80,000.00
Vermin Control	10,895.68	8,958.78	20,000.00
New Access Works	87,284.00	89,287.94	85,425.00
Fascines	77,142.35	134,370.00	119,000.00
Reinstating Land Tile Outfalls	0.00	19.60	1,090.00
Culvert Repairs & Renewals	42,901.06	38,586.14	54,000.00
Gauge Boards	0.00	28.40	0.00
Fencing & Gates	2,763.60	8,636.27	5,600.00
Rubbish Clearance (Inert)	2,842.13	6,059.64	5,000.00
Rubbish Clearance (Vehicles)	174.31	542.15	3,000.00

NOTE	LAST YEAR	THIS YEAR	ESTIMATE
	£	£	£
Rubbish Clearance (Hazardous)	0.00	1,818.52	1,200.00
Rubbish Clearance (Tyres)	862.35	304.15	5,000.00
Wracking	3,121.60	3,357.80	4,900.00
General Duties	13,839.07	9,433.46	12,622.00
Freshwater Feeds	1,299.82	1,464.52	2,606.00
	<u>808,915.90</u>	<u>895,842.13</u>	<u>935,080.00</u>
<b>6A PUMPING STATIONS &amp; STRUCTURES</b>			
Pumping Stations	168,871.69	187,206.92	177,767.00
Tidal Sluices	49,128.99	19,866.61	23,200.00
Second Line Sluices	3,397.16	7,455.08	8,800.00
Water Level Control Structures	4,453.73	1,799.66	3,300.00
	<u>225,851.57</u>	<u>216,328.27</u>	<u>213,067.00</u>
<b>7 ADMINISTRATIVE STAFF COSTS</b>			
Staff Salaries	251,688.46	263,669.44	264,485.00
Employers National Insurance	22,997.16	24,811.72	24,750.00
Employers Superannuation	38,722.48	49,698.15	55,097.00
Staff Travelling & Subsistence	15,581.82	15,039.04	16,000.00
Staff Telephone	762.92	759.44	950.00
Training Fees	3,648.00	1,002.86	4,100.00
Employers Stakeholder Pension	4,167.98	5,912.88	6,211.00
	<u>337,568.82</u>	<u>360,893.53</u>	<u>371,593.00</u>
<b>Lincolnshire County Council - Superannuation</b> - The Board pays an employer's contribution of employee's pensionable pay into the Local Government Pension Scheme, as administered by Lincolnshire County Council. The employer's rate at 31st March 2006 is 25.7% for 19 employees (of employee's pensionable remuneration). Employer's contributions are adjusted every three years when the pension fund undertakes an actuarial review. The Scheme is treated on a defined contribution basis for FRS 17.			
A copy of the Pension Fund report can be obtained from the Lincolnshire County Council.			
<b>8 ESTABLISHMENT CHARGES</b>			
Insurances	7,173.92	7,417.46	7,500.00
Office and Site Maintenance	6,646.41	4,763.56	10,300.00
NNDR & Metered Water	6,702.87	5,267.52	9,000.00
Cleaning & Materials	2,961.92	3,011.27	3,150.00
Lighting & Heating	2,009.33	1,682.25	1,875.00
Telephones	3,460.40	3,111.03	3,875.00
Radio Telephone Maintenance	1,009.22	82.00	1,100.00
Printing, Stationery & Advertising	3,636.61	3,247.83	4,050.00
Office Equipment Supplies & Maintenance	2,828.90	3,990.61	4,700.00
Computer Services	4,201.92	5,283.50	5,400.00
Drawing Office Supplies & Maintenance	1,968.68	3,106.39	2,600.00
Postages	1,279.86	1,606.81	1,625.00
Election Expenses	0.00	0.00	0.00
Staff Personal Protective Equipment	51.65	138.00	0.00
	<u>43,931.69</u>	<u>42,708.23</u>	<u>55,175.00</u>
<b>9 REVENUE CONTRIBUTIONS TOWARDS OTHER CAPITAL OUTLAY</b>			
Office Equipment & IT Replacement Provision	2,500.00	7,948.00	8,000.00
Radio Telephone	0.00	0.00	1,000.00
Drawing Office Equipment	826.14	1,000.00	1,000.00
	<u>3,326.14</u>	<u>8,948.00</u>	<u>10,000.00</u>

