



# **Annual Report and Accounts**

***2020/2021***

Of

*River Lugg*

*Internal Drainage Board*

**FOR THE YEAR ENDING 31 MARCH 2021**

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## BOARD MEMBERSHIP AS AT 31 MARCH 2021

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| <b>Elected:</b> | <b>% Attend</b> | <b>Appointed:</b> | <b>% Attend</b> | <b>Authority</b>      |
|-----------------|-----------------|-------------------|-----------------|-----------------------|
| Chilman, Z      | 75%             | Andrews, P        | 25%             | Herefordshire Council |
| Corbett, R      | 50%             | Bolderson, C      | 75%             | Herefordshire Council |
| Crawley, Lord   | 75%             | Bowen, S          | 75%             | Herefordshire Council |
| Davies, M       | 25%             | Fagan, T          | 50%             | Herefordshire Council |
| Davies, N       | 50%             | Hardwick, J       | 0%              | Herefordshire Council |
| Eynon, N        | 0%              | Harrington, J     | 25%             | Herefordshire Council |
| Hereford, J     | 100%            | Jinman, P         | 0%              | Herefordshire Council |
| Makin, J        | 25%             | Marsh, T          | 25%             | Herefordshire Council |
| Mitcheson, K    | 100%            | Stone, J          | 50%             | Herefordshire Council |
| Pudge, C        | 100%            | Summers, D        | 100%            | Herefordshire Council |
|                 |                 | Swinglehurst, E   | 100%            | Herefordshire Council |
|                 |                 | Phillips, R       | 100%            | Herefordshire Council |

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## ANNUAL REPORT

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River Lugg IDB is an independent body created under Land Drainage Statutes responsible for flood risk, drainage and water level management works, other than on main rivers, in the River Lugg IDB area. Board Members are either elected by and represent the occupiers of land in the area, or are appointed by Hereford Council.

The Board secures income mainly from drainage rates on farmers and other occupiers and from special levies on local authorities.

The end of the year saw the retirement of Mr Les Harrison, Engineer to the Board, Mr Harrison has been involved with the River Lugg Board since 1979.

2020/21 saw a few changes in Board membership, Cllr Swinglehurst was elected Chair of the Board in January 2021, succeeding Mr C Pudge, the Chair for the last 11 years, Mr Pudge was elected to the Vice-Chair. Cllr T Marsh became an appointed Board member in January 2021 replacing Cllr T Fagan.

Covid restrictions all Board meeting were held remotely; the average attendance at meetings in 2020/21 increased slightly from previous years. The pandemic impacted on the maintenance work with the loss of approx. 5 weeks of working time.

At the 31<sup>st</sup> March 2021 the management service to the Board transferred from Hoople limited to JBA consulting.

This document is the statement of accounts of River Lugg IDB for the financial year ended 31 March 2021 which are set out on pages 6 to 11. The Accounts consist of:

#### **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.

#### **STATEMENT OF RESPONSIBILITIES**

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

#### **STATEMENT OF ACCOUNTING POLICIES**

This statement details the legislation and source of accounting principles on which the financial statements are prepared.

#### **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 ratepayer and others.

#### **STATEMENT OF MOVEMENT ON RESERVES**

This statement shows the changes in reserves during the reporting period.

#### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

This statement brings together all the gains and losses of the IDB for the year and shows the aggregate increase/decrease in its net worth. The net worth is the movement in the balance sheet reserves between financial years.

#### **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 held and net current assets employed in its operation. The statement also includes assets and liabilities of the Board.

#### **ACCOUNTING STATEMENT FOR THE ANNUAL RETURN AND RECONCILIATION TO THE UNAUDITED ACCOUNTS**

This statement reconciles the Income, Expenditure, Assets and Liabilities reported in the financial information, reported in Section 1 of the Annual Governance & Accountability Return (previously known as the Annual Return).

#### **ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN FOR THE YEAR ENDED 31 MARCH 2021 (UNAUDITED STATEMENTS)**

These Statements represent the unaudited Accounts for the reporting period.

