

THE TAKEOVER PANEL
REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2013

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PANEL MEMBERS

AS AT 17 JULY 2013

CHAIRMAN AND DEPUTY CHAIRMEN

SIR GORDON LANGLEY		CHAIRMAN Appointed by the Panel	
DAVID J CHALLEN CHAIRMAN, EMEA GOVERNANCE COMMITTEE, CITI	DEPUTY CHAIRMAN Appointed by the Panel	PHILIP J REMNANT SENIOR ADVISER, CREDIT SUISSE	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.

THE HEARINGS COMMITTEE

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

BARONESS HOGG CHAIRMAN, FINANCIAL REPORTING COUNCIL	Appointed by the Panel	TIDJANE THIAM GROUP CHIEF EXECUTIVE, PRUDENTIAL	Appointed by the Association of British Insurers
SIR DAVID LEES CHAIRMAN OF THE COURT OF THE BANK OF ENGLAND	Appointed by the Panel	SARAH BATES NON EXECUTIVE DIRECTOR, WITAN PACIFIC INVESTMENT TRUST	Appointed by the Association of Investment Companies
LORD MORRIS OF HANDSWORTH FORMER GENERAL SECRETARY, THE TRANSPORT AND GENERAL WORKERS' UNION	Appointed by the Panel	TIM INGRAM CHAIRMAN, ASSOCIATION OF PRIVATE CLIENT INVESTMENT MANAGERS AND STOCKBROKERS	Appointed by the Association of Private Client Investment Managers and Stockbrokers
NIGEL RICH CHAIRMAN, SEGRO	Appointed by the Panel	SIR NIGEL WICKS CHAIRMAN, BRITISH BANKERS' ASSOCIATION	Appointed by the British Bankers' Association
SIR IAN ROBINSON SENIOR INDEPENDENT DIRECTOR, COMPASS GROUP	Appointed by the Panel	ALAN F PORTER GROUP COMPANY SECRETARY, PRUDENTIAL	Appointed by the Confederation of British Industry
MARK WARHAM HEAD OF EMEA M&A, BARCLAYS	Appointed by the Association for Financial Markets in Europe	MARTYN E JONES CONSULTANT, DELOITTE	Appointed by the Institute of Chartered Accountants in England and Wales
CHARLES G WILKINSON CO-HEAD OF CORPORATE BROKING, DEUTSCHE BANK	Appointed by the Association for Financial Markets in Europe representing its Corporate Finance Committee	DOUGLAS FERRANS CHAIRMAN, INVESTMENT MANAGEMENT ASSOCIATION	Appointed by the Investment Management Association
JIM HAMILTON SENIOR ADVISER, GLEACHER SHACKLOCK	Appointed by the Association for Financial Markets in Europe representing its Securities Trading Committee	MARTIN MANNION HEAD OF TRUSTEE SERVICES, JOHN LEWIS PARTNERSHIP PENSIONS TRUST	Appointed by the National Association of Pension Funds

Sir Brian Stewart has been appointed by the Panel to serve as an alternate for Baroness Hogg, Sir David Lees, Nigel Rich and Sir Ian Robinson. Lord Monks has been appointed by the Panel to serve as an alternate for Lord Morris. Alternates for those members appointed by the major financial and business institutions are listed on the Panel's website.

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2012-2013 REPORT

THE CODE COMMITTEE

The membership of the Code Committee is as follows:

