

THE TAKEOVER PANEL  
REPORT AND ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2020



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## INTRODUCTION TO THE TAKEOVER PANEL

The Panel is an independent body whose main functions are to issue and administer the City Code on Takeovers and Mergers (the “Code”) and to supervise and regulate takeovers and other matters to which the Code applies in accordance with the rules set out in the Code.

The Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The Code is not concerned with the financial or commercial advantages or disadvantages of a takeover. These are matters for the offeree company and its shareholders. In addition, it is not the purpose of the Code either to facilitate or to impede takeovers. Nor is the Code concerned with wider questions of public interest, including competition policy or national security, which are the responsibility of government and other bodies.

The Panel was established in 1968, since when its composition and powers have evolved as circumstances have changed. The Panel’s statutory powers and functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006 (the “Act”). The rules set out in the Code also have a statutory basis in relation to the Isle of Man, Jersey and Guernsey by virtue of legislation enacted in those jurisdictions.

The essential characteristics of the Panel system are flexibility, certainty and speed, enabling parties to know where they stand under the Code in a timely fashion. These characteristics are important in order to avoid overly rigid rules and the risk of takeovers becoming delayed by litigation of a tactical nature, which may frustrate the ability of offeree company shareholders to decide the outcome of an offer.

The Panel seeks to avoid problems arising during takeovers and other relevant transactions by encouraging, and in some cases requiring, early consultation. In the event of a breach of a provision of the Code, the Panel focuses on providing an appropriate remedy in addition to taking appropriate disciplinary action. Such action may include private censure; public censure; the suspension, withdrawal or imposition of conditions on the terms of any exemption, approval or other special status granted by the Panel; or reporting the offender’s conduct to another regulatory authority or professional body. The Panel can also implement “cold-shouldering” procedures such that persons authorised by the Financial Conduct Authority or certain other professional bodies will not be permitted to act for an individual in a transaction subject to the Code for a specified period.

Under the Act, the Panel also has powers to require documents and information, to make compensation rulings in certain circumstances and to seek enforcement of its rulings through the court.

## THE PANEL

The Chairman, the Deputy Chairmen and up to 20 other members are appointed by the Panel. In addition, 12 members are appointed by major financial and business institutions, thus ensuring a spread of expertise in takeovers, securities markets, industry and commerce.

Each member of the Panel is designated on appointment as a member of either the Panel's Hearings Committee or its Code Committee. The Chairman, at least one Deputy Chairman and the members appointed by the major financial and business institutions are designated as members of the Hearings Committee. Of the possible 20 other members appointed by the Panel, up to eight may be designated as members of the Hearings Committee and up to 12 as members of the Code Committee. No person who is or has been a member of the Code Committee may be a member of the Hearings Committee.

## THE HEARINGS COMMITTEE

The principal function of the Hearings Committee is to review rulings of the Panel Executive (the "Executive"). It also hears disputed disciplinary proceedings initiated by the Executive when it considers that there has been a breach of the Code. The Hearings Committee can be convened at short notice, where appropriate. The quorum for proceedings before the Hearings Committee is five members.

Any party to a hearing or prospective hearing of the Hearings Committee (or any person denied permission to be a party to a hearing) may appeal to the Takeover Appeal Board against any ruling of the Hearings Committee or of the chairman of the hearing. The Takeover Appeal Board is an independent body which hears appeals against such rulings. Further information regarding the Takeover Appeal Board, its membership and the Rules of the Takeover Appeal Board are available on its website at [www.thetakeoverappealboard.org.uk](http://www.thetakeoverappealboard.org.uk).

## THE CODE COMMITTEE

The Code Committee carries out the rule-making functions of the Panel and is solely responsible for keeping under review and, where appropriate, proposing, consulting upon, making and issuing amendments to the Code save for certain matters that are reserved to the Panel itself. The Code Committee is also responsible, in consultation with the Hearings Committee, for proposing, consulting on and adopting the Rules of Procedure of the Hearings Committee.

## THE EXECUTIVE

The Panel has delegated the day-to-day work of takeover supervision and regulation to the Executive. In carrying out these functions, the Executive operates independently of the Panel. This includes, either on its own initiative or at the instigation of third parties, the conduct of investigations, the monitoring of relevant dealings in connection with the Code and the giving of rulings on the interpretation, application or effect of the Code. The Executive is available both for consultation and also the giving of rulings on the interpretation, application or effect of the Code before, during and, where appropriate, after takeovers or other relevant transactions. A major part of the Executive's role is to provide guidance.

The Executive is headed by the Director General, usually an investment banker on secondment. The majority of the Executive's staff are permanent, providing an essential element of continuity. They are joined by lawyers, accountants, corporate brokers, investment bankers and others typically on one or two year secondments.

Further information on the Panel is available on its website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

## PANEL MEMBERS

AS AT 22 SEPTEMBER 2020

### CHAIRMAN AND DEPUTY CHAIRMEN

MICHAEL CRANE QC	CHAIRMAN Appointed by the Panel	PHILIP REMNANT	DEPUTY CHAIRMAN Appointed by the Panel
JUSTIN DOWLEY	DEPUTY CHAIRMAN Appointed by the Panel		

Each member of the Panel is designated to act as a member of either the Hearings Committee or the Code Committee.

