

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Unaudited Statement of Accounts

Year Ending 31 March 2017

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounts Year Ending 31 March 2017

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LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Membership as at 31 March 2017

Elected Members

Name	Contact Details	Notes
Mr G R Littleton	chairman@lowersevernidb.org.uk	Chairman of the Board
Mr M Barnes	linhaymike@gmail.com	
Mrs F Collins	fiona@the-collins.org	Elected February 2016
Mr W J Cornock	mjcornock@aol.com	
Mr T Cullimore	tjcullimore@aol.com	
Mr R Godwin	rag.farms@cotswoldwireless.co.uk	
Ms R. Hewlett	framptonrose@gmail.com	
Mr J Hore	john.hore@btconnect.com	
Mr R Hyslop	hyslopbr@gmail.com	
Mr J Nicholls	jwnich76@gmail.com	
Mr I Ractliffe	iractliffe@hotmail.co.uk	
Mr R Thatcher	rob@hillworthfarm.co.uk	
Mr K Withers	kmw3@btconnect.com	Elected February 2016
Vacancy		

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Membership as at 31 March 2017

Appointed Members

Name	Contact Details	Notes
Vice Chairman of the Board Cllr M Riddle	matthew.riddle@southglos.gov.uk	South Glos Council
Bristol City Council Cllr P Abraham Cllr J English Cllr S Milestone Mr J Roy Alderman B Richards Alderman CJN Williams	peter.abraham@bristol.gov.uk cllr.jude.english@bristol.gov.uk sue.milestone@bristol.gov.uk john.roy@bristol.gov.uk cjnwilliams31@gmail.com	Appointed June 2016
South Gloucestershire Council Cllr S Walker Cllr E Orpen	sue.walker@southglos.gov.uk eve.orpen1@btinternet.com	Appointed September 2016
Stroud District Council Cllr J Jones	cllr.john.jones@stroud.gov.uk	
Gloucester City Council Cllr S Morgan	steve.morgan@gloucester.gov.uk	Appointed September 2016
Forest of Dean District Council Cllr P Burford	phjburford@burford-designs.co.uk	
Herefordshire Council Cllr AW Johnson	ajohnson@herefordshire.gov.uk	
Tewksbury Borough Council Cllr PW Awford	councillor.awford@tewkesbury.gov.uk	
Malvern Hills District Council Cllr B Behan	bronwen.behan@malvernhillsc.net	

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Non-current Membership as at 31 March 2017

Appointed and Elected Members

Name	Served until
Elected	
Dr C Studholme	February 2017
Appointed	
Cllr M Fodor	June 2016
Cllr J Porter	August 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Senior Officers 31 March 2017

Name

Address

**Interim Principal Officer and
Responsible Financial Officer**

Waterside Buildings, Oldbury Naite,
South Gloucestershire, BS35 1RF

Mr D. Wride FCA

Telephone Number 01454 413340

Email address : admin@lowersevernidb.org.uk

Civil Engineer

Mr J. Thomas

Land Drainage Engineer

Mr J. Druett

Head of Governance

Mr C. Spencer

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Narrative Report 31 March 2017

The Lower Severn (2005) Drainage Board 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 Lower Severn IDB area.

The Board secures income mainly from drainage levies on land owners and 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 area.

At the 31 March 2017 there are 27 Board Members. 15 are nominated by the 8 local authorities that the Board area covers. 14 Members are elected by landowners and occupiers within the Board's area, there is a vacancy for an elected member.

The document is the Statement of Accounts of the Lower Severn (2005) Internal Drainage Board for the financial year 2016/17 which are set out on pages 8 to 23.

The Accounts consist of:

The Annual Governance Statement

The Accounts and Audit Regulations 2015 require boards to conduct an annual review of the effectiveness of its systems of internal control and to include a statement on internal control, prepared in accordance with proper practices with its accounting statements.

The Statement of Responsibilities

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

The Income and Expenditure Account

The 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 local ratepayers and others.

The Statement of changes in Equity

This statement reconciles the change in equity between accounting periods

The Statement of Comprehensive Income

The statement includes all gains and losses that are not included in the income and expenditure account such as the deficit arising on the valuation of the pension fund.

