

Significant matters discussed with management

	Significant matter	Commentary
1.	<p>Following a capital reorganisation, the share capital of the 100% owned subsidiary, Mersey Waste Holdings LTD, reduced from £5,138K to £1.</p>	<p>This was an unusual transaction and as a result we discussed the accounting treatment with our technical team. Following discussions with the authority, we agreed the accounting adjustments and the disclosure to the authority's financial statements with the Director of Finance. In summary, the fair value of MWHL was reduced from £5,138K to £5,042K reflecting its fair value. This resulted in an impairment of £96K which was charged to the CIES. In addition, an additional disclosure note has been added to the accounts to explain the critical judgements over accounting for the dividend as a return on capital, and that an impairment review had been carried out to review the carrying value of MWHL</p> <p>Management response</p> <p>We have agreed the accounting treatment and disclosure note for this matter.</p>