

LINDSEY MARSH DRAINAGE BOARD

Statement of Accounts
For the Period 1st April 2009
To 31st March 2010

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Annual Report

The Lindsey Marsh Drainage Board is an independent body created under land drainage statutes responsible for flood defence works, other than on main rivers, in the Lindsey Marsh Drainage Board area. Board Members are either elected by and represent the occupiers of land in the area or are nominated by East Lindsey and North East Lincolnshire District Councils.

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 our area.

The Board consists of 13 elected members and 14 nominated members.

This document is the statement of accounts of Lindsey Marsh Drainage Board for the financial year ended 31 March 2010 which are set out on pages 3 to 14. The accounts consist of:

The Auditor's Report

The Annual Governance Statement

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 Total Recognised Gains or Losses

This statement shows a reconciliation of all gains and losses including those not shown in the income and expenditure account.

The Balance Sheet

This statement shows the balances and reserves at the Board's disposal; the fixed and net current assets employed in its operation showing creditors due within and after one year.

Summary of Financial Performance

The Board's financial position worsened in the year as a result of the following:

The expenditure outturn for the year exceeded budgeted expenditure for the year due to additional drain and pumping station expenditure resulting from higher fuel and electricity charges. The acquisition late in the year of major items of new plant led to an under recovery of plant costs. This under recovery was written off against drains and pumping stations on a pro rata basis.

The Board completed new flood alleviation schemes and improvements in the Lindsey Marsh Drainage Board area at a final outturn of £1,136,759 compared to a budget of £1,372,652.

The Board has acquired the following major items of plant as part of a planned programme of vehicle and plant replacement:

	<u>£</u>
Volvo Excavator Attachments	596
Liebherr Excavator Attachments	660
3 Weed Baskets	19,440
MF Tractor Attachments	8,006
Landrover Defender	20,154
Betsy 6" Pumpset	30,300
4 Storage Containers	7,000
Peugeot 407 Payments	1,596
Herder Grenadier Flail	<u>81,408</u>
Total	<u>169,160</u>

Independent auditor's report to the Members of Lindsey Marsh Drainage Board

Opinion on the financial statements

We have audited the accounting statements and related notes of Lindsey Marsh Drainage Board for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Balance Sheet, 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 Lindsey Marsh 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 Lindsey Marsh 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 auditor

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 accounting statements represent a true and fair view, in accordance with relevant legal and regulatory requirements and the Accounts and Audit Regulations 2003, as amended, of 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 accounting statements, and consider whether it is consistent with the audited Board 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 judgements 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.

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 2010 and its income and expenditure for the year then ended.

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 does not currently have a medium term financial plan in place other than in respect of capital planning.
- the Board does not yet have in place an approved risk management strategy and an approved risk register.

Having regard to the relevant criteria for other local government bodies specified by the Audit Commission and published in 2009, we are satisfied that, in all significant respects the Lindsey Marsh Drainage Board made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except that it did not put in place arrangements for:

- planning its finances effectively to deliver its strategic priorities and secure sound financial health
- managing its risks and maintaining a sound system of internal control.

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.



Paul Winrow

Senior Statutory Auditor,

For and on behalf of Grant Thornton UK LLP

Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

28 September 2010

The Annual Governance Statement

We acknowledge as the members of the Lindsey Marsh 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 2010, 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 carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
6. We have maintained throughout the year an adequate and effective system of internal audit of the board's accounting records and control systems and carried out a review of its effectiveness.
7. We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
8. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the board and where appropriate have included them in the statement of accounts.

This annual governance statement is approved by the board and recorded as board minute reference 6 dated 30 June 2010

Signed on behalf of Lindsey Marsh Drainage Board

Signed by: Chair – Michael Clark 

28 September 2010

Signed by: Responsible Financial Officer – Andrew McGill 
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28 September 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 Board that officer is the Responsible Financial Officer.

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 2010.

In preparing this statement of accounts, the Responsible Financial 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 Internal Drainage Boards;
- 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:

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

Certificate of the Responsible Financial Officer

This statement of accounts is that upon which the auditor should enter his certificate and opinion. It provides a true and fair view of the financial position of the Board at 31 March 2010 and its income and expenditure for the year then ended.