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.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Narrative Report 31 March 2017 Continued

Summary of Financial Performance

The Board reported a surplus for the year of £66,487 compared with a deficit of £38,804 in 2015/16. The major change from the previous year relates to rechargeable consultancy fees and a reduction in payroll costs. The Board has set up a pump station reserve for the expected costs of replacing the six pumping stations to meet the 2019 Eel Regulations.

The Board's unfunded liability to the Gloucestershire Local Government Pension Fund reduced by £318,000. The Board has accepted the recommendations of the scheme's actuary on the appropriate method of addressing this shortfall based on the results of the triennial review carried out as at 31 March 2016 and the updated actuarial valuation at 31 March 2017.

These have been included in the Board's 2017/18 budget.

The Board closed the Local Government scheme to new employees on 31 July 2015. From 1 August 2015 all new employees have been offered a defined contribution scheme pension through the Peoples Pension.

Outlook - Medium Term Financial Plan (MTFP)

The Board faces significant pressure on its finances over the medium term. The two major areas of concern relate to:-

- a) The increasing costs of meeting the Local Government Pension Fund liability.
- b) The capital cost of implementing the 2009 Eel Regulations.

The estimated costs of these have been included in the Medium Term Financial Plan which covers the four years from 2017/18 to 2020/21.

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Budget	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Income	1,540	1,463	1,476	1,470	1,470
Expenditure	1,474	1,449	1,456	1,443	1,454
Surplus/(deficit)	66	14	20	27	16
Free reserves b/f	411	477	491	511	538
Free reserves c/f	477	491	511	538	554

The MTFP includes estimates for all income and expenditure including the depreciation on all capital expenditure over the four years. The Rate and Special levy included in the plan does not include any increases for the three years 2018/19 to 2020/21

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Annual Governance Statement

We acknowledge as the members of the Lower Severn (2005) 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 2017, 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 practises.
- 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 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 external insurance cover where required.
- 6 We have maintained throughout the year an adequate and effective system of internal control 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 auditors. No significant issues have been raised following work carried out by the internal auditors, all other issues raised will be addressed in 2017/18.
- 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.

This annual governance statement is approved by the Board on 28th June 2017.

Signed on behalf of Lower Severn (2005) Internal Drainage Board

Signed by: Vice Chairman *M Riddle*

Date: 28 June 2017

Signed by: Responsible Financial Officer *D Wride*

Date: 28 June 2017

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

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 ensure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Responsible Financial Officer and/or Clerk.

To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

The Responsible Financial Officer's Responsibilities

The Responsible Financial 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 2017.

In preparing the statement of accounts, the Responsible Financial Officer has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) compiled the accounts in accordance with the Financial Reporting Standard 102 issued by the Accounting Standards Board and had reconciled these Accounts to the Financial Statements, which have been prepared in accordance with Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2016;
- (iv) applied the accounting concept of a "going concern" by assuming that the IDB will continue to operate for the foreseeable future:

The Responsible Financial Officer has:

- (i) kept proper accounting records which were up to date:
- (ii) taken reasonable steps for the prevention and detection of fraud and other irregularities

Certificate of the Responsible Financial Officer

This Statement of Accounts provides a true and fair view of the financial position of the Board at 31 March 2017 and its income and expenditure for the year then ended.

Name *D Wride*

Designation: Responsible Financial Officer

Date: 28 June 2017

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies

1 General

- 1.1 The Board has elected to prepare a full Statement of Accounts. The statement of accounts has been prepared in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland. This is the first year in which the Board has adopted FRS 102. On transition, UK GAAP figures were re measured and restated to be in line with FRS102. The impact of the transition is reflected in notes 4 and 9.

2 Accounting convention

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

3 General concepts

These statements have been prepared with due regard to the following:

- 3.1 Quality of information- providing detailed and current information to support these accounts.
- 3.2 Relevance – providing financial information that is useful for assessing the stewardship of public funds.
- 3.3 Reliability – providing financial information that properly represents what it purports to represent, is neutral, free from material error, is complete within the bounds of materiality and which has been prudently prepared.
- 3.4 Comparability – is consistent and can be compared with the previous year's activity.
- 3.5 Understandability – allowing the reader to interpret the financial position of the Board.
- 3.6 Materiality – an item of information is material to the Financial Statements if it's misstatement or omission might reasonably be expected to influence assessment of the Lower Severn (2005) Internal Drainage Board's stewardship economic decisions or comparison with other organisations, based on those financial statements

