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# Black Sluice Internal Drainage Board

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## Unaudited Financial Statements For The Year Ended 31st March 2011





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# Black Sluice Internal Drainage Board - Members

Elected Members		Electoral District
Mr M J Scott	Chairman - Board	B
	Chairman - Executive Committee	
Mr K C Casswell	Vice Chairman - Board	E
	Chairman - Southern Works	
Mr R Leggott	Chairman - Northern Works	A
Mr J R Wray	Chairman - Environment Committee	E
Mr W Ash		D
Mr J F Atkinson		D
Mr V A Barker		C
Mr J Fowler		G
Mr F W C Holmes		G
Mr P Robinson		B
Mr M Rollinson		F

## Members Appointed by District Councils

Boston Borough Council	
Mr R Austin	
Mr P Bedford	
Mr J Blaylock	
Mr M Brookes	
Mr R Dungworth	
Mr R Singleton-McGuire	
Mr D Witts	

South Holland District Council	
Mrs A Puttick	

South Kesteven District Council	
Mr B Russell	

North Kesteven District Council	
Mr D R Dickinson	

Senior Officers	
Mr SM Hemmings Bsc. C Eng MICE MIWEM	Chief Executive
Mr Daniel Withnall FMAAT	Finance Officer
Mr Ian Warsap Bsc. C Eng	Operations Manager

# ANNUAL REPORT

## **Introduction**

The Black Sluice Internal Drainage Board is an independent body created under land drainage statutes responsible for flood risk, land drainage and water level management works, other than on main rivers, in the Black Sluice IDB area. Board Members are either elected by and represent the occupiers of land in the area or are nominated by the District Councils in the Board's area. The Board consists of 11 elected members and 10 nominated members. Further details are on page 3.

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.

This document is the statement of Accounts of Black Sluice IDB for the financial year ending 31 March 2011, set out on pages 6 to 14. The accounts consist of:

## **The Annual Governance Statement**

The system of internal control is designed to manage the risk to a reasonable level, the IDB's statement details how this is achieved.

## **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 summarises the resources that have been generated and consumed in providing services and managing the IDB during the last year.

## **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.

## **Notes to the Accounts**

The notes relating to the statements above are detailed after the core statements

# THE ANNUAL GOVERNANCE STATEMENT

We acknowledge as the Members of the Black Sluice 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 2011, that:

	Agreed - Yes or No	Yes' means that the board:
1 We have approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	Yes	prepared its accounting statements 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 <b>and</b> 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 that could have a significant 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 so and has conformed to codes of practice and standards in the way it has done so.
4 We have provided proper opportunity during the year for exercise of electors rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes	during the year 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 <b>and</b> 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 and has dealt with them properly.
6 We have maintained throughout the year 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 board's financial controls and procedures, to give an objective view on whether internal controls meet the needs of the board.
7 We have taken appropriate action on all matters raised in the reports from internal and external audit.	Yes	responded to all 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 year-end, have a financial impact on the board and where appropriate have included them in the accounting statements.	Yes	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference ..... Dated 6th July 2011.

Signed on behalf of Black Sluice Internal Drainage Board.

.....  
Mr Michael Scott  
Chairman  
6th July 2011

.....  
Mr Stuart Hemmings  
Chief Executive  
6th July 2011

# THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## **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.
- 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 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 2011.

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) compiled the accounts in accordance with UK Generally Accepted Accounting Practices
- d) 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 also:-

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

## **Certificate of the Chief Executive Officer**

These Financial Statements present a true and fair view of the financial position of the Board at 31 March 2011 and its income and expenditure for the year then ended.

.....  
Mr Stuart Hemmings  
6th July 2011

## **Certificate of the Chairman of the Board**

I confirm that these accounts have been approved by the Black Sluice Internal Drainage Board at a meeting held on the 6th July 2011

.....  
Mr Michael Scott  
6th July 2011

# STATEMENT OF ACCOUNTING POLICIES

## 1. General

These accounts have been prepared in accordance with the following accounting concepts:- Accruals, Relevance, Consistency, Reliability, Comparability, Understandability, Materiality and Going Concern

## 2. Fixed Assets

Fixed assets are recognised as expenditure on acquisition, creation or enhancements with a value in excess of £5,000 and a useful life in excess of one year.