Signed by: Responsible Financial Officer – Andrew McGill



28 September 2010

Certificate of the Chairman of the Board

I confirm that these accounts have been approved by the Lindsey Marsh Drainage Board at a meeting held on 28 September 2010.

Signed by: Chair – Michael Clark



28 September 2010

Statement of Accounting Policies

1. General

The accounts have been prepared under the historical cost convention in accordance with the Financial Reporting Standard for Smaller Entities April 2008 (FRSSE) issued by the Accounting Standards Board. In preparing the statements regard has been made to the guidance published by the Association of Drainage Authorities (ADA).

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

- Accruals
- Relevance
- Consistency
- Reliability
- Comparability
- Understandability
- Materiality
- Going Concern
- Income Recognition

2. Income recognition

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

Other Income is recognised when the significant risks and benefits of ownership of the product or service and any related obligation have been transferred to the buyer.

3. Fixed assets

Fixed Assets are recognised as expenditure on acquisition, creation or enhancement of fixed assets with a value in excess of £500 and with estimated useful lives in excess of one year and are capitalised on an accruals basis in the accounts.

All fixed Assets are valued on the following basis:

- Land and buildings are included in the balance sheet at the lower of cost or net realisable value.
- Vehicles, plant and equipment are included at cost less depreciation.
- Drainage Schemes are valued at the lower of cost or net realisable value.
- Pumping Stations are valued at market value. The board revalues its operational buildings every five years and depreciates this valuation over 50 years. The pumping stations were valued for the first time on 31 March 2009 by J W Castley FRICS FAAV of Castley & Co, Chartered Surveyors. The pumping stations will be depreciated from this date forward.
- Disposals are written off at cost less depreciation. Any surplus/deficit arising is charged/credited to the income and expenditure account.

- Depreciation has been provided for, using the straight line method over the useful life of the assets, on fixed assets with a purchase cost in excess of £500.

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

Buildings: 50 years

Pumping Station Contents and Weedscreen Cleaners: 25 Years

Motor vehicles and Equipment: 5 years

Excavators and Plant: 5-10 years

Office equipment: 5 years

Computer equipment: 3 years

Assets acquired under finance leases are capitalised as fixed assets and depreciated (see note 6).

3. Stocks and work in progress

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

4. Operating Leases

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the term of the lease.

5. 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 26.5% on employee's pensionable pay into the pension fund. This contribution rate has been set by the Actuary until 31 March 2011.

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 Board'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 bid price

Unquoted securities - Professional estimate

Unitised securities - Current bid price

Property - Market value

6. 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.

7. Exceptional items

Profit and losses on fixed asset sales are included in the income and expenditure account as an exceptional item. An exceptional profit on the sale of fixed assets of £18,948 was incurred in the year.

8. Reserves

The board holds reserves as follows:

Revenue Reserve – The board's policy is to maintain the balance of this fund at 25% of the annual expenditure in the Income and Expenditure account.

Contributions in Advance - The board makes a one off charge to developers to allow an increase in flow to the board's drainage system. These charges are used to fund future improvements to the board's drainage system to accommodate these additional flows.

Pension Reserve – This fund represents the current excess of liabilities over assets on the board's pension fund (see note 16).

Capital Receipts Unapplied – This reserve represents proceeds from the sale of land and buildings which can only be used to fund acquisitions of land and buildings.

Revaluation Reserve – This reserve represents the surplus arising on the revaluation of land and buildings. This reserve is not available for use in the board's normal business.

Capital Discharged Reserve – This reserve represents the board's revenue contributions to capital. This reserve is not available for use in the board's normal business.

