

THE TAKEOVER PANEL
REPORT ON THE YEAR ENDED
31 MARCH 1992

THE TAKEOVER PANEL
1991 – 1992 REPORT

CONTENTS

PANEL MEMBERS AND EXECUTIVE.....	4
INTRODUCTION TO THE TAKEOVER PANEL.....	6
CHAIRMAN'S STATEMENT.....	8
REPORT BY THE DIRECTOR GENERAL.....	10
STATISTICS.....	15
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1992.....	16
STATEMENTS ISSUED BY THE PANEL.....	20

THE TAKEOVER PANEL
1991 – 1992 REPORT

THE PANEL
AS AT 16 JULY 1992

SIR DAVID CALCUTT QC THE MASTER, MAGDALENE COLLEGE, CAMBRIDGE	CHAIRMAN Nominated by the Governor of the Bank of England	ROBIN D BROADLEY DEPUTY CHAIRMAN, BARING BROTHERS & CO	Nominated by the British Merchant Banking and Securities House Association
JOHN F C HULL FORMER CHAIRMAN, J HENRY SCHRODER WAGG & CO	DEPUTY CHAIRMAN Nominated by the Governor of the Bank of England	MARK A SMITH VICE CHAIRMAN AND DIRECTOR, S G WARBURG & CO	Chairman, British Merchant Banking and Securities Houses Association Corporate Finance Committee
JOHN F GOBLE FORMER SENIOR PARTNER, HERBERT SMITH	DEPUTY CHAIRMAN Nominated by the Governor of the Bank of England	MARTIN G TAYLOR VICE CHAIRMAN, HANSON	Nominated by the Confederation of British Industry
SIR AUSTIN PEARCE FORMER CHAIRMAN, ESSO PETROLEUM AND BRITISH AEROSPACE	Nominated by the Governor of the Bank of England	W IAN D PLAISTOWE SENIOR PARTNER, ARTHUR ANDERSEN	President, Institute of Chartered Accountants in England and Wales
SIR ADRIAN CADBURY FORMER CHAIRMAN, CADBURY SCHWEPPES	Nominated by the Governor of the Bank of England	CHARLES K R NUNNELEY DEPUTY CHAIRMAN, ROBERT FLEMING HOLDINGS	Acting Chairman, Investment Management Regulatory Organisation
ROBERT B JACK SENIOR PARTNER, MCGRIGOR DONALD	Nominated by the Governor of the Bank of England	SIR ANDREW HUGH SMITH FORMER SENIOR PARTNER, CAPEL-CURE MYERS	Chairman, London Stock Exchange
IAN L RUSHTON VICE CHAIRMAN, ROYAL INSURANCE	Chairman, Association of British Insurers	ANGUS W MATHESON MANAGING DIRECTOR, BOTHWELL ASSET MANAGEMENT	Nominated by the National Association of Pension Funds
PAUL V S MANDUCA CHAIRMAN, TOUCHE REMNANT & CO	Chairman, Association of Investment Trust Companies	THE HON CHRISTOPHER J SHARPLES DIRECTOR, GNI	Chairman, The Securities and Futures Authority
SIR NICHOLAS GOODISON CHAIRMAN, TSB GROUP	President, British Bankers' Association	BARRY R J BATEMAN MANAGING DIRECTOR, FIDELITY INVESTMENT SERVICES	Chairman, Unit Trust Association

THE APPEAL COMMITTEE
AS AT 16 JULY 1992

THE RT HON LORD ROSKILL FORMER LORD OF APPEAL IN ORDINARY	CHAIRMAN OF THE APPEAL COMMITTEE Nominated by the Governor of the Bank of England	THE RT HON SIR MICHAEL KERR FORMER LORD JUSTICE OF APPEAL	DEPUTY CHAIRMAN OF THE APPEAL COMMITTEE Nominated by the Governor of the Bank of England
--	---	--	--