Fixed assets are valued on the following basis:-

- a) Land is included at historic cost
- b) Land and Buildings are included in the balance sheet at valuation. The Offices and Depot were valued on 31st March 2011 by Mr Robert J Hurst FRICS FAAV, Chartered Surveyor, at market value. It is the Boards intention to value Operational Buildings at an open market value every five years and not depreciate in the intervening years.
- c) Pumping Stations were valued on 31st March 2009 by Mr JW Castley FRICS FAAV, Chartered Surveyor, at open market valuation. It is the Boards intention to value Pumping Stations at an open market value every ten years and not depreciate in the intervening years.
- d) Non - Operational Property is included in the balance sheet at market value. It was valued on 31st March 2011 by Mr Robert J Hurst FRICS FAAV, Chartered Surveyor, at market value. It is the Boards intention to value non-operational property at an open market value every five years and not depreciate in the intervening years.
- e) Vehicles, Plant & Equipment are included at cost less depreciation

Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to the appropriate reserve.

Depreciation has been provided on a straight line basis, on motor vehicles and equipment, excavators and plant, computers, office equipment with a purchase cost in excess of £5,000.

Plant & Vehicles	7 Years
Equipment	4 Years

## 3. Income

Income includes drainage rates on local agricultural land and buildings, special levies on district/borough councils, recharged works, government grants, rental income and interest on investments. Where applicable, this is net of Value Added Tax and is recognised when the Board has a right to receive the income.

## 4. Expenditure

Expenditure is included on an accruals basis

## 5. Stock & Work in Progress

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

## **6. Government Grants and Contributions**

Government grants and contributions have been credited to the income and expenditure account on an accruals basis. Government grants used for the acquisition of fixed assets have been deducted from the purchase price of the asset.

## **7. Provisions**

The Board sets aside provisions where there is a definite liability, but the amount and timing of settlement is not known. Details are given as notes to the accounting statements.

## **8. Pensions**

The Board pays an employers contribution of 26.5% on employees pensionable pay into the Lincolnshire County Council pension fund

## **10. Discontinued Operations**

The Board had no material operations which it acquired or which were discontinued in the year and therefore no separate disclosure is required in respect of the Income and Expenditure account and balance sheet accounts.

## **11. Internal Interest**

Interest is allocated to the Income and Expenditure Account, Development Fund, Plant Fund and Wages Oncost Fund based on the average level of their balances.

# Black Sluice Internal Drainage Board

## Income and Expenditure Account

### For Year Ended 31st March 2011

	Note	2010/11	2009/10 Restated
<b>Income</b>		£	£
Drainage Rates		999,102	979,502
Special Levies on Councils	1	954,271	939,450
Income from Rechargeable Works		82,803	51,698
Sundry Income		10,395	16,385
Interest		10,464	10,386
Rental Income		10,144	10,140
Development Reserve Contribution		31,952	10,000
DEFRA Grants	2	0	18
		<b>2,099,131</b>	<b>2,017,579</b>
<b>Expenditure</b>			
Drain Maintenance		605,485	632,564
Administration Costs		343,205	289,404
Pumping Stations		286,242	329,053
Environment Agency Precept		276,552	276,552
Asset Refurbishments		238,555	248,248
Establishment Charges		77,662	80,226
Cost of Rechargeable Works		73,870	50,337
Depot Costs		56,865	68,873
Miscellaneous Charges		40,946	22,004
Environmental Schemes		36,926	32,738
		<b>2,036,308</b>	<b>2,029,999</b>
<b>Surplus / (Deficit)</b>		<b>62,823</b>	<b>(12,420)</b>

# Black Sluice Internal Drainage Board

## Balance Sheet as at 31st March 2011

	Note	2010/11	2009/10 Restated
<b>Fixed Assets</b>			
Pumping Stations		3,861,354	3,861,354
Land & Buildings		684,350	689,350
Vehicles, Plant & Equipment		436,071	455,587
Non Operational Assets		90,000	92,500
	6	5,071,775	5,098,791
<b>Current Assets</b>			
Stock		35,183	51,430
Debtors & Prepayments	7	93,799	56,145
Cash at bank & in hand	8	683,100	705,660
		812,082	813,235
<b>Current Liabilities</b>			
Creditors	9	(32,918)	(109,394)
<b>Net Current Assets</b>		779,164	703,841
<b>Liability related to defined pension scheme</b>		(1,659,000)	(2,947,000)
<b>Total Assets less Liabilities</b>		<b>4,191,939</b>	<b>2,855,632</b>
Capital Reserve		5,071,775	5,098,791
Pension Reserve		(1,659,000)	(2,947,000)
		3,412,775	2,151,791
Revenue Reserve		616,231	553,408
Development Reserve		92,078	109,474
Plant Reserve		40,153	33,321
Wages Oncost Reserve		30,702	7,638
		779,164	703,841
	10	<b>4,191,939</b>	<b>2,855,632</b>

Mr M J Scott  
Chairman  
6th July 2011

Mr S M Hemmings  
Chief Executive  
6th July 2011

# Black Sluice Internal Drainage Board

## Notes to the Accounts

	2010/11	2009/10
<b>1 Special Levies</b>	£	£
Boston Borough Council	721,162	709,724
South Holland District Council	119,669	118,050
North Kesteven District Council	57,533	56,459
South Kesteven District Council	55,907	55,217
	<b>954,271</b>	<b>939,450</b>