4 Overriding accounting concepts

- 4.1 Accruals – Financial Statements are prepared on an accruals basis.
- 4.2 Going Concern – The accounts are prepared on the assumption that the Lower Severn (2005) Internal Drainage Board will continue in operational existence into the foreseeable future i.e. there is no intention to significantly curtail the scale of operation.
- 4.3 Legislative Requirements – It is a fundamental principle that where specific legislative requirements and accounting principles conflict, legislative requirements take precedence.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies continued

5 Fixed Assets

Fixed assets are valued on the following basis:-

- 5.1 Land is freehold and held at revaluation amount of £185,000 the original cost was £125,000. The buildings are held at the revaluation amount of £205,000, the original cost was £170,000. These revaluations were carried out on 15 January 2015 by M.Blacken MFRICS FAAV of David James and Partners. The valuation was based on current market value The buildings are depreciated over 20 years. Pumps and ancillary equipment are shown at replacement cost and depreciated over their useful economic life which the Board estimates is 15 years from the date of purchase or major overhaul.
All other fixed assets are included at cost less annual depreciation of 25% calculated on cost less depreciation to date.
- 5.2 Fixed assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets with a value in excess of £500 and with estimated useful lives in excess of one year are capitalised on an accruals basis in the accounts.
- 5.3 Disposals are written off at cost less depreciation. Any surplus/deficit arising is credited/charged to the Income and Expenditure Account as a profit or loss on disposal.
- 5.4 Depreciation has been provided for, using the reducing balance method on vehicles, plant and machinery, fixtures and fittings and office equipment with a purchase cost in excess of £500.
- 5.5 Intangible assets are included at cost less annual depreciation of 25% calculated on cost less depreciation to date.

6 Stock and work in progress

- 6.1 Stocks and work in progress are valued at the lower of cost or net realisable value. Work in Progress are costs incurred carrying out engineering work for developer's not yet completed and invoiced.

The Board held a material amount of consumable stock at the year-end based on a formal stock take valuation.

7 Short Term deposits

- 7.1 Short term deposits with maturities of less than one year are held with approved Banks, and are shown in the Balance Sheet at cost and include accrued interest.

8 Long Term Investments

- 8.1 These investments are valued at fair market value

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies continued

9 Revenue

- 9.1 Agricultural rates and Local Authority levies are credited to the Income and Expenditure account on when demand notices are issued.
Government grants and contributions have been credited to the Income and Expenditure account in the year entitlements are awarded.
All other income is recognised in the Income and Expenditure account in the period to which the amounts relate.

10 Finance Leases

- 10.1 Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant or equipment from the lessor to the lessee.

11 Provisions

- 11.1 The Board sets aside provisions where there is a known obligation, but the amount or timing of settlements is not known. Details are given as notes to the accounting statements.

12 Pensions

- 12.1 The Board participates in the Local Government Pension Scheme (LGPS), which is categorised as a defined benefit scheme and is administered by Gloucestershire County Council. A separate disclosure setting out the measurement and valuation basis can be found in note 10 to the accounts. This Scheme was closed to new drainage board employees on 31 July 2015. A defined contribution scheme has been opened through the Peoples Pension for new employees.

13 Reserves

- 13.1 The Board has received sums from developers to maintain agreed rhines, ditches and ponds in perpetuity within the areas specified.
Annual sums are drawn down from these balances to carry out work as required.
The funds are held in investments and cash deposits and the interest earned retained in the specific accounts. The income earned on investments is reinvested.

14 Post balance sheet events

- 14.1 Any material post balance sheet events, which did not exist at the date of the balance sheet, have been disclosed as a separate note to the accounts.

15 Taxation

- 14.1 The Board is exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable.

16 Discontinued operations

- 16.1 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 revenue and balance sheet accounts.