	LINDSAY P TOMLINSON DIRECTOR, NATIONAL ASSOCIATION OF PENSION FUNDS	Chairman Appointed by the Panel	
JAMES D AGNEW MANAGING DIRECTOR, CHAIRMAN OF UK CORPORATE BROKING, DEUTSCHE BANK	Appointed by the Panel	DAVID GRAHAM CHIEF REGULATORY OFFICER AND HEAD OF LISTING, HONG KONG EXCHANGES AND CLEARING	Appointed by the Panel
JONATHAN W BLOOMER CHAIRMAN, JLT EMPLOYEE BENEFIT GROUP	Appointed by the Panel	RICHARD A MURLEY EXECUTIVE VICE CHAIRMAN, ROTHSCHILD	Appointed by the Panel
PHILIP A J BROADLEY GROUP FINANCE DIRECTOR, OLD MUTUAL	Appointed by the Panel	ALAN D PAUL SENIOR CONSULTANT, BERWIN LEIGHTON PAISNER	Appointed by the Panel
ALISTAIR N C DEFRIEZ FORMER MANAGING DIRECTOR, UBS	Appointed by the Panel	JOY SEPPALA CHIEF EXECUTIVE OFFICER, SISU CAPITAL	Appointed by the Panel
GUY ELLIOTT SENIOR EXECUTIVE DIRECTOR, RIO TINTO	Appointed by the Panel	TRELAWNY WILLIAMS GLOBAL HEAD OF CORPORATE FINANCE, FIDELITY WORLDWIDE INVESTMENT	Appointed by the Panel

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THE FINANCE AND AUDIT COMMITTEE

The membership of the Finance and Audit Committee is as follows:

DAVID J CHALLEN Chairman

JIM HAMILTON

HUW M JONES
DIRECTOR,
CORPORATE FINANCE,
M&G INVESTMENT MANAGEMENT

PHILIP J REMNANT

THE NOMINATION COMMITTEE

The membership of the Nomination Committee is as follows:

SIR GORDON LANGLEY Chairman

DAVID J CHALLEN

SIR DAVID LEES

ALAN D PAUL

PHILIP J REMNANT

PAUL M W TUCKER
DEPUTY GOVERNOR,
FINANCIAL STABILITY,
BANK OF ENGLAND

MARK WARHAM

THE REMUNERATION COMMITTEE

The membership of the Remuneration Committee is as follows:

JAMES D AGNEW Chairman

DAVID J CHALLEN

JIM HAMILTON

HUW M JONES

PHILIP J REMNANT

THE PANEL EXECUTIVE

AS AT 17 JULY 2013

*PHILIP A ROBERT-TISSOT CITI	DIRECTOR GENERAL
ANTHONY G B PULLINGER	DEPUTY DIRECTOR GENERAL
CHRISTOPHER H JILLINGS	DEPUTY DIRECTOR GENERAL
CHARLES M CRAWSHAY	DEPUTY DIRECTOR GENERAL

SECRETARIES

*TOM J MERCER ASHURST	SECRETARY
BARBARA A MUSTON	SECRETARY
JOHN A DOVEY	SECRETARY
JEREMY D EVANS	SECRETARY

MARKET SURVEILLANCE

ROSALIND M GRAY	MANAGER
CRAIG G ANDREWS	DEPUTY MANAGER
CLIVE W DAVIDSON	
JESSICA M BONNER	
KIERAN J DOWLING	

ASSISTANT SECRETARIES

DIPIKA SHAH	SENIOR ASSISTANT SECRETARY
*JOHN P HOLME HOGAN LOVELLS	ASSISTANT SECRETARY
*MARC J O JONES DELOITTE	ASSISTANT SECRETARY
*JOSEPH R KATZ ROTHSCHILD	ASSISTANT SECRETARY
MARK C HUTT	ASSISTANT SECRETARY
*MARK C CHIVERS DLA PIPER	ASSISTANT SECRETARY

EXEMPT GROUPS

SUSAN POWELL	MANAGER
KEITH OFFORD	

ADMINISTRATION AND SUPPORT

JACK W KNIGHT	OFFICE MANAGER
JANE M TAYLOR	MANAGER, SUPPORT GROUP

* SECONDED

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 those issues, such as competition policy, which are the responsibility of government and other bodies.

The Panel was established as a non-statutory body in 1968, since when its composition and powers have evolved as circumstances have changed. On 20 May 2006, the Panel was designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC). Its statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act 2006 (as amended by The Companies Act 2006 (Amendment of Schedule 2) (No 2) Order 2009) (the “Act”). The rules set out in the Code also have a statutory basis in relation to the Isle of Man, Jersey and Guernsey.