	2010/11	2009/10
<b>2 Government Grants received from Defra</b>	£	£
<i>Holland Fen Catchment Study</i>	0	18
	<b>0</b>	<b>18</b>

### 3 Remuneration

The table below shows the number of employees whose remuneration was greater than £50,000:

	Number of Employees	
Band £	2010/11	2009/10
60,000 to 69,999	1	1
	<b>1</b>	<b>1</b>

### 4 Audit Fees

	2010/11	2009/10
	£	£
Fees paid to the Board's External Auditor	3,500	9,667

### 5 Related Party Transactions

Some members of the Board pay Drainage Rates at the prevailing rate.

# Black Sluice Internal Drainage Board

## Notes to the Accounts

### 6 Tangible Fixed Assets

	Land & Buildings £	Pumping Stations £	Non Operational Assets £	Vehicles, Plant & Equipment £	Total £
<b>Cost / Valuation</b>					
Opening Balance	689,350	3,861,354	92,500	1,059,679	5,702,883
Additions	0	0	0	117,519	117,519
Disposals	0	0	0	(111,704)	(111,704)
Revaluation	(5,000)	0	(2,500)	0	(7,500)
<b>As at 31st March 2011</b>	<b>684,350</b>	<b>3,861,354</b>	<b>90,000</b>	<b>1,065,494</b>	<b>5,701,198</b>
<b>Depreciation</b>					
Opening Balance	0	0	0	(604,092)	(604,092)
Disposals	0	0	0	111,349	111,349
Charge for year	0	0	0	(136,680)	(136,680)
<b>As at 31st March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(629,423)</b>	<b>(629,423)</b>
<b>Net Book Value</b>					
<b>As at 31st March 2010</b>	<b>689,350</b>	<b>3,861,354</b>	<b>92,500</b>	<b>455,587</b>	<b>5,098,791</b>
<b>As at 31st March 2011</b>	<b>684,350</b>	<b>3,861,354</b>	<b>90,000</b>	<b>436,071</b>	<b>5,071,775</b>

<b>7 Debtors &amp; Payment in Advance</b>	<b>2010/11</b>	<b>2009/10</b>
	£	£
HM Revenue & Customs (VAT)	<b>15,848</b>	12,250
Prepayments	<b>20,489</b>	11,996
Trade Debtors	<b>40,458</b>	7,957
Officers Car Loans	<b>14,743</b>	22,201
Drainage Rate Debtors	<b>2,261</b>	1,741
	<b>93,799</b>	<b>56,145</b>

<b>8 Cash at Bank &amp; in hand</b>	<b>2010/11</b>	<b>2009/10</b>
	£	£
Fixed Term Deposits	<b>500,000</b>	500,000
Bank Deposits	<b>182,806</b>	205,366
Petty Cash	<b>293</b>	294
	<b>683,099</b>	<b>705,660</b>

<b>9 Creditors</b>	<b>2010/11</b>	<b>2009/10</b>
	£	£
Trade Creditors	<b>29,480</b>	74,784
PAYE & NI	<b>1,799</b>	18,304
Pension Contributions	<b>1,612</b>	16,053
Sundry Creditors	<b>27</b>	253

## 10 Reserves

	Balance 31.3.2010	Additions in	Withdrawals in year	Balance 31.3.2010
Capital Reserve	5,098,791	117,519	(144,535)	<b>5,071,775</b>
Pension Reserve	(2,947,000)	1,288,000		<b>(1,659,000)</b>
Revenue Reserve	553,408	62,823		<b>616,231</b>
Development Reserve	109,474	14,556	(31,952)	<b>92,078</b>
Plant Reserve	33,321	124,351	(117,519)	<b>40,153</b>
Wages Oncost Reserve	7,638	23,064		<b>30,702</b>
	<b>2,855,632</b>	<b>1,630,313</b>	<b>(294,006)</b>	<b>4,191,939</b>

**Development Reserve-** The Board makes a one off charge to developers to allow an increase in flow into the Board's drainage system. These charges are kept in the Development Fund and used to fund future improvements to the Board's drainage system to accommodate these additional flows.

**Plant Reserve -** The Plant Fund generates income internally throughout the year from all works carried out using the Board's plant. Offset against this income are all the expenses related to the plant and the fund is built up to replace the plant items when required. The depreciation is also charged to this account.

**Wages Oncost Reserve -** The Wages Oncost Fund generates income internally throughout the year from all work using the Board's Labour. Offset against this income are all the expenses related to employing the workforce.