

### 35 Mersey Waste Holdings Ltd additional disclosure note

During 2015-16 the Authority's wholly owned company, Mersey Waste Holdings Ltd (MWHL), the former LAWDC (Local Authority Waste Disposal Company), reviewed its financial resources and made a one off decision to pay surplus funds to the Authority. The amount paid to the Authority was £4M and this has been treated by the Authority as a return on capital from the company to the Authority. In my judgement this is the correct treatment.

At the same time the value at which the company is held on the Authority's balance sheet has been reviewed by the Authority. As the company was established by statute and was not a share purchase by the Authority the value of the £1 share held by the Authority in the accounts has been a notional value based on historic cost and was £5.138M. As a consequence of the financial review by the company the Authority has reviewed the value of its holding in the company and now considers that it is appropriate to amend the value that the company is held at in the Authority's accounts from a notional historic cost basis to a basis that values the company at its fair value based on the current value of the company based on the latest available accounts. This values the company at £5.049M and is the value that the company will be included in the accounts from 31 March 2016. This will result in a charge to the General Fund reflecting the change in value from the notional historic cost basis to the current value basis.

Judgement on impairment.

I have considered the impact of impairment on the fair value of Mersey Waste Holdings Ltd based on the most recent company accounts to ensure the company is recorded in the Authority's accounts correctly. In undertaking this review, I have had regard to a number of factors including changes in market values, technology, laws and regulations, obsolescence or physical damage, and current and future activity of the company. In my view, having considered these factors at and after the year end, there is no reason to consider the value of the company to be impaired. There is also no new information regarding pension liabilities that need to be considered and which could result in an impairment. On the basis of my considerations, there is not considered to be any significant change in the value of the company between 31 March 2016 and the date of the accounts. The company is used for accessing landfill by the Authority and any payments for that and any other activity are funded in a back to back basis by the Authority, so there has been no reason to consider that the value of the company should be lower than the value at the year end.