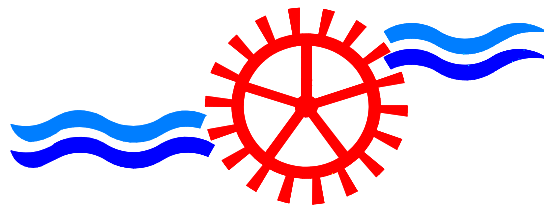


**SOUTH HOLLAND
INTERNAL DRAINAGE BOARD**



**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING
31st MARCH 2008**

Kettlewell House
Austin Fields Industrial Estate
Kings Lynn
Norfolk
PE30 1PH

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDING 31 MARCH 2008**

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SOUTH HOLLAND INTERNAL DRAINAGE BOARD

MEMBERSHIP AS AT 31 MARCH 2008

ELECTED MEMBERS

<u>NAME</u>	<u>TOTAL MEETINGS</u>	<u>NUMBER ATTENDED</u>	<u>ATTENDANCE %</u>	<u>CONTACT DETAILS</u>
Geest J L van	7	6	86	john@jlfarms.co.uk
Grundy N J	7	4	57	ngrundy@onetel.com
Hay A G	9	5	56	andrew.hay@farmline.com
Hay G A	5	3	60	info@south-holland-idb.gov.uk
Markillie S A R *	11	10	91	strawberryhall@fwi.co.uk
Sly D	7	6	86	info@south-holland-idb.gov.uk
Taylor S	6	5	83	sam@taylors-bulbs.com
Thompson R C	7	6	86	office@gtfarms.co.uk
Ward J W	8	4	50	jwardandsonfarms@velcourt.co.uk
Worth D R **	10	7	70	duncan.worth@qvfoods.com

APPOINTED MEMBERS

Atkin J M	6	1	17	mikeandpatatkin@yahoo.com
Biggadike A J (upto 05/07)	1	1	100	n/a
Biggadike F	8	8	100	fbiggadike@sholland.gov.uk
Booth S M	6	5	83	simonmbooth@aol.co.uk
Bray T (upto 05/07)	1	1	100	n/a
Casson A (wef 08/07)	3	3	100	acasson@sholland.gov.uk
Espin P A	4	4	100	pespin@sholland.gov.uk
Keeble S	5	1	20	shaun_keeble@hotmail.com
Przyslak P S	5	4	80	pprizzi@gmail.com
Rudkin Ms R M (wef 08/07)	4	3	75	ritarudkin@tiscali.co.uk
Taylor M R	5	5	100	info@south-holland-idb.gov.uk
Walls P M	1	4	400	info@south-holland-idb.gov.uk
Wilkinson D J (wef 08/07)	4	4	100	dave.j2wilkinson@btinternet.com
Williams Mrs D P (upto 05/07)	1	1	100	n/a

* Chairman ** Vice-Chairman

SOUTH HOLLAND IDB ANNUAL REPORT

The South Holland IDB is an independent body created under Land Drainage Statutes responsible for flood defence, drainage and water level management works, other than on main rivers, in the South Holland IDB area. Board Members are either elected by and represent the occupiers of land in the area, or are nominated by South Holland District Council and Boston Borough Council.

The Board secures income mainly from drainage levies on farmers and other occupiers and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers that protect the drainage district.

The Board consists of 10 elected members and 11 nominated members.

This document is the statement of accounts of South Holland IDB for the financial year ended 2007/08 which are set out on pages 1 to 14. The accounts consist of:

The Annual Governance Statement-This statement acknowledges the Board's responsibilities in terms of preparing the financial statements and ensuring that there is a sound system of internal control.

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

The Statement of Accounting Policies - This statement details the legislation and source of accounting principles on which the financial statements are prepared

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 that cost with the finance provided by the local rate payer and others.

The Statement of Movement on Reserves - This statement shows the changes in reserves during the reporting period.