17 Judgements

- 17.1 In the application of the Board's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.. Actual results may differ from these estimates.
- 17.2 The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both and current and future periods.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

BALANCE SHEET AS AT 31 MARCH 2017

		2017		2016 (Restated)	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	1	894,094		916,857	
Intangible assets	2	2,973		3,964	
Finance Leases	3	<u>1,714</u>		<u>2,287</u>	
			898,781		923,108
LONG TERM ASSETS					
Investments	4		563,485		198,826
CURRENT ASSETS					
Stock and work in progress	5	33,882		26,026	
Trade debtors		29,235		8,199	
Drainage rate debtors		0		59	
VAT claim		0		843	
Prepayments		7,265		7,930	
Cash at Bank and in hand	6	492,131		811,865	
Short term deposits	7	<u>200,000</u>		<u>0</u>	
			762,513		854,922
CURRENT LIABILITIES					
Trade creditors	8	-20,026		-23,417	
Other creditors	8	-25,782		-24,351	
Accrued expenses	8	-5,722		-30,841	
Compensation for loss of office	13	0		-54,250	
Finance Leases due within one year	3	<u>-469</u>		<u>-469</u>	
			-51,999		-133,328
NET CURRENT ASSETS					
			<u>710,514</u>		<u>721,594</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>2,172,780</u>		<u>1,843,528</u>
LONG TERM LIABILITIES					
Developers' contributions	9	-739,796		-630,399	
Finance Leases	3	-2,225		-2,579	
Liability related to defined benefit pension scheme	10	<u>-1,097,000</u>		<u>-1,415,000</u>	
			-1,839,021		-2,047,978
NET ASSETS					
			<u><u>333,759</u></u>		<u><u>-204,450</u></u>
FINANCED BY:					
CAPITAL ACCOUNT					
			666,569		650,069
INCOME EXPENDITURE ACCOUNT					
Balance brought forward		411,439		450,243	
Net (deficit)/surplus for the year		<u>66,487</u>		<u>-38,804</u>	
Balance carried forward			477,926		411,439
Revaluation reserve			146,042		149,042
Pump Station Reserve			140,222		0
Pension reserve	10		-1,097,000		-1,415,000
			<u><u>333,759</u></u>		<u><u>-204,450</u></u>

Certification that it is our opinion this statement of accounts represents fairly the financial position of the Lower Severn (2005) Internal Drainage Board as at 31st March 2017 and its deficit for the year then ended.

Signature *D Wide*

Designation: Responsible Financial Officer

Signature Designation: *M Riddle*

Vice Chairman

Signed in accordance with the Accounts and Audit Regulations 2015

Dated 28 June 2017

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2017

	Note	2017		2016	
		£	£	£	£
INCOME					
Levies charged to authorities	11	1,129,062		957,741	
Agricultural Rates		106,608		89,302	
Foreign Water Grant & Grant in Aid	12	154,587		151,556	
Other income		<u>37,513</u>		<u>54,253</u>	
			1,427,770		1,252,852
OTHER INCOME AND INTEREST RECEIVED					
Draw down from Severnside infrastructure/maintenance	9	40,000		65,550	
Bank Interest received		1,198		2,153	
Consultancy fees		60,930		0	
Net profit on disposal of fixed assets		12,760		45,440	
Expected return on pension scheme assets	10	<u>145,000</u>		<u>147,000</u>	
			259,888		260,143
TOTAL INCOME FOR THE YEAR			1,687,658		1,512,995
EXPENDITURE					
Payroll		489,657		529,688	
Compensation for loss of office		0		54,250	
Office maintenance		17,054		17,632	
Maintenance		152,985		169,609	
EA Levy	12	197,603		193,728	
Motor, travelling and subsistence		21,025		17,475	
Communications		5,388		4,853	
Administration		34,509		32,822	
Engineering consultancy fees	14	72,481		36,459	
Legal and professional fees		6,075		15,733	
Audit and Accountancy fees	15	11,795		10,703	
Depreciation	1	174,968		181,149	
Finance leases depreciation		573		571	
Bank charges		3,058		2,127	
Pump Station Reserve		150,000			
Current service cost	10	96,000		130,000	
Interest on pension scheme liabilities	10	<u>154,000</u>		<u>151,000</u>	
TOTAL EXPENDITURE FOR THE YEAR			1,587,171		1,547,799
NET (DEFICIT)/ SURPLUS FOR THE YEAR			100,487		-34,804
Appropriation to pensions reserve	10		-34,000		-4,000
TRANSFER TO INCOME AND EXPENDITURE ACCOUNT			66,487		-38,804

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Changes in Equity

Note	Capital £ 1	Revaluation Reserve £ 2	Pump Reserve £ 3	Income and Expenditure £	Pension Reserve £	Total £
Opening reserves 1 April 2016	650,069	149,042	0	411,439	-1,415,000	-204,450
Surplus/(Deficit) for the year	0	0	0	66,487	318,000	384,487
Transfers for the year	16,500	-3,000	140,222	0	0	153,722
Closing reserves 31 March 2017	666,569	146,042	140,222	477,926	-1,097,000	333,759

Notes :

Capital 1 The movement on these reserves relate to the capitalisation of a previously expensed board asset valued at £25,000. This was offset by the write off of 2 plots of land and a building not owned by the Board held at £8,500.