THE TAKEOVER PANEL
1991 – 1992 REPORT

THE PANEL EXECUTIVE

AS AT 16 JULY 1992

*MRS FRANCES A HEATON Lazard Brothers & Co	DIRECTOR GENERAL
PETER R FRAZER	DEPUTY DIRECTOR GENERAL
T PETER LEE	DEPUTY DIRECTOR GENERAL
NOEL P HINTON	DEPUTY DIRECTOR GENERAL
MISS SUSAN M GOVIER	SECRETARY
ANTHONY G B PULLINGER	SECRETARY
*DAVID GRAHAM Freshfields	SECRETARY
*MARK G P GEARING Allen & Overy	SECRETARY
*GRANT GARDNER Bank of Scotland	ASSISTANT SECRETARY
*CHRISTOPHER J YEO London Stock Exchange	ASSISTANT SECRETARY
*PETER W R GRATTON Touche Ross & Co	ASSISTANT SECRETARY
*PAUL W BUDD Lloyds Merchant Bank	ASSISTANT SECRETARY
*IAN FINDLAY Coopers & Lybrand	ASSISTANT SECRETARY
*MARK J KIRBY Bank of England	ASSISTANT SECRETARY
*RICHARD E S LOCKE Cazenove & Co	ASSISTANT SECRETARY
*STEVEN J PHILLIPS Department of Trade and Industry	ASSISTANT SECRETARY
MRS THERESA A SCOTT	ASSISTANT TO THE SECRETARY

* SECONDED

INTRODUCTION TO THE TAKEOVER PANEL

The Takeover Panel is the regulatory body which publishes and administers the City Code on Takeovers and Mergers. It is concerned with takeovers of companies the shares of which are held by the public. The Code is designed to ensure good business standards and fairness to shareholders. Maintaining fair and orderly markets is crucial to this.

The commercial merits of takeovers are not the responsibility of the Panel; these are matters for the companies concerned and their shareholders. Wider questions of public interest are the concern of the governmental authorities in the UK and, in some circumstances, the European Community, through the Office of Fair Trading and the Monopolies and Mergers Commission (“MMC”) or the EC Commission.

The Panel was set up in 1968 in response to mounting concern about unfair practices. The composition and powers of the Panel have evolved over the years as circumstances have changed, although it remains a non-statutory body.

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. It is important that these characteristics should be retained in order to avoid over-rigid rules and the risk of takeovers becoming delayed by litigation of a tactical nature, which may frustrate the ability of shareholders to decide the outcome of an offer. The Panel's ability to focus on the consequences for shareholders of breaches of the rules, rather than only on disciplinary action in respect of breaches, is an important aspect of its work. If the Panel finds there has been a breach, it may have recourse to private reprimand, to public censure, to reporting the offender's conduct to another regulatory authority, for example, the Department of Trade and Industry, the London Stock Exchange, the Securities and Investments Board (“SIB”) or the relevant self-regulating organisation (“SRO”) and/or to requiring further action to be taken, as it thinks fit.

THE PANEL

The Panel draws its membership from major financial and business institutions, to ensure a spread of expertise in takeovers, securities markets, industry and commerce. The Panel has the

THE TAKEOVER PANEL
1991 – 1992 REPORT

support of the Bank of England, its original sponsor, and the Governor appoints the Chairman, two Deputy Chairmen and three non-representative members, two of whom are industrialists. To ensure that industry is represented at all meetings, many of which have to be arranged at short notice, in recent years a small group of senior industrialists has been appointed to act as alternates to the two industrialist members.

The Panel can be convened at short notice to hear an appeal against an Executive ruling. It also hears disciplinary cases.

THE APPEAL COMMITTEE

There is a right of appeal from the Panel to the Appeal Committee in certain circumstances, particularly where the Panel finds a breach of the Code and proposes to take disciplinary action. An appeal may also be made, in other cases, with leave of the Panel. The Chairman of the Appeal Committee will usually have held high judicial office.

THE EXECUTIVE

The day to day work of the Panel is carried out by its Executive, headed by the Director General, usually a senior merchant banker on secondment. Some of the Executive are permanent, providing an essential element of continuity. These are joined by lawyers, accountants, stockbrokers, civil servants and others on two-year secondments.

The Executive monitors takeovers, checking that all documents and announcements issued, as well as actions taken, comply with the Code. The Executive is available for consultation and to give rulings and interpretations before, during and, where appropriate, after takeovers. The Panel encourages early consultation so that problems can be avoided; a major part of the Executive's role is to provide guidance.

Many enquiries about the possible effects of the Code on prospective transactions need a swift response to allow the potential bidders, once an offer has been announced, to meet the Code's strict timetable.