### HEARINGS COMMITTEE

In addition to the Chairman and the Deputy Chairmen, the membership of the Hearings Committee is as follows:

CLAUDIA ARNEY NON-EXECUTIVE DIRECTOR OCADO	Appointed by the Panel	ALAN PORTER GROUP GENERAL COUNSEL AND COMPANY SECRETARY M&G	Appointed by the Confederation of British Industry
STUART CHAMBERS CHAIRMAN ANGLO AMERICAN	Appointed by the Panel	DAVID MATTHEWS PRESIDENT INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES	Appointed by the Institute of Chartered Accountants in England and Wales
LIV GARFIELD CEO SEVERN TRENT	Appointed by the Panel	KEITH SKEOCH CHAIRMAN THE INVESTMENT ASSOCIATION	Appointed by the Investment Association
SUSAN KILSBY FORMER CHAIRMAN SHIRE	Appointed by the Panel	LORD DEBEN CHAIRMAN PERSONAL INVESTMENT MANAGEMENT AND FINANCIAL ADVICE ASSOCIATION	Appointed by the Personal Investment Management and Financial Advice Association
LORD MONKS FORMER GENERAL SECRETARY THE TRADES UNION CONGRESS	Appointed by the Panel	MARTIN MANNION HEAD OF TRUSTEE SERVICES JOHN LEWIS PARTNERSHIP PENSIONS TRUST	Appointed by the Pensions and Lifetime Savings Association
CHRIS SAUL FORMER SENIOR PARTNER SLAUGHTER AND MAY	Appointed by the Panel	TIM WARD CEO QUOTED COMPANIES ALLIANCE	Appointed by the Quoted Companies Alliance
MARK SORRELL HEAD OF M&A, EMEA GOLDMAN SACHS	Appointed by the Association for Financial Markets in Europe	ROBERT WIGLEY CHAIR UK FINANCE	Appointed by UK Finance
MARK ASTAIRE CHAIRMAN BARCLAYS CORPORATE BROKING	Appointed by the Association for Financial Markets in Europe, Securities Trading Committee	CHARLES WILKINSON CHAIRMAN, UK CORPORATE BROKING DEUTSCHE BANK	Appointed by UK Finance, Corporate Finance Committee
RACHEL BEAGLES CHAIRMAN ASSOCIATION OF INVESTMENT COMPANIES	Appointed by the Association of Investment Companies		

Sir Brian Stewart (former Chairman, Scottish & Newcastle Breweries) has been appointed by the Panel to serve as an alternate for Claudia Arney, Stuart Chambers, Liv Garfield and Susan Kilsby. Kay Carberry (former Assistant General Secretary, TUC) has been appointed by the Panel to serve as an alternate for Lord Monks. Michael Hatchard (former Partner, Skadden Arps) has been appointed by the Panel to serve as an alternate for Chris Saul. Alternates for those members appointed by the major financial and business institutions are listed on the Panel's website.

CODE COMMITTEE

The membership of the Code Committee is as follows:

	RICHARD MURLEY SENIOR ADVISER ROTHSCHILD & CO	CHAIRMAN, Appointed By the Panel	
MARK ARMOUR NON-EXECUTIVE DIRECTOR TESCO	Appointed by the Panel	ROSEMARY MARTIN GROUP GENERAL COUNSEL AND COMPANY SECRETARY VODAFONE GROUP	Appointed by the Panel
RICHARD GODDEN PARTNER LINKLATERS	Appointed by the Panel	JOHN REIZENSTEIN NON-EXECUTIVE DIRECTOR BEAZLEY	Appointed by the Panel
JESSICA GROUND GLOBAL HEAD OF ESG CAPITAL GROUP	Appointed by the Panel	TIM WADDELL VICE CHAIRMAN, CORPORATE & INVESTMENT BANKING BANK OF AMERICA	Appointed by the Panel
MICHAEL HERZOG CO-CEO, PARTNER DAVIDSON KEMPNER EUROPEAN PARTNERS	Appointed by the Panel	EMMA WATFORD PARTNER BRIDGEPOINT	Appointed by the Panel
ROBERT HINGLEY FORMER PARTNER ONDRA PARTNERS	Appointed by the Panel	TRELAWNY WILLIAMS SENIOR ADVISOR BRUNSWICK GROUP	Appointed by the Panel
JAMES LAING MANAGING DIRECTOR ROTHSCHILD & CO	Appointed by the Panel		



## CHAIRMAN'S STATEMENT

The year to March 2020 is likely to be remembered primarily for the events that occurred at its end with the onset of the COVID-19 pandemic having a profound effect on the level of activity in the public M&A market much as it has had on the rest of life, both in the UK and globally. The number of bids ongoing started to fall in the last quarter of the year and remains well below normal levels.

The pandemic has also had a significant effect on the working practices of the Executive where the difficult decision to move to a remote-working basis was taken in mid-March. I am pleased to say that, notwithstanding this, the normal functioning of the Executive has been able to continue without significant disruption, aided by the lower levels of activity. It is difficult to say for how long this situation will continue but I suspect we are unlikely to return to normality for much of the current year. This also explains the delay to the Annual Report, which is published this year in September rather than July.