NOTE	LAST YEAR	THIS YEAR	ESTIMATE
	£	£	£
<b>10 OTHER CURRENT EXPENSES</b>			
Former Staff Superannuation Charges	3,219.17	3,589.22	3,650.00
Annual Inspection Expenses	127.98	154.00	1,050.00
Subscriptions & Conference Expenses	5,272.47	3,692.03	4,700.00
Members Travelling Expenses	1,479.10	1,198.85	1,625.00
Audit Fee	2,310.00	2,232.00	4,000.00
Legal & Professional Charges	10,181.54	7,376.92	10,000.00
Bad Debts & Value Decreases/Increases	642.10	1,323.16	45,000.00
Sundry Debtors Written Off	0.00	115.01	300.00
Sundry Expenses	1,094.32	1,043.56	1,100.00
Settlement Discount @ 2.5%	7,692.93	8,003.10	8,500.00
	<u>32,019.61</u>	<u>28,727.85</u>	<u>79,925.00</u>

Former staff superannuation charges relate to enhanced pensions made to former employees prior to 1993.

<b>11 NET SURPLUS/DEFICIT FOR YEAR</b>			
Revenue Reserves	479,149.69	608,572.11	
Net Surplus/(Deficit) For Year	<u>129,422.42</u>	<u>82,150.67</u>	
Net Surplus/(Deficit) c/f	<u>608,572.11</u>	<u>690,722.78</u>	

	LAST YEAR	MOVEMENT	THIS YEAR
	£	£	£
<b>12 FIXED ASSETS</b>			
Plant & Equipment	1,132,207.55	-74,676.96	1,057,530.59
Light Plant & Equipment	34,839.76	-4,393.38	30,446.38
Computer Equipment	44,877.00	9,579.00	54,456.00
Radio Telephone Equipment	11,654.50	0.00	11,654.50
Office Site	42,500.00	0.00	42,500.00
Offices & Workshops	214,713.12	0.00	214,713.12
Bungalow at Sutton Bridge	34,000.00	0.00	34,000.00
83 Bridge Road, Sutton Bridge	0.00	158,000.00	158,000.00
	<u>1,514,791.93</u>	<u>88,508.66</u>	<u>1,603,300.59</u>

<b>13 RATEPAYERS DUE</b>			
Drainage Rates	494.28	-220.26	274.02
Collection Costs	<u>111.40</u>	<u>-55.70</u>	<u>55.70</u>
	<u>605.68</u>	<u>-275.96</u>	<u>329.72</u>

	PRINCIPAL	% RATE	MATURITY
<b>14 TERM DEPOSITS</b>			
Tipton & Coseley Building Society	355,000.00	4.5200%	13/04/06
Saffron Walden, Herts & Essex Building Society	400,000.00	4.5100%	28/04/06
Dudley Building Society	500,000.00	4.5300%	15/05/06
Tipton & Coseley Building Society	300,000.00	4.5200%	31/05/06
Loughborough Building Society	<u>190,000.00</u>	4.5800%	15/06/06
	<u>1,745,000.00</u>		

	LAST YEAR	MOVEMENT	THIS YEAR
	£	£	£
<b>15 CASH AT BANK AND IN HAND</b>			
Bank Current Account	1,406.40	-202.64	1,203.76
Bank Business Call Account	2,897.52	81,844.99	84,742.51
Bank Premier Account	1,561.53	-1,529.03	32.50
Petty Cash	71.51	-58.44	13.07
Collectors Float	15.00	0.00	15.00
	<u>5,951.96</u>	<u>80,054.88</u>	<u>86,006.84</u>

**NOTE****16 GENERAL RESERVE**

The District Auditor has indicated that the Board's level of General Reserve should not be less than 25% of net expenditure, which up until two years ago had not been achieved. More recently the Board resolved in February 2005 to maintain in real terms a General Reserve of £500,000, given the extent of its responsibilities, climate change, known contingent liabilities and uncertainty which exists in the operating environment.