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 over-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. The Panel also focuses on the consequences of rule breaches, rather than simply on disciplinary action, with the aim of providing appropriate remedies. Where there has been a breach, the Panel may have recourse to private censure, to public censure, to suspension, withdrawal or amendment to the terms of any exemption, approval or other special status granted by the Panel, or to 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.

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 courts.

THE PANEL

The Chairman, the Deputy Chairmen and up to 20 other members are appointed by the Panel. In addition, 11 members are nominated 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 to act as a member of either the Panel's Hearings Committee or its Code Committee. The Chairman, the Deputy Chairmen and all of the members nominated by the major financial and business institutions are designated as members of the Hearings Committee. Of the possible 20 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 Executive. It also hears disputed disciplinary cases. The Hearings Committee can be convened at short notice, where appropriate. The quorum for proceedings before the Hearings Committee is five members (or their alternates).

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 substantive provisions (in the Introduction, the General Principles and Rules) of the Code and the Rules of Procedure of the Hearings Committee.

THE EXECUTIVE

The day-to-day work of takeover supervision and regulation is carried out by 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. The Panel encourages, and in some cases requires, early consultation so that problems can be avoided; a major part of the Executive's role is to provide guidance.

THE TAKEOVER PANEL
2012-2013 REPORT

The Executive is headed by the Director General, usually an investment banker on secondment. Some 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 on two year secondments.

Further information on the Panel is available on its website at www.thetakeoverpanel.org.uk.

CHAIRMAN'S STATEMENT

I should like to begin by paying tribute to Antony Beevor, who retired as Deputy Chairman at the end of the year to 31 March 2013, having established a record for longevity of service to the Panel. Antony served as a Secretary to the Panel for two years commencing in 1969 and returned as Director General from 1987 to 1989. Having become thoroughly familiar with the workings of the Executive, it was not long before he was appointed to the Panel as a representative of the Corporate Finance Committee of what was then the British Merchant Bankers' Association. He served on the Panel for approximately 20 years, over 12 of them as a Deputy Chairman and as Chairman of the Finance and Audit Committee. Antony has been a member of the Hearings Committee during many appeals over the years and has always brought his vast experience to the service of the Panel with wisdom, hard work and modesty. We will all miss him.

I am happy to say that David Challen has agreed to step into Antony's shoes as Chairman of the Finance and Audit Committee and I therefore have no doubt that it remains in extremely capable hands.

The end of the year to 31 March 2013 also saw the end of Robert Gillespie's tenure as Director General and the appointment of Philip Robert-Tissot. Robert Gillespie's appointment as Director General started in testing times, when the Panel was defining and implementing revisions to the Code in the light of the consultation carried out following Kraft Foods Inc.'s offer for Cadbury plc. Robert navigated these changes with great skill and I am grateful for the experience and gravitas which he brought to his role.

Philip Robert-Tissot has joined the Executive as Director General for two years with effect from April 2013, after a career of over 20 years dedicated to UK M&A at Schrodgers and then at Citi. He is eminently well qualified for the role.

The Panel's main focus in Europe this year was on the follow-up to the European Commission's review of the Takeovers Directive in 2011/12. While the Commission decided not to amend the Directive, it concluded that there was scope for clarification in certain areas. Most notably, the Commission proposed the development of guidance to clarify the concept of acting in concert in order to lessen uncertainty for international investors, some of whom had said they felt inhibited from co-operating with each other on corporate governance matters for fear of the risk of triggering a mandatory bid. This matter was also commented on in the Commission's Action Plan on European company law and corporate governance. The Commission suggested that guidance could be drawn up by the European Takeover Bids Network ("TBN"), which operates under the auspices of the European Securities and Markets Authority. A small Task Force comprising members of the TBN, of which the Panel was one,

was established at the end of 2012 to take this initiative forward. It is expected that the guidance for investors will be published in the autumn.

The Panel also lobbied successfully for amendments to be made to the revised Transparency Directive in order to ensure that the revision would not jeopardise the regulation of takeover bids in Member States.