CHAIRMAN'S STATEMENT

The success of the Panel depends significantly on the success of the Panel Executive. It is the Executive which has to bear the heat and burden of the day, to give quick and authoritative answers to queries, to make rulings on the interpretation and application of the Code and to service the Panel itself. Much accordingly depends upon the ability of the Director General. In 1990 I was able to pay tribute to Antony Beevor. Now I can pay similar tribute to Geoffrey Barnett, who has returned to Barings after serving the Panel for just over two years. His period of office has been marked by problems of a wholly different kind from that of his predecessor, but his contribution has been no less outstanding. Quite apart from the routine business of the Panel, Geoffrey made remarkable contributions with regard to the proposed European Takeover Directive and the Trade and Industry Committee Inquiry, and in overseeing significant changes to the Code. The Panel owes him a great debt of gratitude and we wish him all success for the future.

In his place, we extend a warm welcome to Mrs Frances Heaton from Lazards. She brings to her new work not only wide experience in the field of corporate finance but also practical experience of the machinery of government. We wish her all success during her secondment to the Panel.

In an earlier Report, I stressed the importance of the fact that all those who have an interest in the work of the Panel should be adequately represented on it. The Panel includes not only practitioners, but also representatives of investment bodies, of two SROs and of professional bodies, and several members who are independent of any specific interest. Any suggestion that the Panel as a whole could be motivated by vested interests to promote takeovers is wrong: the wide variety of membership ensures that this cannot be so. In earlier Reports I have drawn attention to the appointment of independent members and appropriate alternates to ensure that the voice of industry is adequately heard. This year we are glad to be able to welcome the appointment by the Governor of the Bank of England of Professor Robert Jack, a leading Scottish lawyer, as a further independent member.

It is, perhaps, unusual to mention in this context the retirement of one of the Panel's professional advisers. But it is an unusual case. Mr Peter Peddie, of Freshfields, who has advised the Panel so well for so many years, has retired. The Panel would wish to take this opportunity to thank him for all that he has done to guide us.

It has sometimes been suggested that a regulatory body which is non-statutory cannot have adequate sanctions; and it has even been suggested that, unless sanctions can be shown to have been regularly applied, the body must be ineffectual. In the case of the Panel, nothing could be further from the truth. The jurisdiction of the Panel is not questioned; as recommended by the Code, enquiries are regularly made to the Panel and the Panel's rulings are accepted. Inevitably, from time to time, breaches of the Code occur which merit disciplinary proceedings. The Panel's existing disciplinary powers were buttressed following the enactment of the Financial Services Act in 1986. It is noteworthy that during the year the "cold-shouldering" provisions, emanating from this legislation, were used for the first time.

In last year's Report I emphasised the need for the Panel always to scrutinize with the greatest care its call for and use of funds. Although there is no requirement in law for the Panel to do so, it seemed to the Panel right that, in the revised form of the Panel's Report, the financial information which had hitherto been provided should be expanded. So far as the Report itself is concerned, it is our hope that, in its expanded form, the work of the Panel will be more fully understood.

SIR DAVID CALCUTT QC
16 JULY 1992

**REPORT BY THE
DIRECTOR GENERAL**

The number of takeover or merger proposals in the year to 31 March has increased slightly over the previous year; there were 142 compared with 132. Thus bid activity in the 1990s continues to remain at an appreciably lower level than in the second half of the 1980s.

Whilst the year might not appear, by the criterion of published bid statistics, to have been a particularly active one, the Executive has found that, for most of the year, there has been a high level of enquiries about proposed transactions, many of them relating to small companies, the bulk of which have not materialised into bids.

As mentioned in the Chairman's Statement, disciplinary proceedings before the Panel resulted, for the first time, in the "cold-shouldering" procedures, set up following the Financial Services Act 1986, being implemented. Although this case is the only public evidence of co-operation between the Panel and the statutory regulatory authorities, increasingly good relationships are being developed at working level, and the Executive is confident that this will facilitate its activities.

ACCOUNTS

For the first time the Panel's accounts are set out in full in this Report. The Panel is financed by charges in relation to offer documents and a levy on certain transactions in United Kingdom securities. These fees are set at a level which is intended to enable the Panel's finances to remain broadly in balance over the years, taking account of the fact that it is exposed to greater fluctuations of income than of expenditure. In the year ended 31 March 1991 the reduced level of Stock Exchange business, and consequent fall in income, resulted in a deficit for that year of £2.2m and an accumulated deficit of £0.6m.