As can be noted from the above, we have increased this Reserve by £82,151 during the year. Although the balance of this Reserve is now £690,723 as at 31st March 2006, we are planning to fund £118,244 of next year's estimate from this Reserve, which will take the balance down to £572,479 by the end of the following year. This balance may yet be lower as we now know that DEFRA grant aid for capital work has been withdrawn for the foreseeable future.

Without creating a Contingent Liabilities Reserve, the Board should only ever consider reducing the General Reserve below £500,000 if assurances can be provided by Central Government or the Environment Agency that financial assistance will be forthcoming in the event of an emergency or a prolonged period of high rainfall. We also need to be quite clear as to what is meant by an 'emergency' and what the extent of the Board's role is in such an emergency.

It should also be remembered that balances can only be spent once. A one-off raid on our finances without a sustainable strategy of making drainage services more affordable longer term would not be sensible. By working with other IDBs and the District Council we could collectively deliver a significant reduction in administration expenditure without compromising operational capability or our ability as a Board to respond in an emergency.

	LAST YEAR	MOVEMENT	THIS YEAR
	£	£	£
<b>17 CAPITAL RECEIPTS UNAPPLIED RESERVE</b>			
Development Contributions Received	547,628.10	19,917.23	567,545.33
Land Sales	26,319.67	0.00	26,319.67
Investment Interest Apportioned	173,817.49	0.00	173,817.49
	<hr/> 747,765.26	<hr/> 19,917.23	<hr/> 767,682.49
Contributions & Interest Applied	535,901.08	35,000.00	570,901.08
Net Surplus/(Deficit) c/f	<hr/> 211,864.18	<hr/> -15,082.77	<hr/> 196,781.41

The purpose of this Reserve is to reduce the impact on drainage rates from development that takes place in the area. The Board charges developers a standard rate per impermeable hectare for agricultural land which is developed and becomes a hard standing area, such as housing, roadways etc. The money is credited to this Reserve and then used to reduce the gross cost of capital work needed to cater for the additional flows arising from such development. The income for this reserve therefore comes exclusively from developers and is used to benefit ratepayers and council tax payers by lower drainage rates/special levies.

As can be noted from the above, we applied £15,083 more than we received from developers this year, which is symptomatic of the move away from direct discharge to SUDS (Sustainable Urban Drainage Systems - attenuated flows now being the preferred option) as part of Planning Policy Guidance 25 and Planning Policy Statement 25. It is therefore anticipated that this Reserve will reduce substantially in coming years; however the liability in terms of improvement work which will be needed to accommodate previous development will continue way beyond the life of this Reserve and far exceed its value, hence the need for SUDS in the short term and hydrological modelling of our catchments in the medium to long term.

**18 MOBILE PLANT RENEWALS PROVISION**

The purpose of this Provision is to reduce the impact on drainage rates as and when equipment is bought and sold, in accordance with the plant renewals programme. Depreciation is its primary source of income, which largely comes from drainage rates/special levies in the form of plant charges included within the maintenance budget, together with any profits on disposal and plant operating surpluses. Changes in hourly charge out rates are determined by the Operations Manager and Chairman of the Plant and Development Committee. Expenditure is authorised by the Board, following recommendations which are made by the Plant and Development Committee.

As can be noted from the above, we have increased this Provision by £43,602 during the year. This reflects the increase in depreciation being applied on newer equipment as the fleet is modernised in line with the 5 year renewals programme.