The Balance Sheet - 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 assets and liabilities of the Board.

Summary of Financial Performance

The Board's financial position improved during the year as follows:

1. Profitability: an operating surplus of £236,178 was achieved, which represents 16% of turnover.
2. Debt: the Board has taken on no long term debt during the reporting period. This has been achieved by making savings in administration costs, generating operating efficiencies and developing the ability to obtain grant aid on capital work.
3. Liquidity: cash surpluses have increased from £1,783,714 to £1,977,351 (11%).

The Annual Governance Statement

We acknowledge as the members of the 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 31 March 2008, that:

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.
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 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.
6. We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
7. 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.

This annual governance statement is approved by the Board and recorded as a Board minute on the 9 February 2010.

Signed on behalf of South Holland Internal Drainage Board

Signed by: Chairman, S A R Markillie

Date: 09/02/2010

Signed by: Chief Executive, P J Camamile

Date: 09/02/2010

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 the Board that officer is the Chief Executive Officer.
- To manage its affairs to secure economic efficient and effective use of its 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 a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2008.

In preparing this statement of accounts, the Chief Executive Officer 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 Officer 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 Chief Executive 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 2008 and its income and expenditure for the year then ended.

Name: P J Camamile

Designation: Chief Executive Officer

Date: 9 February 2010

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR YEAR ENDED 31 MARCH 2008**

2006/07	INCOME	2007/08	Notes
825,155	Drainage Rates	846,385	
995,582	Special Levies on Councils	1,025,464	2
86,850	Grants Applied	15,227	3
8,189	Rental Income	5,468	
60,925	Income From Rechargeable Works	24,148	
105,775	Interest and Investment Income	129,451	
12,178	Contributions Received	0	
0	Surplus on Operating Accounts for 2007/08	32,637	
6,374	Other Income	12,119	
2,101,028	Total Income for the Year	2,090,899	

2006/07	EXPENDITURE	2007/08	Notes
309,878	Capital Works	207,000	
157,512	Environment Agency Precept	163,340	
230,489	Pumping Stations	262,641	
839,638	Drains Maintenance	891,991	
419,013	Consortium Charges	317,457	
52,234	Cost of Rechargeable Works	4,531	
46,578	Other Current Expenses	29,505	6,7
35,351	Net Deficit on Operating Accounts	0	8
0	Pension Interest Cost and Expected Return on Assets	2,000	17
2,090,693	Total Expenditure for the Year	1,878,465	

0	Exceptional Items - Profit arising from disposal of assets	23,744	
(10,334)	Net Operating (Surplus)/Deficit for the Year	(236,178)	

SOUTH HOLLAND INTERNAL DRAINAGE BOARD
STATEMENT OF MOVEMENT ON THE GENERAL RESERVE 2007/08

	2006/07	2007/08
Surplus for the year as per Income and Expenditure Account	(10,334)	(236,178)
Transfers to General Reserve	(95,000)	(77,000)
Contribution to General Reserve	<u>(105,334)</u>	<u>(313,178)</u>
Opening Reserve	(400,723)	(506,057)
Closing Reserve	(506,057)	(819,235)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006/07	2007/08
Surplus for the year as per Income and Expenditure Account	(10,334)	(236,178)
Revaluation Gains During the Year	(158,000)	(540,000)
Actuarial Losses on Pension Fund Assets and Liabilities	0	125,000
Total Recognised Gains	<u>(168,334)</u>	<u>(651,178)</u>