The document charges were increased with effect from 1 September 1990: the contract note levy was increased to 200p with effect from 1 April 1991, and on 1 October 1991 the threshold above which the contract note levy is charged was raised from £5,000 to £10,000. The increased charges have enabled the Panel to eliminate its deficit and accumulate a surplus of £1.7m for the year ended 31 March 1992. The Panel will continue to monitor the level of income with a view to meeting its financial objectives.

EXTENSION OF OFFER TIMETABLE

In connection with a number of offers during the year, the Executive had to consider the effect on the bid timetable of a delay in the announcement of the decision on whether or not an offer was to be referred to the MMC. Two of these cases resulted in Panel hearings: The Whyte & Mackay Group/Invergordon Distillers Group (Panel Statement 1991/10) and Williams Holdings/Racal Electronics (Panel Statement 1991/15).

The Panel is aware of the importance attached to the strict offer timetable laid down in the Code, particularly by an offeree company which finds itself in receipt of a hostile offer. The Panel expects an offeror and offeree company to deal with the competition authorities in a timely manner consistent, so far as possible, with the timetable laid down in the Code. However, the Panel is conscious that it must remain flexible and must be prepared to accommodate delays occasioned by issues before the competition authorities. In such circumstances, the Panel would normally expect to grant an appropriate extension. The Panel is proposing to amend the Code to reflect its current practice.

US SHAREHOLDERS
IN UK OFFEREE COMPANIES

Following the offer by Ford Motor Company for Jaguar in 1989, the Panel and the Securities and Exchange Commission (“SEC”) held discussions to formalise the procedures for conducting dual UK and US offers. In June 1991 the SEC published for comment a release which proposed a UK Exemptive Order (not yet implemented) which would facilitate the conduct of offers in both the US and UK.

In September 1991 Hanson announced a recommended offer for Beazer, over 40% of whose shares were held by US residents. Hanson posted its offer document to shareholders in the US. During the course of the offer various conflicts between the Code and US legal and regulatory requirements were satisfactorily resolved as a result of discussions between the SEC, the Panel and the parties.

In the light of its experience in this area in the last few years, the Panel strongly recommends early consultation with the Executive in any case where an offeror for a UK company also proposes to make a US offer.

PROPOSED EUROPEAN DIRECTIVE

Since the publication of last year's Annual Report, there has been no discussion of the proposed Takeover Directive by the Council working group in Brussels. The UK has the Presidency of the EC for the six months from 1 July 1992. There has been no indication that the government intends to attach a high priority to the Directive.

The Panel continues to discuss the concept of a Directive with its counterparts in other Member States.

TAURUS

The introduction of TAURUS, the Transfer and Automated Registration of Uncertificated Stock, will affect the procedures for determining the outcome of offers. The Code currently sets out procedures which ensure that there is no double counting of acceptances and purchases of shares in the offeree company. This is achieved by placing certain responsibilities on the receiving agent and requiring considerable co-operation between the relevant parties involved in a takeover.

In considering the approach that will be necessary under TAURUS, the Executive has been participating in a working party established by the British Merchant Banking and Securities Houses Association and attended by representatives of the receiving agents, the merchant banking and stockbroking community and representatives from the TAURUS design team of the London Stock Exchange. The working party has focused in particular on the manner in which information should be provided to the receiving agent in order to determine whether the offer may be declared unconditional as to acceptances.

SURVEILLANCE

A general principle of long-standing under the Code is that all parties to a takeover transaction must use every endeavour to prevent the creation of a false market. In 1987 the Code was amended so as to require wider disclosure of dealings in the shares of companies involved in takeovers. At that time a market surveillance unit was set up by the Panel as part of the Executive's operations. This unit monitors market dealings to make sure that disclosure requirements are properly observed and to enable the Panel to reach informed judgements in respect of other market related rules.

The Panel's market surveillance unit works closely with the London Stock Exchange, from whom they receive detailed dealing and other market information. Over recent years the extent and quality of this information, and the methods of evaluating it, have been steadily improved. The unit has also developed fruitful relationships with various stock exchanges and other regulatory authorities abroad to cover cases where offeror or offeree company securities are dealt in overseas.

Over the last year the Panel has taken further steps to enhance its monitoring capability. Agreement has been reached with all registered market-makers in UK domestic equity securities to disclose at the start of an offer period privately to the surveillance unit, on request, their principal book positions in cases where they are connected with an offeror or offeree company.