Despite events at the end of the year, 2019–2020 was in fact one of the most active years we have seen in terms of public offers with over 70 offers announced in the year, up almost 40% from the running average for the previous five years. This expansion has largely taken place at the mid-cap end of the market with only 9 bids over £1 billion this year compared to 14 last year. Whilst it is as ever difficult to discern specific trends, it is noticeable that the number of bids backed by private equity or similar funds showed a marked rise this year, particularly in some of the larger transactions, including the acquisitions of Merlin Entertainments, Inmarsat and Cobham.

Whilst activity levels have been up, the Hearings Committee has not been required to meet to adjudicate in relation to a live transaction.

After the end of the financial year, the Executive was faced with a request to allow an offeror, Brigadier Acquisition Company Limited (“Brigadier”), to lapse its offer for Moss Bros Group plc as a result of the impact of COVID-19. Having considered the representations made by both parties, the Executive decided not to allow Brigadier’s request. Although Brigadier initially requested to have the Executive’s decision reviewed by the Hearings Committee, unusually it subsequently withdrew that request before a hearing had taken place and the offer completed on 11 June 2020.

There was one hearing of the Hearings Committee this year, drawing to a close the long-running saga with Rangers International Football Club plc (“Rangers”), for which the mandatory offer first required in 2016 was finally made at the end of last year. At this disciplinary hearing, the Hearings Committee decided to apply the Panel’s strongest sanction upon Mr David Cunningham King, ‘cold-shouldering’ him for a period of four years.

I should also note that in this year the UK finally formalised its departure from the European Union. The necessary amendments to the Code have already been made and will come into force on 31 December 2020.

On a sad note, the year saw the death of Sir Andrew Leggatt, who served as Chairman of the Appeal Committee of the Panel from 2001 until May 2006. Sir Andrew was then appointed as the first Chairman of the Takeover Appeal Board until his retirement in September 2006.

In terms of Panel membership, I would like to thank Dame Alison Carnwath, who stepped down at the end of April, for her service over the last five years on the Panel as a member of the Hearings Committee and the Remuneration Committee. I welcome Claudia Arney and Jessica Ground to the Panel, who take up roles on the Hearings Committee and Code Committee respectively.

MICHAEL CRANE QC  
22 September 2020

## CODE COMMITTEE CHAIRMAN'S REPORT

The Code Committee met twice during the period between 18 July 2019 and 22 September 2020.

In November 2019, the Committee met to agree the terms of a paper to form the basis of an informal pre-consultation on possible proposals in relation to conditions to offers and the offer timetable. The pre-consultation paper included proposals in relation to:

- (a) applying consistent treatment to all conditions and pre-conditions relating to official authorisations or regulatory clearances;
- (b) amending the timetable for contractual offers to accommodate better the increased number of material official authorisations and regulatory clearances that are required in relation to an offer and the length of time required to obtain them; and
- (c) introducing other improvements to the framework within which takeovers are conducted.

In January and February 2020, the Executive undertook an informal pre-consultation on the Committee's behalf.

In June 2020, the Committee met to consider the pre-consultees' responses to the proposals. This meeting had been scheduled to take place in March but was postponed owing to the COVID-19 pandemic.

The Committee intends to publish shortly a Public Consultation Paper proposing various amendments to the Code in relation to conditions to an offer and the offer timetable.

As noted in my Report last year, the amendments to the Code in relation to the UK's withdrawal from the EU are set out in Instrument 2019/3, which was made by the Committee and the Panel and was published in April 2019. These amendments will come into effect on 31 December 2020 at 11:00pm.

The Committee welcomed Jessica Ground as a new member in May 2020.

RICHARD MURLEY  
22 September 2020

## HEARINGS COMMITTEE CHAIRMAN'S REPORT

On 16 September 2019, the Hearings Committee met to consider disciplinary proceedings initiated by the Executive against Mr David Cunningham King, the Chairman of Rangers International Football Club plc.

The hearing was the culmination of a lengthy series of proceedings against Mr King. In February 2017, the Takeover Appeal Board upheld rulings of the Committee and the Executive that Mr King had acted in concert with others in acquiring, on 2 January 2015, shares carrying more than 30% of the voting rights of Rangers and consequently that he was obliged to announce and make an offer at 20 pence per share to all other Rangers shareholders.

Mr King announced the offer in March 2017, but failed to include the cash confirmation statement required by the Code and thereafter failed to make the offer by publishing an offer document in compliance with the Code, including in particular the required cash confirmation. The Executive commenced enforcement proceedings in the Court of Session in Edinburgh and after a contested hearing obtained a compliance order directing Mr King to make the offer in accordance with the Code. Mr King ultimately made the offer in January 2019 following contempt of court proceedings in the Court of Session.

The Executive requested the Hearings Committee to sanction Mr King for failure to make a mandatory offer in accordance with the Code in the time frame set by the ruling of the Takeover Appeal Board. The Executive also contended that Mr King had neither complied fully with his obligations under section 6(b) of the Introduction to the Code to consult the Executive in relation to his share acquisitions and the implications of “acting in concert”, nor with his obligations under section 9(a) of the Introduction to the Code to co-operate with the Panel and to take all reasonable care not to provide incorrect, incomplete or misleading information to the Panel.