**SOUTH HOLLAND INTERNAL DRAINAGE BOARD
BALANCE SHEET AS AT 31 MARCH 2008**

2006/07		2007/08	NOTE
£		£	
Restated	Fixed Assets		
158,000	Land and Buildings	684,250	9
<u>642,775</u>	Vehicles and Plant	<u>626,831</u>	9
800,775		1,311,081	
	Current Assets		
26,074	Stock and Work in Progress	30,245	10
76,942	Debtors and Prepayments	99,370	11
303,713	Cash at Bank and in Hand	117,351	12
<u>1,480,000</u>	Short Term Investments	<u>1,860,000</u>	13
1,886,729		2,106,966	
	Current Liabilities		
<u>162,461</u>	Creditors and Receipts in Advance	<u>150,558</u>	14,15
162,461		150,558	
1,724,268	Net Current Assets	1,956,408	
1,476,000	Liability related to Defined Pension Scheme	1,603,000	17
1,049,043	NET ASSETS	1,664,489	

2006/07	Reserves	2007/08	
506,057	General Reserve	819,235	16
158,000	Revaluation Reserve	698,000	16
384,986	Other Reserves	147,254	16
1,049,043		1,664,489	

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

GENERAL

a. This Statement of Accounts has been prepared in accordance with the Financial Reporting Standard for Smaller Entities 2007 (FRSSE) issued by the Accounting Standards Board. In preparing the statements regard has been given to the Guidance published by the Association of Drainage Authorities.

b. These accounts have been prepared in accordance with the following accounting concepts

- . Going Concern
- . Prudence
- . Accruals

FIXED ASSETS

a. Fixed Assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets. Assets with estimated useful lives in excess of one year and a value of £5,000 or above are capitalised on an accruals basis in the accounts.

(ii) All fixed Assets are valued on the following basis

- Land and buildings are included in the balance sheet at lower of net current replacement cost and net realisable value, net of accumulated depreciation. Net current replacement cost assessed as:
 - non-specialised operational properties - existing use value
 - specialised operational properties - depreciated replacement cost
- Vehicles, plant and equipment are included at cost less depreciation

c. Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to Exceptional Items in the Income and Expenditure Account.

d. Depreciation has been provided for using the straight line method.

The useful lives of the various assets held on the Asset Register are as follows:

- Motor vehicles and Equipment: 4 years
- Excavators and Plant: 7 years
- Computer and radio equipment: 3 years
- Fixed Pumping Plant: 20 years
- Lifting Equipment: 5 years
- Land – no depreciation
- Buildings – period of useful life

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost or net realisable value.

Government grants and subsidies

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

Pensions

Pension costs are accounted for on a defined contribution basis as it is not possible to identify the share of assets belonging to the Board in the Lincolnshire County Council Pension Fund.

Taxation

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 irrecoverable.

Exceptional items, extraordinary items and prior year adjustments

There are no material exceptional or extraordinary items to disclose in the accounts.

Profits or losses on the disposal of fixed assets are shown separately on the face of the Income and Expenditure Account prior to Operating surplus/deficit

Income Recognition

Income is recognised at the time of invoicing. In the case of Drainage Rates this is on the 1st April annually.

Finance Leases

The Board occasionally takes out finance leases on machinery whereby 50% of the cost of the asset is due 12 months after the purchase of the asset. These agreements are only entered into when no interest is payable by the Board.

Reserves

The Board holds the following Reserves

General Reserve

The Association of Drainage Authorities guidance recommends that the General Reserve held by the Board is 20% to 25% of estimated net expenditure. Year end surplus and deficits are taken to the General Reserve.

Capital Receipts/Development Contributions Reserve

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 fund in part improvement works that are necessary because of development.

Mobile Plant Renewals Reserve

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.

Fixed Plant Renewals Reserve

The purpose of this Reserve 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.

I T Renewals Reserve

The purpose of this Reserve is to reduce the impact on drainage rates as and when computer hardware and/or software are upgraded periodically.

Precept Stabilisation Reserve

The purpose of this Reserve is to reduce the impact on drainage rates arising from the volatility of annual Environment Agency precept charges, which the Board has no control over.

Capital Works Reserve

The purpose of this Reserve is to hold money from slippage in Capital Schemes Expenditure until such time as the works take place.