Consideration has also been given to whether stock lending transactions should be covered by the Code's disclosure rules. It has been concluded that public disclosure could have a

misleading effect but that private disclosure would assist the surveillance unit in monitoring market operations. Accordingly it has been agreed with the Money Brokers' Association, whose members act as intermediaries in stock lending business, that details of such transactions should be disclosed to the Panel in takeover situations.

Finally, in the light of the move of the London Traded Options Market from the London Stock Exchange to The London International Financial Futures Exchange (“LIFFE”), the Panel has made arrangements to receive dealing information from LIFFE, with whom the surveillance unit is working closely in monitoring options business.

The Executive has now had five years’ experience of administering the new disclosure rules and it would appear that the rules are achieving their objectives. Inevitably the requirements have imposed a greater burden on investors and securities firms. The Panel acknowledges the hard work that compliance officers have undertaken to comply with the new obligations and, with very few exceptions, investors and other market operators have been willing to co-operate closely with the surveillance unit in its work.

The framework of the disclosure rules and the systems employed to monitor dealings remain under constant review.

COLD - SHOULDERING

The SIB and appropriate SROs have “cold-shouldering” rules which require investment businesses not to act in connection with transactions regulated by the Code for persons who they have reason to believe would not comply with UK practice and standards in takeovers.

In the case of Dundee Football Club (Panel Statement 1992/9), the sanction of “cold-shouldering” was imposed for the first time, following hearings before the Panel and the Appeal Committee. The relevant paragraph of the Panel Statement as approved by the Appeal Committee read as follows:

“In the Panel's view neither of the appellants nor any company which is directly or indirectly controlled by either or both of them is likely to comply with the standards of conduct for the time being expected in the United Kingdom concerning the practices of those involved in takeovers and mergers. The Panel will therefore report its conclusion as to the appellants to the Securities and Investments Board, the Self-Regulating Organisations and the Recognised Professional Bodies for appropriate action by each of them in the light of their several rules (commonly known as “cold-shouldering rules”) in connection with transactions regulated by the City Code and the Rules Governing Substantial Acquisitions of Shares.”

THE TAKEOVER PANEL
1991 – 1992 REPORT

Following publication of this Statement, the SIB and the appropriate SROs and Recognised Professional Bodies made announcements drawing to the attention of authorised persons the consequent restrictions imposed by the “cold-shouldering” rules of these bodies.

JUDICIAL REVIEW

The Executive instituted disciplinary proceedings in respect of an alleged breach of the Code against certain parties who subsequently sought an adjournment of the proceedings before the Panel. Both the Panel and the Appeal Committee refused to grant an adjournment of the disciplinary proceedings in this instance. The parties which are to be subject to the proceedings then applied to the Court for leave to apply for judicial review of the decisions of the Panel and the Appeal Committee. The application was refused by the Court at first instance and a renewed application for leave to apply for judicial review was also refused by the Court of Appeal.

CODE AMENDMENTS

Code amendments were released on 28 November 1991 with immediate effect. The main amendments were to clarify the position of an investor in a consortium which is part of a larger organisation; also to make clear the purpose of exempt fund manager and exempt market-maker status. In addition, other alterations were made primarily to reflect changes in legislation or in the requirements of other regulatory authorities or professional bodies.

MRS FRANCES A HEATON
16 JULY 1992

STATISTICS

The Panel held two meetings to hear appeals by parties to takeover transactions against rulings by the Executive. Neither of the appeals was successful. In addition the Panel met to consider two disciplinary cases and held one meeting to consider a matter referred by the Executive. Two appeals were heard by the Appeal Committee. Neither of the appeals was successful.

There were 142 (year ended 31 March 1991-132) published takeover or merger proposals of which 139 (131) reached the stage where formal documents were sent to shareholders. These proposals were in respect of 130 (130) target companies.

39 offers were not recommended at the time the offer document was posted. 34 of these remained unrecommended at the end of the offer period; of these 34, 17 lapsed.

13 offers were, at the time of their announcement, mandatory bids under Rule 9.

A further 7 (14) cases, which were still open at 31 March 1992, are not included in these figures.

The Executive was engaged in detailed consultations in another 116 (142) cases which either did not lead to published proposals or were transactions, subject to approval by shareholders, involving controlling blocks of shares.