LINDSEY MARSH DRAINAGE BOARD

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR TO 31ST MARCH 2010

Year 1st April 2008 to 31st March 2009		Note	Year 1st April 2009 to 31st March 2010
	Income		
749,567	Agricultural Drainage Rates		769,282
2,402,110	Special Levies on Councils	1	2,458,210
46,412	Interest Income		7,265
167,624	Miscellaneous Fees & Contract Income		67,011
3,365,713	Total Income		3,301,768
	Expenditure		
549,227	Drain Maintenance		596,177
441,798	Pumping Stations		686,543
1,131,300	Drainage Schemes		885,285
841,876	Administration		797,361
141,996	Establishment		117,326
44,151	Flood Monitoring		17,570
426,664	Environment Agency Precept		450,451
80,000	Other Finance Costs		156,000
3,657,012	Total Expenditure		3,706,713
	Exceptional Items		
(10,344)	Profit/(Loss) arising on disposal of fixed assets		18,948
(301,643)	Net Operating Surplus/(Deficit) for the Year		(385,997)

LINDSEY MARSH DRAINAGE BOARD

Statement of Total Recognised Gains and Losses

This statement brings together all recognised gains and losses of the board for the year and shows the aggregate decrease in net worth. In addition to the deficit generated in the income and expenditure account it includes gains and losses in relation to the re-measurement of the net liability to cover the cost of retirement benefits.

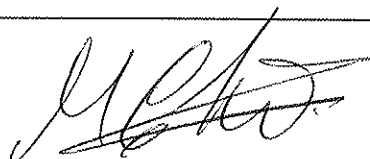
	<i>Note</i>	2010 £	2009 £
Deficit on the income and expenditure account for the year		(385,997)	(301,643)
Actuarial gains and losses on Pension Fund assets and liabilities	16	(2,012,000)	(689,000)
Surplus on Revaluation of Pumping Stations		-	10,597,125
Total Recognised Gains and Losses for the Year		(2,397,997)	9,606,483

LINDSEY MARSH DRAINAGE BOARD

BALANCE SHEET

31st March 2009				31st March 2010	
£	£		Note	£	£
	14,687,936	Tangible Fixed Assets	6		14,393,973
	6,193	Debtors due after one year	9		3,375
		Current Assets			
78,490		Stock & Works in Progress	7	90,849	
96,637		Debtors and Prepayments	8	71,895	
350,000		Short Term Investments	11	354,587	
245,475		Cash at Bank and in Hand	10	122,289	
770,602		Total Current Assets		639,620	
		Current Liabilities			
366,483		Amounts falling due within one year	12	289,948	
366,483		Total Current Liabilities		289,948	
	404,119	Net Current Assets			349,672
	<u>15,098,248</u>	Total Assets less Current Liabilities			<u>14,747,020</u>
	2,701,603	Long Term Liabilities	12		4,593,373
	<u>12,396,645</u>	Total Assets less Liabilities			<u>10,153,647</u>
		Represented by			
	1,128,865	Capital Discharged			1,128,865
	56,588	Contributions in Advance			56,588
	2,557,064	Revenue Fund Balance			2,619,447
	-2,079,000	Pension Reserve	16		-4,092,000
	10,597,125	Revaluation Reserve			10,304,744
	136,003	Capital Receipts Unapplied			136,003
	<u>12,396,645</u>	Total			<u>10,153,647</u>

Signed:



28-Sep-10

Chairman - Michael Clark

Notes to the Accounts

1. Special Levies

	2009/10	2008/9
	£	£
East Lindsey District Council	2,451,081	2,395,144
North East Lincolnshire Council	7,129	6,966
Total	2,458,210	2,402,110

2. Government Grants

	2009/10	2008/9
	£	£
Grants Received	18,736	40,059

3. Pension Fund Contributions

The Board pays an employers contribution of 26.5% of the employees' pensionable pay into the Lincolnshire County Council Pension Fund. The cost for the period is accounted for as a defined contribution scheme and amounted to £211,745 for the year. A further £106,970 was accrued at 31 March 2010 in respect of pension strain.

4. Remuneration of Employees

This table indicates the number of employees whose remuneration was greater than £50,000. (Remuneration being amounts paid or receivable by an employee, including payments in kind, however pension contributions paid by an employee or employer are excluded:

Remuneration Band £	Number of Employees	
	2009/10	2008/9
50,000-59,999	-	1
60,000-69,999	1	-
70,000-79,999	1	1

5. Audit Fees and Expenses

The fees payable to the Board's external auditors for 2009/10 are £9,972 (2008/9 £7,159).