The Committee reached the conclusion that Mr King had shown a propensity to disregard the Code and to comply with its rules only when forced to do so by enforcement proceedings in the courts. In the meantime, Mr King had ignored a ruling of the Takeover Appeal Board. In the event, just over four years elapsed between the acquisition of a controlling stake by Mr King’s concert party and the making of a mandatory offer.

The Committee concluded that, in all the circumstances, Mr King, should be cold-shouldered for a period of four years.

The statements published by the Committee in this case are available on the Panel’s website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

MICHAEL CRANE QC  
22 September 2020

## FINANCE, AUDIT AND RISK COMMITTEE

PHILIP REMNANT CHAIRMAN

MARK ARMOUR

JUSTIN DOWLEY

JOHN REIZENSTEIN

CHARLES WILKINSON

The Finance, Audit and Risk Committee reviews the financial statements of the Panel and recommends them for adoption by the Panel; monitors internal controls and the external audit process; reviews the Panel's exposure to financial, operational and reputational risks and the strategy for mitigation; reviews income and expenditure and the management of the Panel's reserves; and reviews and recommends the annual budget for adoption by the Panel. The Committee gives regular reports to the Panel.

The Finance, Audit and Risk Committee met three times during the course of the year. It considered reforecasts of the Panel's expected results for the 2019-20 year, the full year results and audit for 2019-20 and the budget for 2020-21. It also reviewed the Panel's risk register and the Panel's deposits profile.

The Committee also considered the appointment of the auditor and recommended to the Panel the appointment of BDO, which was subsequently approved.

PHILIP REMNANT  
22 September 2020

## NOMINATION COMMITTEE

MICHAEL CRANE QC CHAIRMAN

MARK ASTAIRE

STUART CHAMBERS

JUSTIN DOWLEY

LIV GARFIELD

RICHARD MURLEY

PHILIP REMNANT

The Nomination Committee monitors the size, composition and balance of the Panel. In particular, it makes recommendations to the Panel in relation to the appointment (and any renewal of appointment) of the Chairman and Deputy Chairmen and of other Panel members (and their alternates) but not those members appointed by the major financial and business institutions. It also makes recommendations to the Panel in relation to the appointment of the Director General.

During the course of the year, the Committee met twice and considered and recommended to the Panel the appointment of two new members and one new alternate member of the Panel. It also recommended the renewal of the appointments of a further two members of the Panel whose terms of appointment were due to expire.

The Committee welcomed Liv Garfield as a new member in May 2020.

MICHAEL CRANE QC  
22 September 2020

## REMUNERATION COMMITTEE

TRELAWNY WILLIAMS CHAIRMAN

JUSTIN DOWLEY

PHILIP REMNANT

CHARLES WILKINSON

The Remuneration Committee applies a formal and transparent procedure for determining the salary or fees payable to, and the policy on the reimbursement of expenses of, members of the Panel. In particular, it considers and determines the remuneration of the Chairman, the Deputy Chairmen and the members of the Panel who are appointed by the Panel and designated as members of the Hearings Committee, and of the Director General and the Deputy Directors General.

The Committee met once during the year and discussed increases to the remuneration of eligible Panel members, the remuneration of the Director General in the context of the renewal of his appointment and the remuneration of the Deputy Directors General.

Dame Alison Carnwath retired from the Committee during the year.

TRELAWNY WILLIAMS  
22 September 2020

## PANEL EXECUTIVE

AS AT 22 SEPTEMBER 2020

\*SIMON LINDSAY DIRECTOR GENERAL  
CITIGROUP

CHARLES CRAWSHAY DEPUTY DIRECTOR GENERAL

CHRISTOPHER JILLINGS DEPUTY DIRECTOR GENERAL

ANTHONY PULLINGER DEPUTY DIRECTOR GENERAL

JEREMY EVANS ASSISTANT DIRECTOR GENERAL

### CASE OFFICERS

\*SARAH FLAHERTY SECRETARY  
LINKLATERS

DIPIKA SHAH SENIOR ASSISTANT SECRETARY

\*JONATHAN GRIFFIN ASSISTANT SECRETARY  
GIBSON DUNN & CRUTCHER (INVESTIGATIONS/ENFORCEMENT)

\*EDWARD HICKS ASSISTANT SECRETARY  
CLEARY GOTTLIB (INVESTIGATIONS/ENFORCEMENT)