OUTCOME OF PROPOSALS	1991/1992	1990/1991
Successful proposals involving control (including Schemes of Arrangement)	99	102
Unsuccessful proposals involving control	22	11
Proposals withdrawn before issue of documents (including offers overtaken by higher offers)	3	1
Proposals involving minorities	18	18
	<u>142</u>	<u>132</u>

THE TAKEOVER PANEL
1991 – 1992 REPORT

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	NOTE	1992 £	1991 £
INCOME			
Contract note levy		4,080,803	753,023
Document fees		2,266,500	1,438,500
City Code; sales and, in 1991, amendments service fee		28,905	130,972
Other income		6,605	2,977
		<u>6,382,813</u>	<u>2,325,472</u>
EXPENDITURE			
Personnel costs		2,569,903	2,419,681
Accommodation costs		786,883	1,038,228
Other expenditure		742,240	1,106,783
		<u>4,099,026</u>	<u>4,564,692</u>
SURPLUS/(DEFICIT) BEFORE INTEREST AND TAXATION		2,283,787	(2,239,220)
Interest receivable		62,825	95,513
Interest payable		(11,783)	(12,369)
Taxation	2	(13,592)	(25,001)
SURPLUS/(DEFICIT) FOR THE YEAR		<u>2,321,237</u>	<u>(2,181,077)</u>
ACCUMULATED (DEFICIT)/SURPLUS AT BEGINNING OF YEAR		<u>(635,405)</u>	<u>1,545,672</u>
ACCUMULATED SURPLUS/(DEFICIT) AT END OF YEAR		<u><u>1,685,832</u></u>	<u><u>(635,405)</u></u>

THE TAKEOVER PANEL
1991 – 1992 REPORT

BALANCE SHEET

AT 31 MARCH 1992

	NOTES	1992 £	1991 £
CURRENT ASSETS			
Debtors and prepayments	3	1,051,312	117,712
Bank and cash		889,112	3,972
		<u>1,940,424</u>	<u>121,684</u>
 CURRENT LIABILITIES			
Bank overdraft		-	410,000
Creditors and accruals	4	241,000	317,525
Taxation		13,592	29,564
		<u>254,592</u>	<u>757,089</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,685,832</u>	<u>(635,405)</u>
Representing:			
ACCUMULATED SURPLUS/(DEFICIT)		<u>1,685,832</u>	<u>(635,405)</u>

The accounts on page 16 to 19 were approved by the Finance Committee on 16 June 1992 and signed on behalf of the Members by:

SIR DAVID CALCUTT QC

The Chairman, Panel on Takeovers and Mergers

JOHN HULL

The Chairman, Finance Committee

THE TAKEOVER PANEL
1991 – 1992 REPORT

CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1992

	1992	1991
	£	£
Net cash inflow/(outflow) from activities	1,294,265	(2,421,810)
Interest received	54,368	118,938
Interest paid	(23,929)	(223)
Net cash inflow from returns on investments and servicing of finance	30,439	118,715
TAXATION		
Corporation tax paid	(29,564)	(102,192)
Increase/(decrease) in cash	1,295,140	(2,405,287)

NOTES TO THE CASHFLOW STATEMENT

	1992	1991
	£	£
a) RECONCILIATION OF SURPLUS TO NET CASHFLOWS FROM ACTIVITIES		
Surplus/(deficit) before interest and taxation	2,283,787	(2,239,220)
(Increase)/decrease in debtors and prepayments	(925,143)	8,102
Decrease in creditors	(64,379)	(190,692)
Net cash inflow/(outflow) from activities	1,294,265	(2,421,810)
b) ANALYSIS OF CHANGES IN CASH DURING THE YEAR		
Balance at 1 April	(406,028)	1,999,259
Net cash inflow/(outflow)	1,295,140	(2,405,287)
Balance at 31 March	889,112	(406,028)
	1992	1991
	£	£
c) ANALYSIS OF THE BALANCES OF CASH AS SHOWN IN THE BALANCE SHEET		
Cash at bank and in hand	889,112	3,972
Bank overdrafts	-	(410,000)
	889,112	(406,028)

THE TAKEOVER PANEL
1991 – 1992 REPORT

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION OF ACCOUNTS AND ACCOUNTING POLICIES

- (a) The accounts have been prepared on the historical cost basis of accounting.
(b) All expenditure of a capital nature is written off in the year in which it is incurred.
(c) Income and expenditure is accounted for on an accruals basis.