6. Tangible Fixed Assets

	Land and Buildings	Pumping Stations	Drainage Schemes	Plant and Vehicles	Total
Cost	£	£	£	£	£
Opening Balance	295,932	10,597,125	3,046,555	1,548,790	15,488,402
Additions	-	-	-	169,161	169,161
Disposals	-	-	-	(105,427)	(105,427)
As at 31 March 2010	295,932	10,597,125	3,046,555	1,612,524	15,522,136
Depreciation					
Opening Balance	10,060	-	-	790,406	800,466
Charge for the Year	5,349	292,380	-	152,300	450,030
Disposals	-	-	-	(92,332)	(92,322)
As at 31 March 2010	15,409	292,380	-	850,374	1,158,163
Net Book Value at 31/03/10	280,523	10,304,745	3,046,555	762,150	14,393,973
Net Book Value at 31/03/09	285,872	10,597,125	3,046,555	758,384	14,687,936

Assets held under finance leases capitalised as fixed assets and included in Plant and Vehicles amounted to, cost £62,626, (2009: £166,405) and depreciation charged on these assets amounted to £6,578, (2009: £18,301).

Pumping Stations were valued as at 31st March 2009 by John Castley & Co, FRICS FAAV Chartered Surveyors at open market valuation.

7. Stocks and Work in Progress

	2009/10	2008/9
Stocks	£	£
Raw Materials	90,849	78,490

8. Debtors and Payments in Advance

	2009/10	2008/9
	£	£
Trade Debtors	29,992	52,304
Drainage Rate Debtors	6,732	1,005
Prepayments	5,690	8,833
HM Revenue and Customs VAT	27,797	31,700
Other	1,684	2,795
Total Debtors due within one year	71,895	96,637

9. Debtors falling due after one year

	2009/10	2008/9
	£	£
Other	3,375	6,193

10. Cash in Hand and at Bank

	2009/10	2008/9
	£	£
Bank Current and Deposit Accounts	122,223	245,391
Cash in Hand	66	84
Total	122,289	245,475

11. Short Term Investments

	2009/10	2008/9
	£	£
Bank and Treasury Deposits	354,587	350,000

The year end short term investment was held with Abbey plc at 3.2% with a maturity date of 1 September 2010.

12. Creditors and Receipts in Advance

Creditors falling due within one year

	2009/10	2008/9
	£	£
Trade Creditors	70	22,967
Accruals	168,648	211,470
Loan amounts falling due in one year	108,553	101,661
HP creditors falling due in one year	12,677	30,385
Total Creditors falling due within one year	289,948	366,483

Creditors falling due after one year

	2009/10	2008/9
	£	£
Loan amounts falling due after one year	489,299	597,852
HP creditors falling due after one year	12,074	24,751
Net Pension Fund Liability	4,092,000	2,079,000
Total Creditors falling due after one year	4,593,373	2,701,603

13. Capital Commitments

At the 31 March 2010 the board had committed to purchase plant and vehicles with a total value of £289,860, of which £27,726 was to be financed by Hire purchase and £230,134 financed by cash and trade-ins.

14. Operating Leases

Future minimum lease payments payable by the Group under non-cancellable operating leases are as follows,

	2009/10	2008/9
	£	£
Lease expiring within		
Later than one year and less than five years	13,476	13,069

15. Loans

Payments due under loan agreements are as follows:

	2009/10	2008/9
	£	£
Within one year	121,230	132,046
More than one year but not more than five years	302,550	388,817
More than five years	198,823	233,786
Total Loans Outstanding	622,603	754,649

The loan details are as follows:

	Interest Rate %	Term Years
Public Works Loan Board – 1994 - £400,000	8.125%	20
Public Works Loan Board – 1997 - £500,000	7.25%	15
Public Works Loan Board – 2005 - £240,000	4.3%	15
Public Works Loan Board – 2005 - £250,000	4.25%	15
Volvo Finance – 2008	3.15%	3

Future minimum lease payments payable by the Group under non-cancellable finance leases are as follows,

	2009/10	2008/9
	£	£
Lease expiring within		
Less than one year	12,677	-
Later than one year and less than five years	12,074	-

16. Pensions

The annual report of the LCC Superannuation Fund is available from Lincolnshire County Council, Pensions Department, County Offices, Lincoln, LN1 1YE. The last full actuarial valuation, upon which the amounts in the financial statements are based, was undertaken by the schemes actuary's Hymans Robertson LLP on 31 March 2007.