Revaluation Reserve

This Reserve has arisen from the revaluation of some of the Boards land and buildings.

Pensions

The Board participates in the Lincolnshire Local Government Pension Scheme, a defined benefit scheme operated by Lincolnshire County Council. The Board pays an employers contribution of 25.7% on employees pensionable pay into the pension fund.

The expected costs of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Income & Expenditure account in order to spread the cost over the service lives of employees in the schemes. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The Council's share of the schemes assets and liabilities are included at fair value, as calculated annually by the actuary, which in turn gives rise to actuarial gains or losses. Liabilities are discounted to their current price using a discount rate of 6.9%, which has been based on gross redemption yield for the iboxx sterling corporate index, AA over 15 years. The schemes assets have been valued using the following methods:

Quoted securities - Current mid price
Unquoted securities - Professional estimate
Unitised securities - Current bid price
Property - Market value

The Annual report of the LCC Pension Scheme is available from Lincolnshire County Council, Pensions Section, County Offices, Lincoln.

		£	
2	SPECIAL LEVIES ON COUNCILS	2006/07	2007/08
	South Holland District Council	994,859	1,024,722
	Boston Borough Council	723	742
		<u>995,582</u>	<u>1,025,464</u>
3	GRANTS RECEIVED	2006/07	2007/08
		Rate of Grant	
	Pumping Station Refurbishments	45%	100,407
	Lutton Leam Outfall Sluice	45%	43,347
		30,285	0

4 PENSION COSTS AND PENSION FUND INFORMATION

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 2008 is 25.7% for 13 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. Pension costs for 2007/08 are £65,194 (£116,514 2006/07) for current employees and £3,532 (£3,410 2006/07) for former employees.

A copy of the Pension Fund report can be obtained from the Lincolnshire County Council.

The Board also pays an employers contribution of 12% for 1 employee and 8% for 1 employee to the NFU Pension Scheme. The Scheme is treated on a defined contribution basis for FRS 17. Pension costs for 2007/08 are £3,612 (£9,847 2006/07)

5 DISCLOSURE OF REMUNERATION OF SENIOR STAFF	2006/07	2007/08
Senior staff earning over £50,000 per annum (£50,000 - £59,999)	1	0

6 TOTAL OF MEMBERS ALLOWANCES PAID DURING THE YEAR	2006/07	2007/08
Travelling allowance paid to Board Members	1,082	716

An total of £414 included in the 2007/08 figure was included in consortium charges.

7 AUDIT FEES	2006/07	2007/08
Fees paid to Auditors	6,022	5,743

8 OPERATING ACCOUNTS

The Board operates a Plant Operation Account and a Labour Operations Account. The individual position of these accounts at the year end was as follows

	PLANT	LABOUR	TOTAL
Income recharged to job costing	-339,511	-582,165	-921,676
Expenditure	312,780	576,259	889,039
As shown on Income & Expenditure Account	-26,731	-5,906	-32,637

9 TANGIBLE FIXED ASSETS	Land & Buildings	Vehicle & Plant	Office & RT Equipment	Total
	Restated			
COST				
Opening Balance as at 1 April 2007	449,213	1,231,739	74,813	1,755,765
Revaluations	540,000	0	0	540,000
Disposals	0	-134,619	0	-134,619
Additions	0	151,805	0	151,805
As at 31st March 2008	989,213	1,248,925	74,813	2,312,951
DEPRECIATION				
Opening Balance as at 1 April 2007	291,213	588,964	74,813	954,990
Disposals	0	-134,619	0	-134,619
Charge for Year	13,750	167,749	0	181,499
As at 31st March 2008	304,963	622,094	74,813	1,001,870
Net Book Value at 31/03/07	158,000	642,775	0	800,775
Net Book Value at 31/03/08	684,250	626,831	0	1,311,081

The net book value of £158,000 at 31st March 2007 has been restated as it was omitted from the previous years accounts.