#### **SUMMARY OF FINANCIAL PERFORMANCE**

The Board's financial position for 2020-2021:

1. The Board made an actual operating surplus of £32,002, which when compared to the budgeted deficit of £15,252 produces a favourable variance of £47,254
- 2.
3. Debt: the Board has no long term debt.
4. Liquidity: the cash balance at 31<sup>st</sup> March 2021 is £132,971
5. Funding: the Board's expenditure is mainly funded by cash from direct rates on ratepayers and special levies on local Councils.

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**ANNUAL GOVERNANCE STATEMENT**

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As members of the River Lugg Internal Drainage Board we acknowledge 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 2021, that:

1. We have approved the Statement of Accounts and Annual Governance and Accountability Return which have 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 maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.
7. Board's accounting records and control systems and carried out a review of its effectiveness.
8. We have taken appropriate action on all matters raised in previous reports from the internal and external audit.
9. 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 12<sup>th</sup> May 2021.

Signed on behalf of River Lugg Internal Drainage Board

Signed by: Chairman: .....

Date: 12<sup>th</sup> May 2021

Signed by: Responsible Financial Officer.....

Date: 12<sup>th</sup> May 2021

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## STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

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### THE RESPONSIBLE FINANCIAL OFFICER'S RESPONSIBILITIES:

The Responsible Financial Officer is responsible for the preparation of the Board's Statement of Accounts which presents 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 2020. The Responsible Financial Officer is also responsible for the preparation of the Board's Annual Governance and Accountability Return, which is required to be completed and audited in accordance with the Accounts and Audit Regulations 2015.

In preparing this Statement of Accounts and the Annual Governance and Accountability Return, 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 Statement of Accounts in accordance with the Local Audit and Accountability Act 2014, Section 6, and reconciled these Accounts to the Accounting Statement on the Annual Governance and Accountability Return shown in this Report, which has been prepared in accordance with Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2018;
- 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 provides a true and fair view of the financial position of the Board at 31 March 2021 and its income and expenditure for the year then ended.

Signed

Designation: Responsible Finance Officer

Date: 12<sup>th</sup> May 2021

## NOTE ACCOUNTING POLICIES

### 1 FINANCIAL REPORTING STANDARDS, REGULATION AND GUIDANCE

- (i) The Board has completed this Statement of Accounts in accordance with the Financial Reporting Standard for Smaller Entities 2015 (FRSSE 2008 updated ) issued by the Accounting Standards Board and has prepared an Annual Governance and Accountability Return, which smaller bodies are required to do, in accordance with Local Audit and Accountability Act 2014 ,Section 6, based on these Accounts.
- (ii) The Annual Governance and Accountability Return has been prepared in accordance with proper practices that are set out in Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2018. This Statement of Accounts therefore includes the Accounting Statement reported on the Annual Governance and Accountability Return, which has been reconciled to the Income and Expenditure Account and Balance Sheet stated herein.

### 2 ACCOUNTING CONCEPTS

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

Going Concern  
Prudence  
Accruals

### 3 TAXATION

Drainage Boards are exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the Income and Expenditure Account only to the extent that it is irrecoverable.

### 4 EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

- (i) There are no material exceptional or extraordinary items to disclose in the Accounts.

### 5 INCOME RECOGNITION

Income is recognised at the time of invoicing. In the case of Drainage Rates this is around 10th April annually.

### 6 RESERVES

The Board holds the following Reserves, the adequacy of which is reviewed by the Board annually:

- (i) **General Reserve**

The year end surplus/(deficit) is taken to the General Reserve.