	1992	1991
	£	£
2. TAXATION		
Taxation represents tax payable on interest income, charged at the rate of 25% (1991 – 25%)	13,592	29,564
Prior year adjustments	–	(4,563)
	13,592	25,001
	13,592	25,001

Following discussions with the Inland Revenue, agreement was reached in 1991 to the effect that the Panel has not been carrying on a trade and that consequently no tax liability arises on the accumulated surpluses. Corporation tax continues to be payable on investment income.

There are no liabilities for deferred taxation.

	1992	1991
	£	£
3. DEBTORS AND PREPAYMENTS		
Contract note levy accrued income	975,000	2,076
Document fees	–	63,000
Interest receivable	8,857	400
Other debtors and prepayments	67,455	52,236
	1,051,312	117,712
	1,051,312	117,712

	1992	1991
	£	£
4. CREDITORS AND ACCRUALS		
Staff costs	79,257	101,104
Legal and professional fees	98,504	97,728
Interest payable	–	12,146
Other creditors and accruals	63,239	106,547
	241,000	317,525
	241,000	317,525

REPORT OF THE AUDITOR TO THE MEMBERS OF THE PANEL ON TAKEOVERS AND MERGERS

We have audited the accounts on pages 16 to 19 in accordance with Auditing Standards. In our opinion the accounts give a true and fair view of the state of The Panel on Takeovers and Mergers' affairs at 31 March 1992 and of its surplus and cashflows for the year then ended.

COOPERS & LYBRAND

Chartered Accountants and Registered Auditor, London.

THE TAKEOVER PANEL
1991 – 1992 REPORT

STATEMENTS ISSUED BY THE PANEL

The following Statements were issued during the year ended 31 March 1992

1991

11	APRIL	COATS VIYELLA – TOOTAL GROUP (1991/3)
1	MAY	LUIRC – MERLIN INTERNATIONAL PROPERTIES (1991/4)
17	MAY	HANSON – IMPERIAL CHEMICAL INDUSTRIES (1991/5)
12	JUNE	RETIREMENT OF SIR PHILIP SHELBOURNE AS A DEPUTY CHAIRMAN (1991/6)
24	JUNE	APPOINTMENT OF NOEL HINTON AS A DEPUTY DIRECTOR GENERAL (1991/7)
21	AUGUST	ELECTRONIC DATA SYSTEMS – SD-SCICON (1991/8)
30	AUGUST	AMENDMENTS TO THE CODE – COLD CALLING AND IRREVOCABLE COMMITMENTS (1991/9)
17	SEPTEMBER	THE WHYTE & MACKAY GROUP – INVERGORDON DISTILLERS GROUP (1991/10)
30	SEPTEMBER	GRAMPIAN HOLDINGS – LLOYDS CHEMISTS – MACARTHY (1991/11)
25	OCTOBER	WILLIAMS HOLDINGS – RACAL ELECTRONICS (1991/12)
31	OCTOBER	EXTENSION OF GEOFFREY BARNETT’S PERIOD OF OFFICE AS DIRECTOR GENERAL (1991/13)
22	NOVEMBER	WILLIAMS HOLDINGS – RACAL ELECTRONICS (1991/14)
25	NOVEMBER	WILLIAMS HOLDINGS – RACAL ELECTRONICS (1991/15)
27	NOVEMBER	SOUTHERN NEWSPAPERS (1991/16)

1992

14	JANUARY	APPOINTMENT OF MRS FRANCES HEATON AS DIRECTOR GENERAL (1992/1)
22	JANUARY	REDLAND – STEETLEY (1992/2)
6	FEBRUARY	PETROCON GROUP – JAMES WILKES (1992/3)
11	FEBRUARY	APPOINTMENT OF MARK GEARING AS JOINT SECRETARY (1992/4)
14	FEBRUARY	REDLAND – STEETLEY (1992/5)
14	FEBRUARY	GUINNESS – THE DISTILLERS COMPANY (1992/6)
19	FEBRUARY	REDLAND – STEETLEY (1992/7)
11	MARCH	TRAFALGAR HOUSE – DAVY CORPORATION (1992/8)
26	MARCH	MR ANDREW P DRUMMOND AND MR ROBERT D PRENTICE RE DUNDEE FOOTBALL CLUB (1992/9)

For details of how to obtain copies of the Code, Panel Statements and Annual Reports contact:

The Secretary, Panel on Takeovers and Mergers,
PO Box No 226, The Stock Exchange Building,
London EC2P 2JX. Telephone: 071 382 9026