The Boards Office and Depot was revalued during the year. The Valuation was carried out by R Longstaff & Co who are members of the Royal Institute of Chartered Surveyors.

The Board has 16 pumping stations which have not been included on the balance sheet, they are however shown on the Boards website under the Register of drainage infrastructure.

10 STOCKS AND WORK IN PROGRESS	2006/07	2007/08
Stocks and Consumables	26,037	25,963
Work in Progress	37	4,282
	<u>26,074</u>	<u>30,245</u>
11 DEBTORS AND PAYMENTS IN ADVANCE	2006/07	2007/08
Drainage Rate Debtors	4,031	6,946
Trade Debtors	38,045	3,198
H M Revenues and Customs	22,575	5,677
Grant Aid Due	12,291	2,306
Prepayments	0	81,243
	<u>76,942</u>	<u>99,370</u>
12 CASH AT BANK AND IN HAND	2006/07	2007/08
Bank Call Account - Lloyds TSB	299,239	713
Bank Current Account - Lloyds TSB	4,376	10,422
Bank Current Account - Natwest	0	106,200
Petty Cash in Hand	83	0
Collectors Float	15	15
	<u>303,713</u>	<u>117,351</u>
13 SHORT TERM INVESTMENTS	2006/07	2007/08
Tipton & Coseley Building Society	760,000	290,000
Dudley Building Society	420,000	250,000
Vernon Building Society	300,000	280,000
Vernon Building Society	0	270,000
Tipton & Coseley Building Society	0	500,000
Tipton & Coseley Building Society	0	270,000
	<u>1,480,000</u>	<u>1,860,000</u>
14 CREDITORS AND RECEIPTS IN ADVANCE	2006/07	2007/08
Trade Creditors	155,899	51,370
Accruals	2,000	5,743
Payments received in advance	0	32,504
Holiday Entitlement Control	4,562	4,716
	<u>162,461</u>	<u>94,333</u>
15 FINANCE LEASES	2006/07	2007/08
Amounts Due under Finance Leases within next 12 months	0	56,225

SOUTH HOLLAND INTERNAL DRAINAGE BOARD
NOTE 16 STATEMENT ON THE MOVEMENT OF RESERVES

Movements	RESERVES									TOTAL
	General Reserve	Capital Receipts Development Contributions Reserve	Mobile Plant Renewals Reserve	Fixed Plant Renewals Reserve	IT Renewals Reserve	Precept Stabilisation Reserve	Capital Works Reserve	Revaluation Reserve	Pension Reserve	
Opening Reserves 1st April 2007	506,057	197,048	723,083	509,495	16,712	113,139	301,509	158,000	-1,476,000	1,049,043
Surplus for the year ending 31st March 2008	311,178									311,178
Contributions Received	2,000	51,019				30,500			-2,000	83,519
Contributions Applied		-35,000		-40,000			-117,250			-192,250
Profit on sale of fixed assets			23,744							23,744
Depreciation charged to Fund			25,851	7,279						33,130
Accumulated Depn Transferred to Mobile Plant			-25,851	-7,279						-33,130
Profit on sale of fixed assets transferred to Income			-23,744							-23,744
Revaluations during year								540,000		540,000
Pension Scheme movements									-125,000	-125,000
Closing Reserves 31st March 2008	819,235	213,067	723,083	469,495	16,712	143,639	184,259	698,000	-1,603,000	1,666,489

During the year the way in which Mobile Plant Reserve, Fixed Plant Reserve and IT Reserve were presented changed. This resulted in the opening comparatives for Fixed Plant Reserve and Mobile Plant Reserve being restated.