Revaluation Reserve 2 The transfer relates to the accumulated depreciation written off in respect of the land and building as recorded in note 1.

Pump Reserve 3 In the year a provision of £150,000 was set aside to meet the costs of replacing the pumping stations to meet the 2009 Ee. Regulations. Costs of £9,778 were incurred in relation to this project.

Statement of Comprehensive Income

	£
For the year ended 31 March 2017	66,487
Re-measurement of the defined benefit liability	318,000
Comprehensive income for the year.	384,487

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts

Year Ended 31 March 2017

1. FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Pumps & weir £	Plant & Machinery £	Motor Vehicles £	Fixtures & Fittings £	Office Equipment £	Total £
Cost								
At 1 April 2016	190,000	211,500	163,217	1,038,700	55,956	16,325	23,064	1,698,762
Additions	0	0	25,000	122,002	7,392	9,000	1,555	164,949
Disposals	-5,000	-6,500	0	-62,000	0	0	0	-73,500
At 31 March 2017	185,000	205,000	188,217	1,098,702	63,348	25,325	24,619	1,790,211
Depreciation								
At 1 April 2016	0	12,339	127,654	567,818	44,535	12,713	16,841	781,900
Charge for the year		10,250	6,361	147,566	4,703	3,153	1,944	173,977
On disposals	0	-379	0	-59,381	0	0	0	-59,760
At 31 March 2017	0	22,210	134,015	656,003	49,238	15,866	18,785	896,117
Net book value								
At 31 March 2017	185,000	182,790	54,202	442,699	14,110	9,459	5,834	894,094
At 31 March 2016	190,000	199,161	35,563	470,882	11,421	3,612	6,223	916,862

2. INTANGIBLE ASSETS

	2017 £
Cost	
At 1 April 2016	13,857
Additions	0
Disposals	0
At 31 March 2017	13,857
Depreciation	
At 1 April 2016	9,893
Charge for the year	991
On disposals	0
At 31 March 2017	10,884
Net book value	
At 31 March 2017	2,973
At 31 March 2016	3,964

3. FINANCE LEASES

	2017 £	2016 £
The Board has one finance lease:-		
Asset values		
Telephone system	1,714	2,287
Short Term Liabilities		
New telephone system	469	469
Long Term Liabilities		
New telephone system	2,225	2,579
	2,694	3,048

4. INVESTMENTS

	2017 £	2016 £
Investments funds	550,114	198,030
Client accounts	13,371	796
	563,485	198,826
Under previous GAAP reporting based on the lower of cost and market value	510,648	197,506

Investments are managed by Smith & Williamson Investment Management LLP on a non discretionary basis. The funds have been invested in monthly tranches in a diversified portfolio of collectives . The funds are part of contributions received from developers see note 9. It is intended to hold these over a number of years. Each of the 17 funds held are valued at fair market value.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

5. STOCK AND WORK IN PROGRESS	2017	2016
	£	£
Stock has been valued at the lower of cost and net realisable value and consists of		
Consumable stores	12,274	14,122
Fuel and oils	7,730	4,296
Work in progress are costs incurred carrying out engineering consultancy work for developers not yet completed and invoiced	13,878	7,608
	33,882	26,026
6. CASH AT BANK AND IN HAND	2017	2016
	£	£
NatWest Bank	396,172	530,513
Lloyds Bank	95,786	281,085
Cash in hand	173	267
	492,131	811,865
7. SHORT TERM DEPOSITS	2017	2016
	£	£
Lloyds Bank	200,000	0
8. CREDITORS AND ACCRUALS	2017	2016
	£	£
Trade creditors relate to suppliers invoices paid in April 2017	20,026	23,417
Other creditors relate to amounts due to HMRC and pension contributions paid in April 2017	25,782	24,351
Accrued expenses relate to estimates of amounts due to suppliers awaiting invoices	5,722	30,841
9. DEVELOPERS' CONTRIBUTIONS	2017	2016
	£	£
Balances 1 April 2016	630,399	673,075
Amounts received from developers	84,730	24,011
Drawdown to the Board net of bank interest earned	-40,000	-65,550
Bank interest	29	16
Adjustment to value of investments	64,638	-1,153
Balance 31 March 2017	739,796	630,399
Under previous GAAP reporting the method of valuation of investments see note 4	686,959	629,079