Balance sheet	31 March 2010	31 March 2009
Year Ended:	£	£
Fair Value of Employer Assets	4,745,000	3,630,000
Present Value of Funded Liabilities	(8,432,000)	(5,390,000)
Net (Under) / Overfunding in Funded Plans	(3,687,000)	(1,760,000)
Present Value of Unfunded Liabilities	(405,000)	(319,000)
Unrecognised Past Service Cost	-	-
Net Asset / (Liability)	(4,092,000)	(2,079,000)
Amount in the Balance Sheet		
Liabilities	4,092,000	2,079,000
Assets		
Net Asset / (Liability)	(4,092,000)	(2,079,000)

Recognition in the income and expenditure account

Year Ended:	31 March 2010	31 Mar 2009
	£	£
Current Service Cost	103,000	105,000
Interest Cost	390,000	399,000
Expected Return on Employer Assets	(234,000)	(319,000)
Past Service Cost / (Gain)*	-	51,000
Losses / (Gains) on Curtailments and Settlements	-	-
Total	259,000	236,000
Actual Return on Plan Assets	1,072,000	(842,000)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and (losses) of (£2,012k) were included in the Statement of Total Recognised Gains and Losses (losses of £689k in 2008/9).

Reconciliation of defined benefit obligation

Year Ended:	31 March 2010	31 Mar 2009
	£	£
Opening Defined Benefit Obligation	5,709,000	5,818,000
Current Service Cost	103,000	105,000
Interest Cost	390,000	399,000
Contributions by Members	53,000	45,000
Actuarial Losses / (Gains)	2,848,000	(443,000)
Past Service Costs / (Gains)	-	51,000
Estimated Unfunded Benefits Paid	(18,000)	(17,000)
Estimated Benefits Paid	(248,000)	(249,000)
Closing Defined Benefit Obligation	8,837,000	5,709,000

Reconciliation of fair value of employer assets

Year Ended:

	31 March 2010	31 Mar 2009
	£	£
Opening Fair Value of Employer Assets	3,630,000	4,508,000
Expected Return on Assets	234,000	319,000
Contributions by Members	53,000	45,000
Contributions by the Employer	240,000	186,000
Contributions in respect of Unfunded Benefits	18,000	17,000
Actuarial Gains / (Losses)	836,000	(1,179,000)
Unfunded Benefits Paid	(18,000)	(17,000)
Benefits Paid	(248,000)	(249,000)
Closing Fair Value of Employer Assets	4,745,000	3,630,000

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%

17. Movement on Reserves

	Capital Reserves					Revenue Fund £	Total £
	Revaluation Reserve £	Capital Discharged £	Capital Receipts Unapplied £	Contributions in Advance £	Pension Reserve £		
Balance at 1 April 2009	10,597,125	1,128,865	136,003	56,588	(2,079,000)	2,557,064	12,396,645
Pumping Station Depreciation	(292,381)	-	-	-	-	292,380	-
Pension Interest Cost	-	-	-	-	(156,000)	156,000	-
Net Surplus/deficit for the year	-	-	-	-	(1,857,000)	(385,997)	(2,242,997)
Balance as at 31 March 2010	10,304,744	1,128,865	136,003	56,588	(4,092,000)	2,619,447	10,153,647

18. Related Parties

Board members are either elected by and represent the occupiers and ratepayers of land in the board's area or are nominated by East Lindsey District Council and North East Lincolnshire Council who provide income to the Drainage Board (as shown in note 1 to the financial statements).