MARK HUTT ASSISTANT SECRETARY

\*MAX MITTASCH ASSISTANT SECRETARY  
MACFARLANES

\* SAN NASSER ASSISTANT SECRETARY  
JP MORGAN

\*CALLUM WEST ASSISTANT SECRETARY  
BARCLAYS

### POLICY AND REVISION

JOHN DOVEY SECRETARY,  
HEAD OF POLICY AND REVISION

JUSTINE USHER

### MARKET SURVEILLANCE

ROSALIND GRAY HEAD OF MARKET SURVEILLANCE

CRAIG ANDREWS DEPUTY HEAD

CLIVE DAVIDSON

PETER MARGETTS

HARRY REES

JACK SANDERSON

### ADMINISTRATION AND SUPPORT

ALEX TETLEY CHIEF OPERATING OFFICER

SASHA HILL HEAD OF SUPPORT GROUP

### EXEMPT GROUPS

SUSAN POWELL HEAD OF EXEMPT GROUPS

IAN RIPLEY

\* SECONDED



## DIRECTOR GENERAL'S REPORT

### OVERVIEW OF ACTIVITY

The year ended 31 March 2020 saw a distinct increase in the level of public M&A activity versus the previous year and a number of years prior to that. The number of firm takeover offers which were announced during the year was 65 (51 in 2018-19) and the number of offers which became unconditional in all respects, or schemes which became effective, or which lapsed or were withdrawn, during the year was 73 (51 in 2018-19). The majority of the increase came in the mid-cap sector with only 9 firm offers of over £1 billion in value in 2019-20, compared with 14 in 2018-19.

Whilst the year as a whole was more active, the end of the year has seen a sharp tailing-off in activity as the COVID-19 pandemic has impacted on this as on all areas of life. On 17 March, the Executive took the decision (which had been planned for a number of weeks) to work remotely for the protection of its employees. In deciding how best to operate remotely, the Executive has had to balance the desire to retain as much functionality as possible, whilst addressing the challenge of maintaining security.

Remote working has now been in place for over five months and I am pleased to say that, to date, the Executive has been able to maintain a satisfactory level of functionality whilst managing the security risk.

As well as regulating firm offers, the Executive undertakes a substantial volume of work in respect of possible offers, whitewashes (of which there were 52 in 2019-20 (46 in 2018-19)), concert party queries, re-registrations and other general enquiries relating to the application of the Code, much of which does not become public. In addition, a significant amount of resource has been devoted to supporting the work of the Code Committee, details of which are set out in the report of the Chairman of the Code Committee. Finally, notwithstanding the conclusion of the Rangers case, the Executive continues to devote significant resources to investigatory work, amongst other things. All of this activity has also been able to continue during the COVID-19 pandemic.

I am grateful to the members of the Executive for their hard work and professionalism during the year and in the current pandemic.

During the year, the Executive issued no letters of private censure and 11 educational/warning letters.

## ACCOUNTS

The Panel's income in 2019-20 was £14,256,538, compared with £13,909,313 in 2018-19, an increase of 2.5%. The increase reflected an uptick in income from the PTM levy, reversing the trend of previous years, offset by a slight decline in document fees owing to lower average offer values despite the increased volume. Document fees fell sharply in the last quarter as the impact of COVID-19 began to be felt. Expenditure in 2019-20 was £12,419,067 compared with £13,989,452 in 2018-19. The decrease reflected both a fall in legal and professional costs, which may vary considerably from year to year, and the return to normal levels of expenditure on accommodation costs after the additional costs incurred last year as a result of the change of office location.

Before interest receivable and taxation, the Panel generated a surplus of £1,837,471 in 2019-20 compared with a deficit of £(80,139) in 2018-19. Interest receivable was broadly flat at £318,911 compared with £301,651 in the previous year.

After interest receivable and taxation, the surplus for the year was £2,095,789, compared with a surplus of £164,199 in the previous year.

The Panel's liquid resources, comprising cash and term deposits, increased by £2,458,687 to £29,598,374.

The accumulated surplus at 31 March 2020 was £32,914,465. When considering the Panel's levels of charges and costs, the Panel's objective is to maintain reserves, across the cycle, broadly of the order of two years' expenditure. The Finance, Audit and Risk Committee will keep this under review.

SIMON LINDSAY  
22 September 2020

## STATISTICS

The following sets out some of the key statistics relating to transactions regulated by the Panel in the year ended 31 March 2020. In each case, the equivalent statistics are provided for the year ended 31 March 2019 for comparative purposes.

### OFFER PERIODS COMMENCING DURING THE YEAR

During the year ended 31 March 2020, an offer period commenced in respect of 90 offeree companies (year ended 31 March 2019 – 67). Of these offer periods:

- 49 (27) commenced with the announcement of a firm offer by an offeror;
- 24 (28) commenced with the announcement of a possible offer, of which 23 (26) identified one potential offeror and 1 (2) identified more than one potential offeror;
- 14 (10) commenced with the announcement of a formal sale process (as described in Note 2 on Rule 2.6);
- 2 (2) commenced with the announcement of a strategic review in which the offeree company referred to an offer, a merger or a search for a buyer for the company as one of the options under its strategic review; and
- 1 (0) commenced because a company announced a reduction in capital and tender offer to purchase its own shares that was conditional on a person having a resulting interest in over 50% of the voting rights of the company.

As at 31 March 2020, there were 14 offeree companies in an offer period (21).

### FIRM OFFERS ANNOUNCED DURING THE YEAR

During the year, 65 (51) firm offers were announced, of which 19 (18) were structured as a contractual offer and 46 (33) as a scheme of arrangement at the time of the firm offer announcement.

There were no (1) offers where the Panel shared jurisdiction with a supervisory authority of another EEA member state.