Contributions have been negotiated with developers to maintain agreed rhines, ditches and ponds.
Annual sums are drawn down from these balances as a contribution towards the costs of maintenance.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

10. RETIREMENT BENEFITS

Participation in pension scheme

As part of the terms and conditions of employment of its employees, the Board offers retirement benefits. Although these benefits will not be payable until employees retire, the Board has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement

The Board participates in the Local Government Pension Scheme (LGPS), administered by Gloucestershire County Council . It is a funded scheme, which means that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions relating to retirement benefits

The Board recognises the real cost of retirement in the payroll costs when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that we are required to make against the Board's costs is on the cash payable in the year.

2016		Table1 - Transactions relating to retirement benefits			
£000's	% of pay	Income and Expenditure Account		2017	
				£000's	% of pay
		<i>Net costs of services :-</i>			
-130	30.5		Current service cost	-96	26.6
0	0		Past service gain	0	0
0	0		Curtailement costs	0	0
-130	30.5		<i>Net operating (income) expenditure:-</i>	-96	26.6
-151	35.5		Interest cost	-154	42.5
147	-34.6		Expected return on assets in the scheme	145	-40.1
134	31.4		<i>Net charge to the income and Expenditure Account</i>	105	29.0
		Statement of Movement in Board's reserves			
-142			Reversal of net charges made for retirement benefits in accordance with FRS 102	-173	
			Actual amount charged against the Income and Expenditure account for pensions in the year:		
138			Employer's contributions payable to scheme	139	
-4			Net impact on Income and Expenditure account	-34	

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

10. RETIREMENT BENEFITS CONTINUED

Assets and liabilities in relation to retirement benefits

The underlying assets and liabilities for retirement benefits attributable to the Board at 31 March are as follows:

Table 2 - Pension fund assets and liabilities		
2016		2017
£000's		£000's
-4,401	Funded benefits under the LGPS regulations	-5,165
0	Unfunded discretionary benefits awarded by means of additional benefits under the LGPS regulations	0
-4,401	actuarial value of fund liabilities	-5,165
2,986	Market value of fund assets	4,068
-1,415	Net pension deficit	-1,097

The liabilities show the underlying commitments that the Board has over the long term to pay retirement benefits. The total liability of £1,097,000 (£1,415,000 at 31 March 2016) has a material impact on the net worth of the Board as recorded in the Balance Sheet, leaving the overall surplus of £333,759. (Deficit of £204,450 at 31 March 2016)
The deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme's actuary.

Basis for estimating assets and liabilities

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, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2016.

The main assumptions used in their calculations, agreed with the actuaries by the scheme administrators are shown in the table below.

Table 3 - Main financial assumptions used in the calculations		
2016		2017
2.2%	Pension increase rate	2.4%
3.7%	Rate of increase in salaries	2.7%
3.5%	Discount rate	2.6%

LOWER SEVERN(2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

10. RETIREMENT BENEFITS CONTINUED

Commutation

An allowance is included for 50% of future retirements to elect for tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

The Board's share of assets in the LGPS, valued at fair value, principally at market value for investments, consists of the following categories, by proportion of the total assets held by the fund:

Table 4 - Value of investments and expected returns						
2016		expected long term return		2017		expected long term return
£000's	%	%		£000's	%	%
2,090	70	5.6	equities	2,889	71	2.6
627	21	2.8	bonds	813	20	2.6
239	8	3.8	property	285	7	2.6
30	1	2.5	cash	81	2	2.6
2,986	100		total	4,068	100	

It must be recognised that pension fund investments are made for the long term, and that market values and net fund liabilities at a given point in time, are only indicative of the position of the fund at that date.