Note 17 - Participation in the Pension Scheme

The Board is a member of the Local Government Pension Scheme, administered locally by Lincolnshire County Council. This is a funded defined benefit final salary scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The follow transactions have been made in the Income and Expenditure Account during the year:

Income and Expenditure Account

	2008	2007
	£'000	£'000
Net Cost of Services		
Current service costs	62	109
Settlements and past service costs	0	0
	<u>62</u>	<u>109</u>
Net Operating Expenditure		
Interest cost	298	281
Expected return on assets	-288	-267
	<u>10</u>	<u>14</u>
Net charge to the I&E Account	<u><u>72</u></u>	<u><u>123</u></u>

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of (£125k) were included in the Statement of Total Recognised Gains and Losses

	2008	2007
	£'000	£'000
Actuarial Gains/(losses)	-125	316
Increase/(decrease) in irrecoverable surplus	0	0
Actuarial Gains/(losses) recognised in the STRGL	-125	316
Cumulative Actuarial Gains and Losses	<u><u>-279</u></u>	<u><u>-154</u></u>

Reconciliation of fair value of the scheme assets:

	2008	2007
	£'000	£'000
Opening balance 1 April	4170	4013
Expected Rate of Return	288	267
Employers Contributions	69	116
Contributions by scheme participants	14	14
Actuarial gains and (losses)	-535	11
Benefits paid	-321	-251
Closing balance 31 March	<u><u>3685</u></u>	<u><u>4170</u></u>

Reconciliation of present value of the scheme liabilities:

	2008	2007
	£'000	£'000
Opening balance 1 April	5646	5799
Current Service Cost	62	109
Interest Cost	298	281
Contributions by Scheme Participants	14	14
Actuarial (gains) and losses	-410	-306
Unfunded benefits paid	-1	-1
Benefits paid	-321	-250
Closing balance 31 March	<u><u>5288</u></u>	<u><u>5646</u></u>

	2008	2007
	£'000	£'000
Estimated liabilities in scheme	-5288	-5646
Estimated assets in scheme	3685	4170
Net pension liabilities	<u><u>-1603</u></u>	<u><u>-1476</u></u>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, earnings etc. The pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

Independent auditors' report to the Members of South Holland Internal Drainage Board

Opinion on the financial statements

We have audited the accounting statements and related notes of South Holland Internal Drainage Board for the year ended 31 March 2008 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Movement on Reserves, the Statement of Total Recognised Gains and Losses and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Holland Internal Drainage Board and the Board's directors' as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board and auditors

The Board's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Accounts and Audit Regulations 2003, as amended, are set out in Governance and Accountability in Internal Drainage Boards in England: A Practitioner's Guide 2006, revised by the Association of Drainage Authorities in November 2007.

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 Board's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Accounts and Audit Regulations 2003, as amended, the financial position of the Board and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Governance and Accountability in Internal Drainage Boards in England: A guide for Practitioners 2006' published by the Association of Drainage Authorities. We report if it does not comply with proper practices specified by the Association of Drainage Authorities or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

We read other information published with the Board's accounting statements, and consider whether it is consistent with the audited Board's accounting statements. This other information comprises the content of the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Board accounting statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our 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 Board accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Board in the preparation of the Board accounting statements and

related notes, and of whether the accounting policies are appropriate to the Board'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 Board accounting statements and related notes 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 Board accounting statements and related notes.

Qualified opinion

In our opinion, the Board financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements, of the financial position of the Board as at 31 March 2008 and its income and expenditure for the year then ended other than:

- in respect of accounting for fixed assets where the Board has not included its Pumping Stations on the Balance Sheet. This has led to a material misstatement of the Board's Balance Sheet.

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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

We are 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 us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. We report if significant matters have come to our attention which prevent us from concluding that the Board has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Board's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and identified the following:

- the Board did not have a risk management strategy or risk registers in place

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in December 2006, we are satisfied that, 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 2008 except that it did not put in place:

- arrangements for the management of significant business risks.

Certificate

We certify that we 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.

A handwritten signature in cursive script that reads "Grant Thornton UK LLP".

Grant Thornton UK LLP

Byron House, Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ

9 February 2010