**19 FIXED PLANT RENEWALS PROVISION**

The purpose of this Provision is to reduce the impact on drainage rates as and when pumping plant and gravity sluices are refurbished or improved, in accordance with the Pumping Station Refurbishment Programme and Capital Works Programme. Depreciation is its primary source of income, which largely comes from drainage rates/special levies and is included in the maintenance budget under 'Pumping Stations and Structures Maintenance'. Expenditure is authorised by the Board, following recommendations which are made by the Plant and Development Committee.

As can be noted from the above, we have decreased this Provision by £44,834 during the year. This reflects amounts being applied to reduce drainage rates/special levies, which is in line with the capital financing plan included in the 5 year capital works programme.

**NOTE**

It should be noted that this Provision was only established in 1996 and no provision has therefore been made for the replacement or refurbishment of most of the Board's assets that were established before this time. Most of the Board's Sluices are in need of refurbishment and recent profiling would suggest that this Provision is woefully inadequate to meet future requirements.

	<b>LAST YEAR</b>	<b>MOVEMENT</b>	<b>THIS YEAR</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>20 IT RENEWALS FUND</b>			
Direct Funding From Drainage Rates	32,989.24	881.63	33,870.87
Provision for Future Replacement of IT Equipment	11,278.28	0.00	11,278.28
Investment Interest Apportioned	9,728.62	0.00	9,728.62
Other Income	60,086.00	0.00	60,086.00
	<u>114,082.14</u>	<u>881.63</u>	<u>114,963.77</u>
Expenditure on Computer Equipment	46,377.00	9,579.00	55,956.00
Contributions Applied to Capital Works	0.00	40,000.00	40,000.00
Net Surplus/(Deficit) c/f	<u>67,705.14</u>	<u>-48,697.37</u>	<u>19,007.77</u>

The purpose of this Reserve is to reduce the impact on drainage rates as and when computer hardware and/or software are upgraded periodically. As can be noted from the above, we have decreased this Reserve by £48,697 during the year. This largely reflects amounts being applied to reduce drainage rates/special levies resulting from the procurement of a new telemetry system, which is in line with the capital financing plan included in the 5 year capital works programme.

**21 EA PRECEPT STABILISER PROVISION**

The purpose of this Provision is to reduce the impact on drainage rates arising from the volatility of annual Environment Agency precept charges. We are now about to enter the 3rd year after the introduction of block grant funding from the centre and the basis for precept charges to be levied on IDBs has still not been agreed. It is therefore prudent to maintain this Provision at its current level until we know where we are going and what we are expected to pay for.

# **Independent Auditor's report to the Members of South Holland Internal Drainage Board**

## **Opinion on the financial statements**

I have audited the financial statements of South Holland Internal Drainage Board for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to South Holland Internal Drainage Board in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### ***Respective responsibilities of the Chief Executive and auditors***

The Chief Executive's responsibilities for preparing the financial statements in accordance with applicable laws and regulations are set out in the Statement of Responsibilities.

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

I report to you my opinion as to whether the financial statements presents fairly the financial position of the Board in accordance with applicable laws and regulations.

I review whether the statement of assurance reflects compliance with the guidance from the Association of Drainage Authorities. I report if it does not comply with proper practices or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement of assurance covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### ***Basis of audit opinion***

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and 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 judgments made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### ***Opinion***

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations, the financial position of the Board as at 31 March 2006 and its income and expenditure for the year then ended.



30/4/07

Guy Lonsdale, Audit Manager

Audit Commission, 2<sup>nd</sup> Floor, Witham House, Canwick Road, Lincoln, LN5 8HE

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Board's Responsibilities***

The Board is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

#### ***Auditor's Responsibilities***

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Board for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Board has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Board's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### ***Conclusion***

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for other local government bodies specified by the Audit Commission and published in July 2005, in all significant respects, South Holland Internal Drainage Board made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

*G. A. Lonsdale*

30/4/07

Guy Lonsdale, Audit Manager

Audit Commission, 2<sup>nd</sup> Floor, Witham House, Canwick Road, Lincoln, LN5 8HE