Movement in the net pension fund deficit

The change in the pension deficit is detailed below :

Table 5 - Analysis of the movement in the net pension deficit for the year		
2016 £000's		2017 £000's
-1,750	Net deficit at beginning of year	-1,415
	Movement in year :	
138	Contributions paid	139
0	Contributions in respect of unfunded benefits	0
-130	Current service cost	-96
0	Past service gains	0
-151	Interest cost	-154
-32	Contributions by members	-25
179	Net return on assets	170
331	Re-measurement of the defined benefit liability	284
-1,415	Net deficit at end of the year	-1,097

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

10. RETIREMENT BENEFITS CONTINUED

Defined benefit scheme

The defined benefits scheme in which the Board participates was closed to new members on 31 July 2015.

As part of the terms and conditions of employment of its officers and other employees who were employed prior to 31 July 2015, the Board offers retirement benefits.

Although these benefits will not actually be payable until employees retire, the Board has a commitment to make payments that need to be disclosed at the time when employees earn their future entitlement.

The Board participates in the Local Government Pension Scheme (LGPS), which is categorised as a defined benefit scheme and is administered by Gloucestershire County Council. It is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension's liability with investment assets. The retirement benefits are determined independently of the investments of the scheme and the Board has an obligation to make extra contributions where assets are insufficient to meet employee benefits.

National changes to the LGPS were introduced on 1 April 2008 and will effect the pension liability. The Board and its actuary were required to make a number of assumptions about further changes to the scheme when calculating these figures. The actuary has made allowance for the removal of the "Rule of 85" for new entrants from 1 October 2006 up to and including 31 March 2010.

The LGPS funding level is determined by actuarial valuation every three years. The latest valuation was at 31 March 2016, the overall fund was 89% funded. Employers' contribution rates are calculated at each valuation to achieve full funding of each employer's part of the scheme over the average future working life of that employer's active members.

During 2016/17 the employer contribution rate was 17.40% of payroll (17.40% in 2015/16). The results of the 2016/17 valuation show that contributions for 2016/17 are calculated at 17.40% together with a lump sum contribution of £76,000. (£64,000 in 2015/16)

The Board's estimated contribution to the scheme in 2017/18 is £144,000.

Further information can be found in Gloucestershire County Council's LGPS Annual Report, which is available (from November each year) upon request from:

Head of Service Delivery and Finance,
Gloucestershire County Council,
Shire Hall,
Westgate Street,
Gloucester GL1 2TG.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2017

11. LEVIES CHARGED TO AUTHORITIES	2017	2016
	£	£
Bristol City Council	621,481	530,532
South Gloucestershire Council	263,846	224,943
Stroud District Council	130,789	106,332
Gloucester City Council	59,009	50,355
Forest of Dean Council	36,435	30,773
Herefordshire Council	10,093	8,619
Tewksbury Borough Council	6,063	5,143
Malvern Hills Council	1,346	1,044
	1,129,062	957,741

12. CONTRIBUTIONS AND PRECEPTS

The Board received in 2016/17 a Foreign Water Contribution of £154,587 from the Environment Agency. The Board paid the Environment Agency a Flood Defence Precept in 2016/17 of £197,603.

13. EMPLOYEES' REMUNERATION

The Board is required under Regulation 7(3) of the Accounts and Audit Regulations 2015, to report the members of staff with pay and benefits, excluding employer pension contributions, in excess of £50,000 per annum in bands of £10,000.

The Board had no employees in either 2016/17 or 2015/16 who earned more than £50,000.

14. ENGINEERING CONSULTANCY FEES	2017	2016
	£	£
Consultancy fees and expenses	28,728	21,259
Specific modelling and rechargeable work	43,753	16,208
Ryalls lane, Cambridge provision not required	0	-1,008
	72,481	36,459

15. AUDIT AND ACCOUNTANCY FEES	2017	2016
	£	£
Audit fees and expenses	7,650	7,650
Accountancy services	4,145	3,053
	11,795	10,703

16. RELATED PARTY TRANSACTIONS

The Board is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board.

The Board receives levies totalling £1,129,062 from the 8 local authorities within the areas in which the Board operates. These authorities are represented by 15 of the 29 Board members. In addition a number of Board Members are also elected councillors on these authorities.

The Board carried out works to an area of land owned by the Chairman Mr.G.Littleton and invoiced him the fully costed charge of £259 including value added tax (£378 in 2015/16) and Mr J.Nichols an Elected Member of the Board and invoiced him the fully costed charge of £318 including va (Nil in 2015/16)

details of the transactions are recorded in the Register of Members of Interests and are open to inspection at the Board's offices.