**Income and Expenditure Account for the Period Ended 31<sup>st</sup> March 2021**

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
| <b><u>Income</u></b>                        | <b>£</b>      | <b>£</b>      |
| Drainage Rates                              | 99,904        | 97,646        |
| Special Levies                              | 142,498       | 137,942       |
| Contribution to Maintenance                 | 2,940         | 2,940         |
| Interest                                    | 59            | 266           |
| Land Drainage Consent                       | 150           | 0             |
| Misc Income                                 | 0             | 0             |
| Court Costs Recovered                       | 0             | 660           |
|   | <hr/>         | <hr/>         |
|   | 245,551       | 239,455       |
| <b><u>Expenditure</u></b>                   |               |               |
| Clerk/Engineer and Admin Services           | 68,890        | 67,539        |
| Other Admin/Board Expenses                  | 7,458         | 6,637         |
| Insurance                                   | 2,084         | 2,325         |
| Tour of Inspection/Conferences              |               | 969           |
| Maintenance of Watercourses                 | 130,506       | 128,647       |
| BAP/Conservation/IT/GIS Specialist Services | 2,318         | 2,223         |
| Policy and Strategic Consultations          | 2,245         | 1,695         |
| Travelling Expenses Consultants             | 48            | 70            |
| Court Costs                                 |               | 5             |
|   | <hr/>         | <hr/>         |
|   | 213,549       | 210,110       |
| Surplus (Deficit) for the Year              | <u>32,002</u> | <u>29,345</u> |



**River Lugg Internal Drainage Board**

**Administration Expenses**

|                            | <b>2021</b>  | <b>2020</b>  |
|----------------------------|--------------|--------------|
|                            | <b>£</b>     | <b>£</b>     |
| Professional fees          | 193          |              |
| Advertising                |              | 344          |
| Board Costs/Room Hire      | -90          | 360          |
| Travelling                 | 1,078        | 2,217        |
| Subscriptions              | 1,734        | 1,692        |
| Office Stationery          | 98           | 28           |
| Audit and Accountancy fees | 4,410        | 1,960        |
| Data Protection            | 35           | 35           |
|                            | <b>7,458</b> | <b>6,637</b> |

**River Lugg Internal Drainage Board  
Ratepayer Account as at 31st March 2021**

|                                | <b>2021</b>    | <b>2020</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>£</b>       | <b>£</b>       |
| Balance Brought Forward        | 4,598          | 4,463          |
| Add 2019/2020 rates            | 99,904         | 97,646         |
| Special Levies                 | <u>142,498</u> | <u>137,942</u> |
|                                | 242,402        | 235,588        |
|                                | 247,000        | 240,051        |
| Plus/Minus Adjustments         | -45            | -288           |
| Less Paid                      |                |                |
| Drainage Rates                 | 90,880         | 97,223         |
| Special Levies                 | <u>142,498</u> | <u>137,942</u> |
|                                | 233,378        | 235,165        |
| <b>Balance Carried Forward</b> | <b>13,576</b>  | <b>4,598</b>   |

**VAT Account Movements in Year to 31st March 2021**

|                                 | <b>2021</b> | <b>2020</b> |
|---------------------------------|-------------|-------------|
|                                 | <b>£</b>    | <b>£</b>    |
| Balance Brought Forward         | 15,550      | 35,197      |
| VAT reclaimed - Input tax       | 42,667      | 39,646      |
| Less refunds received from HMRC | 48,967      | 59,293      |
| Balance Carried Forward         | 9,250       | 15,550      |

## River Lugg IDB Balance Sheet 31st March 2021

|                                   | 2021<br>£     | 2020<br>£     |
|-----------------------------------|---------------|---------------|
| <b><u>Current Assets</u></b>      |               |               |
| Debtors                           | 13,577        | 4,598         |
| Bank and cash                     | 132,971       | 112,065       |
| HM Customs & Excise               | 9,250         | 15,550        |
| Prepayments                       | 2,332         | 2,658         |
| Rate Payers                       | 0             | 0             |
|                                   | 158,129       | 134,871       |
| <b><u>Current Liabilities</u></b> |               |               |
| Creditors                         | 14,539        | 12,730        |
| Accruals                          | 1,720         | 7,810         |
| Provision for Bad Debt            |               |               |
| Lower Wye                         |               | 4,464         |
|                                   | 16,259        | 25,004        |
| <b><u>Net Current Assets</u></b>  | 141,870       | 109,867       |
| <b><u>Reserves</u></b>            |               |               |
| Revenue Account                   |               |               |
| Opening balance                   | 109,867       | 80,523        |
| Surplus ( deficit ) for the year  | <u>32,002</u> | <u>29,345</u> |
|                                   | 141,870       | 109,867       |