The Hearings Committee held one meeting regarding Bumi Plc, to hear an appeal against a ruling by the Executive. The appeal was not successful.



SIR GORDON LANGLEY
17 July 2013

CODE COMMITTEE CHAIRMAN'S REPORT

Since the last Annual Report, the Code Committee undertook its promised review of the operation of the amendments to the Code which were introduced in September 2011, following the consultation on certain aspects of the regulation of takeover bids (the "2011 Amendments"), and published Response Statements ("RSs") to two of the three Public Consultation Papers ("PCPs") which it had published in July 2012. In addition, the Committee approved a number of minor amendments to the Code, primarily to reflect the restructuring in April 2013 of the UK's financial regulatory framework.

In July 2011, when publishing the 2011 Amendments in RS 2011/1, the Committee had stated that, given the significance of the changes, it intended to undertake a review of the operation of the amendments by reference to a period of not less than 12 months following their implementation. The Committee published the conclusions of its review in November 2012 in Statement 2012/8. The main conclusions were that:

- (i) the rule changes designed to increase the protection for offeree companies against protracted "virtual bid" periods (i.e. situations where a potential offeror announces that it is considering making an offer but without committing itself to doing so) had worked well and that there was no evidence of offeree companies having been put under siege for protracted periods in the period reviewed;
- (ii) the general prohibition on "deal protection measures" and inducement fees had generally achieved its objectives of reducing the tactical advantages which offerors had previously been able to obtain over offeree companies and of redressing the balance in favour of offeree companies;
- (iii) the new rules which require offerors and offeree companies to disclose in offer documents and offeree board circulars details of the fees and expenses expected to be incurred in relation to the offer had improved transparency with regard to offer-related fees and expenses;
- (iv) the rule changes in relation to the financial and other information required to be disclosed by an offeror, including in relation to the financing of the offer, had worked well;
- (v) there had been an improvement in the quality and detail of disclosures by offerors of their intentions with regard to the offeree company and its employees. However, the Committee was disappointed that, in many cases, disclosures had not been sufficiently specific; and

(vi) the 2011 Amendments appeared to have gone a considerable way towards achieving their objectives of improving communications between offeree companies and their employee representatives, and of enabling employee representatives to be more effective in providing their opinion on the effects of an offer on employment.

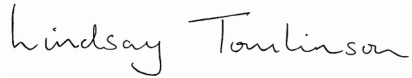
Instrument 2013/1, which made various amendments to the Code with effect from 1 April 2013, was published by the Committee in March 2013. The amendments were made primarily in order to reflect the restructuring of the UK's financial regulatory framework, with various references in the Code to the Financial Services Authority being replaced by references to the new Financial Conduct Authority. As these amendments were made as a consequence of legislative changes, they were approved by the Committee without public consultation. The Instrument also included some minor amendments to the Code which had either been consulted on previously or which did not require consultation as they did not materially alter the effect of the provisions in question.

In April 2013, the Committee met to consider its responses to the consultations undertaken in PCP 2012/2, with regard to various issues concerning the offeree company's pension scheme trustees, and PCP 2012/3, with regard to the companies which are subject to the Code.

Broadly, the amendments proposed in PCP 2012/2 were designed to afford to the trustees of an offeree company's pension scheme similar rights to those afforded under the Code to an offeree company's employee representatives. The Committee's intention was to create a framework within which the effects of an offer on an offeree company's pension scheme could become a debating point during the course of the offer and a point on which the parties to the offer and the trustees of the pension scheme could have an opportunity to express their views. Following consideration of the comments received from respondents and discussions held with the Pensions Regulator by the Executive on the Committee's behalf, the Committee adopted the proposed amendments, in slightly modified form, in RS 2012/2, which was published on 22 April 2013. The rule changes, which were made by Instrument 2013/2, came into effect on 20 May 2013.