### OFFERS RESOLVED DURING THE YEAR

During the year, 73 (51) offers in respect of 70 (49) offeree companies became unconditional in all respects or the scheme became effective, lapsed or were withdrawn. Of these 73 (51) offers:

- 8 (7) were not recommended by the board of the offeree company at the time of the firm offer announcement;
- 8 (7) remained not recommended at the time that the offer document was published; and
- 7 (5) remained not recommended at the end of the offer period. 3 (4) of these offers became unconditional in all respects and 4 (1) lapsed.

At the time of the firm offer announcement, 6 (2) offers were mandatory offers under Rule 9.

A further 8 (16) offers remained unresolved as at 31 March 2020, and are not included in these figures.

	2019-2020	2018-2019
O U T C O M E O F O F F E R S		
Offers involving the acquisition of control which became unconditional in all respects or the scheme became effective	64	42
Offers involving the acquisition of control which lapsed	6	4
Offers involving the acquisition of control which were withdrawn before an offer document or scheme circular was published	0	1
Offers to minority shareholders etc.	3	4
	<u>73</u>	<u>51</u>

During the year, the Executive granted 51 (46) “whitewash” dispensations (i.e. dispensations from the obligation to make a mandatory offer under Rule 9 following an issue of new shares or a repurchase of existing shares) and 13 (12) “Code waivers” (i.e. dispensations from the application of the Code to offers or proposals in relation to companies with a very limited number of shareholders).

ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2020

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	2020 £	2019 £
INCOME			
PTM levy	1(d)	7,707,597	7,248,357
Document charges	1(d)	5,798,000	5,924,000
Code sales	1(d)	78,941	88,956
Exempt charges	1(d)	450,000	426,000
Recognised Intermediary charges	1(d)	222,000	222,000
		<u>14,256,538</u>	<u>13,909,313</u>
EXPENDITURE			
Personnel costs		9,130,393	8,914,340
Legal and professional costs		776,993	2,228,928
Accommodation costs		1,170,280	1,791,889
Other expenditure		1,341,401	1,054,295
		<u>12,419,067</u>	<u>13,989,452</u>
SURPLUS/(DEFICIT) BEFORE INTEREST AND TAXATION			
		<u>1,837,471</u>	<u>(80,139)</u>
Interest receivable	1(f)	318,911	301,651
Taxation	2	<u>(60,593)</u>	<u>(57,313)</u>
SURPLUS FOR THE YEAR			
		<u>2,095,789</u>	<u>164,199</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
		<u>30,818,676</u>	<u>30,654,477</u>
ACCUMULATED SURPLUS AT END OF YEAR			
		<u><u>32,914,465</u></u>	<u><u>30,818,676</u></u>

BALANCE SHEET

AT 31 MARCH 2020

	NOTE	2020 £	2019 £
FIXED ASSETS	3	<u>2,299,652</u>	<u>1,892,453</u>
CURRENT ASSETS			
Debtors and prepayments	4	3,542,235	3,726,877
Term deposits	1(h)	28,900,000	25,900,000
Cash		<u>698,374</u>	<u>1,239,687</u>
		<u>33,140,609</u>	<u>30,866,564</u>
CURRENT LIABILITIES			
Creditors and accruals	5	2,084,385	1,544,028
Corporation tax		<u>60,593</u>	<u>57,313</u>
		<u>2,144,978</u>	<u>1,601,341</u>
NON-CURRENT LIABILITIES			
Provisions	7	<u>380,818</u>	<u>339,000</u>
NET ASSETS		<u>32,914,465</u>	<u>30,818,676</u>
Representing		<u>32,914,465</u>	<u>30,818,676</u>
ACCUMULATED SURPLUS		<u>32,914,465</u>	<u>30,818,676</u>

The accounts on pages 21 to 27 were approved by Panel members on 22 September 2020 and signed on their behalf by:

MICHAEL CRANE QC  
Chairman

The Panel on Takeovers and Mergers

PHILIP REMNANT  
Chairman

Finance, Audit and Risk Committee

The notes form part of these accounts.

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	2020 £	2019 £
Surplus for the year		2,095,789	164,199
Interest		(318,911)	(301,651)
Taxation		60,593	57,313
Depreciation		304,219	24,894
Dilapidation expense		27,504	-
Loss on disposal of fixed assets		-	3,832
Decrease in debtors and prepayments		192,689	558,202
Increase/(decrease) in creditors and accruals		201,356	(39,958)
UK Corporation tax paid		(57,313)	(42,273)
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>2,505,926</u>	<u>424,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		310,864	305,475
Capital expenditure		<u>(358,103)</u>	<u>(1,913,397)</u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(47,239)</u>	<u>(1,607,922)</u>
INCREASE/(DECREASE) IN CASH AND TERM DEPOSITS	6	<u><u>2,458,687</u></u>	<u><u>(1,183,364)</u></u>

## NOTES TO THE ACCOUNTS

### 1. BASIS OF PREPARATION OF ACCOUNTS AND ACCOUNTING POLICIES

- (a) The Panel on Takeovers and Mergers (the “Panel”) is an independent body, established in 1968, whose main functions are to issue and administer the City Code on Takeovers and Mergers (the “Code”) and to supervise and regulate takeovers and other matters to which the Code applies. The address of the Panel is One Angel Court, London EC2R 7HJ.

The functional currency of the Panel is considered to be pounds sterling because that is the currency of the primary economic environment in which the Panel operates.

- (b) The financial reporting framework that has been applied is the United Kingdom Accounting Standards, including the measurement and recognition principles of Financial Reporting Standard FRS 102 - ‘The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland’ (FRS 102) , and disclosures made so as properly to present the position and performance of the Panel. The full disclosure requirements of FRS 102 do not apply to the Panel.
- (c) These accounts have been prepared under the historical cost basis of accounting.

The Panel, having made all the necessary enquiries, does not anticipate any changes in the Panel’s activities or circumstances in the foreseeable future. The Panel has concluded, based on these assumptions, that it is appropriate to prepare the financial statements on a going concern basis. The Panel considered the implications of COVID-19 as part of the going concern assessment. The analysis has shown that the Panel has sufficient liquid resources for the time ahead.

- (d) Income comprises the PTM levy, Document charges, Code sales, Exempt charges and Recognised Intermediary charges and is accounted for on an accruals basis. Income from Document charges are recognised in full on a firm offer announcement unless, at a period end, it is probable that no offer document will be published (in which case only 50% of the Document charge is payable and recognised).
- (e) Expenditure is accounted for on an accruals basis.
- (f) Interest receivable arises wholly in the UK and relates to interest receivable on deposits held and is recognised on an accruals basis.
- (g) Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
- (h) Term deposits are amounts held with financial institutions which are not repayable without penalty on notice of withdrawal before maturity date. Term deposits accrue interest which is recognised over the course of the term deposit.
- (i) In agreement with HM Revenue & Customs, current tax is the amount of income tax payable in respect of the bank deposit interest received and any profit made on Code sales for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.
- (j) Fixed assets are shown at historical cost net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Repairs and maintenance are charged to the income and expenditure account during the financial periods in which they are incurred.

Depreciation is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is charged in full during the month of purchase.

Depreciation is provided on the following basis:

Computer equipment	- 4 years straight line
Leasehold improvements	- 10 years straight line
Fixtures and fittings	- 10 years straight line

- (k) Operating leases: The Panel as lessee.

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

The Panel signed a ten year lease on 5 September 2018, which included a rent incentive which has been spread over the lease term.



NOTES TO THE ACCOUNTS *continued*

(l) Financial risk management

The main financial risk to the Panel is that its income is not sufficient to meet its expenditure. The principal sources of income are inherently uncertain and market dependent and the Panel mitigates this risk by ensuring it has sufficient accumulated funds to meet broadly two years' expenditure.

The Panel holds significant bank deposits and so there is a counterparty default risk in respect of these deposits. The Panel manages this counterparty risk by spreading the deposits between a number of banks it considers to be low risk based on rating agency ratings.

(m) Provisions

A provision is recognised if, as a result of a past event, the Panel has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(n) Critical accounting judgments and key sources of estimation uncertainty

Whilst the Panel estimates accrued income at each period end, these estimates are normally based upon actual post year end cash flows which are received well ahead of finalisation of the financial statements. Where cash has not been received at that time the Panel considers the likelihood of receipt.

In relation to Document charge income where a firm offer has been announced but an offer document has not been issued at the point of approving the financial statements, the Panel considers the likelihood of the document being published. Only 50% of the charge arising is recognised where the Panel considers it probable that the offer document will not be published.

All legal fees incurred in the year are either paid or accrued. No provision is made in respect of future legal costs in association with cases already commenced before the year end as, in the judgement of the Panel, the level of uncertainty involved in many of these cases means that no reliable estimate can be made of future costs. In addition, these costs are not committed at the year end and so the requirements to record a provision are not met.

A new property lease was entered into on 5 September 2018 for a period of 10 years. As part of the lease agreement, at the end of the lease the property is required to be returned to its original condition and as such a dilapidations provision is required. The Panel assesses annually the level of provision required and this amount is provided in full to the extent that the events creating the obligation have occurred at the balance sheet date. The initial assessment of the provision required was carried out during the year by independent consultants and accordingly the provision was made with a corresponding asset capitalised in Tangible Fixed Assets.

2. TAXATION

	2020 £	2019 £
UK Corporation tax payable:		
Current tax payable	60,593	57,313
Tax charge for the year	<u>60,593</u>	<u>57,313</u>

In agreement with HM Revenue & Customs, the Panel pays Corporation tax on the bank deposit interest it receives and on any profit it makes on Code sales. For the year to 31 March 2020, Corporation tax was charged at the main rate of 19%.

NOTES TO THE ACCOUNTS *continued*

3. TANGIBLE FIXED ASSETS

	Computer Equipment £	Leasehold Improvements £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2019	496,476	1,385,601	272,538	2,154,615
Additions	321,319	353,314	36,784	711,417
Disposals	-	-	-	-
At 31 March 2020	817,794	1,738,915	309,323	2,866,032
Depreciation				
At 1 April 2019	248,344	11,546	2,271	262,161
Provided during the year	82,113	191,811	30,295	304,219
Depreciation on disposals	-	-	-	-
At 31 March 2020	330,457	203,357	32,566	566,380
Net book value				
At 31 March 2020	487,337	1,535,558	276,757	2,299,652
At 31 March 2019	248,132	1,374,054	270,268	1,892,453

4. DEBTORS AND PREPAYMENTS

	2020 £	2019 £
PTM levy accrued	2,375,915	1,761,068
Document charges accrued	165,500	607,500
Code sales accrued	675	750
Exempt charges accrued	318,000	192,000
Recognised Intermediary charges accrued	114,000	90,000
Other debtors and prepayments	568,145	1,075,559
	<u>3,542,235</u>	<u>3,726,877</u>

5. CREDITORS AND ACCRUALS

	2020 £	2019 £
Personnel costs	697,949	475,002
Legal and professional fees	76,223	163,266
Trade creditors	227,635	365,017
Other creditors and accruals	1,082,578	540,743
	<u>2,084,385</u>	<u>1,544,028</u>

NOTES TO THE ACCOUNTS *continued*

6. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	2020 £	2019 £
Increase/(decrease) in cash and term deposits in period	2,458,687	(1,183,364)
Cash and term deposits as at 1 April 2019	27,139,687	28,323,051
Cash and term deposits as at 31 March 2020	29,598,374	27,139,687

7. PROVISIONS

	2020 £	2019 £
Balance at 1 April	339,000	400,000
Provisions used during the year	(310,000)	-
Provisions reversed during the year	(29,000)	(61,000)
Provisions made during the year	380,818	-
Balance at 31 March	<u>380,818</u>	<u>339,000</u>

Provisions comprise lease dilapidations which relates to the estimated costs that may be payable in the future. Dilapidations provisions are expected to be utilised in eight years.

8. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2020 the Panel had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
<b>Property lease</b>		
Not later than 1 year	388,123	-
Later than 1 year and not later than 5 years	3,413,611	2,953,007
Later than 5 years	2,992,755	3,841,482
	<u>6,794,489</u>	<u>6,794,489</u>
<b>Other leases</b>		
Not later than 1 year	58,093	58,093
Later than 1 year and not later than 5 years	227,293	224,097
	<u>285,386</u>	<u>282,190</u>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TAKEOVER PANEL

### OPINION

We have audited the financial statements of The Takeover Panel (the "Panel") for the year ended 31 March 2020 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements have been prepared by the Panel Members ("Members") in accordance with the basis of preparation and accounting policies set out in Note 1.

In our opinion, the financial statements of the Panel for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 1.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Panel in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Panel's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### EMPHASIS OF MATTER - BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the special purpose framework used in the preparation of the financial statements. The financial statements are prepared to assist the Members of the Panel to fulfil their stewardship duties in respect of the Panel. As a result, the financial statements may not be suitable for another purpose.

### OTHER INFORMATION

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### MEMBERS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Members are responsible for the preparation of these financial statements in accordance with the basis of preparation and accounting policies set out in Note 1 and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Panel's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Panel or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### USE OF OUR REPORT

This report is made solely to the Members, as a body, in accordance with the terms of engagement dated 1 May 2020. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Panel and the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP  
*Chartered Accountants*  
London  
United Kingdom

23 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## STATEMENT OF PANEL MEMBERS' RESPONSIBILITIES

Pursuant to section 963 of the Companies Act 2006, the Panel has a duty to include accounts in its Annual Report. The Panel members have determined that these accounts should properly present the state of affairs of the Panel as at the end of the financial year and of its surplus or deficit for that period.

The Panel members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the accounts for the year ended 31 March 2020. The Panel members also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The Panel members are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the Panel and to prevent and to detect fraud and other irregularities.

## STATEMENTS ISSUED BY THE PANEL

### 2019

1 April	2019/7	REVISED TAKEOVER CODE <i>Publication of a revised version of the Takeover Code</i>
4 April	2019/8	INSTRUMENT 2019/3 - THE UNITED KINGDOM'S WITHDRAWAL FROM THE EUROPEAN UNION <i>Amendments to the Takeover Code</i>
15 April	2019/9	PROVIDENT FINANCIAL PLC <i>Offer timetable extended</i>
25 April	2019/10	NEW PANEL MEMBERS <i>Panel appointments</i>
4 July	2019/11	KCOM GROUP PLC <i>Auction procedure under Rule 32.5</i>
12 July	2019/12	NEW SECRETARY FOR THE TAKEOVER PANEL <i>Panel Executive appointment</i>
12 July	2019/13	KCOM GROUP PLC <i>Result of auction</i>
23 July	2019/14	2019 ANNUAL REPORT <i>Publication of the Panel's Annual Report</i>
11 September	2019/15	EDDIE STOBART LOGISTICS PLC <i>Possible offer by DBAY Advisors Limited</i>
11 October	2019/16	MR DAVID CUNNINGHAM KING <i>Hearings Committee decision to cold-shoulder Mr David King</i>
7 November	2019/17	UK FINANCE <i>Corporate Finance Committee</i>
11 November	2019/18	CHARLES TAYLOR PLC <i>Requirement for potential offeror to make a Rule 2.7 announcement or announce no intention to bid by 15 November 2019</i>

### 2020

22 January	2020/1	DIRECTOR GENERAL <i>Secondment of the Director General extended</i>
17 March	2020/2	PANEL EXECUTIVE <i>COVID-19</i>