In PCP 2012/3, the Committee had consulted on a proposal to remove from the Code the requirement for a company which is registered in the UK, the Channel Islands or the Isle of Man, and whose securities are not admitted to trading on a regulated market in the UK, to have its place of central management and control in the UK, the Channel Islands or the Isle of Man in order for the company to be subject to the jurisdiction of the Code – the so-called "residency test". The Committee had proposed the removal of the residency test with respect to all companies to which it applied, i.e. companies whose securities are admitted to trading on a multilateral trading facility (an "MTF") in the UK, companies whose securities are admitted to trading on an overseas market and companies whose securities are not admitted to trading on a public market. In the light of responses received, however, the Committee concluded in RS 2012/3, which was published on 15 May 2013, that the residency test should be removed only with respect to UK, Channel Islands and Isle of Man companies whose securities are admitted to trading on an MTF in the UK. The changes to the Panel's jurisdiction, which were made by Instrument 2013/3, will come into effect on 30 September 2013.

I would like express my thanks both to the members of the Committee and to the Executive for their work over the course of the year. I am also grateful to all those who have responded to the Committee's consultations for their valuable contributions, which frequently result in the amendments being improved at the end of the consultation process.

A handwritten signature in black ink that reads "Lindsay Tomlinson". The signature is written in a cursive style with a light grey rectangular background behind it.

LINDSAY TOMLINSON
17 July 2013

DIRECTOR GENERAL'S REPORT

The year has again been one of subdued public M&A activity. The number of takeover proposals which became unconditional, were withdrawn or lapsed during the year was 60, a further decrease on last year's figure of 80. Whilst the level of public takeover bids has now, except for a small increase in 2011, shown a year-on-year decline for six consecutive years, the Panel continues to receive a considerable number of enquiries in relation to possible offers, whitewashes, concert parties and other matters. Furthermore, while the volume of activity is down, the complexity of transactions has in some respects increased. It is noteworthy that the largest transaction to occupy the Panel in the year, Glencore International plc's offer for Xstrata plc, actually entered an offer period during 2011/12 and did not complete until May 2013.

In addition to live case work and general enquiries, a substantial proportion of the Executive's time is spent on investigatory work and disciplinary cases. In particular, the amount of resource focused on investigating significant potential breaches of the Code and the alleged existence of undisclosed concert parties has increased considerably in recent years. Such investigatory work is forensic in nature and time-consuming. Accordingly, since headcount remains reduced, the Executive continues to be busy and I am grateful to all its members for their hard work and professionalism during the year.

The Executive issued three letters of private criticism during the year of which one was market related and two related to the conduct of the parties involved.

ACCOUNTS

Operating income fell to £9,804,674 from £10,886,351, reflecting lower transaction volumes and reduced levels of equity market activity.

Expenditure increased to £9,909,893 from £9,201,159 in the previous year. This increase was driven primarily by increases in personnel costs and in other expenditure. The increase in other expenditure principally reflected higher professional fees related to ongoing investigations.

Before interest and taxation, the deficit was £105,219, our first operating deficit since 2008/09. Interest receivable increased to £649,974 from £556,894.

After interest receivable and taxation, the surplus for the year was £397,262 compared with £2,111,440 in the previous year. The accumulated surplus at the end of the financial year rose to £26,471,583.

THE TAKEOVER PANEL
2012-2013 REPORT

The Finance and Audit Committee continues to believe that the retention of a significant level of accumulated reserves is important given the unpredictable nature of the Panel's sources of income and the periodic need to spend significant sums on professional fees as and when needed by the Panel to discharge its duties properly.

PA Robert-Tissot

PHILIP ROBERT-TISSOT
17 July 2013

STATISTICS

OFFER PERIODS COMMENCING DURING THE YEAR

During the year ended 31 March 2013, 81 (year ended 31 March 2012 – 103) offeree companies went into an offer period. Of these:

- 35 commenced with the announcement by an offeror of a firm offer under Rule 2.7 of the Code;
- 30 commenced with an announcement of a possible offer, of which 27 identified one potential offeror and 3 identified more than one potential offeror;
- 12 commenced with the announcement of a “formal sale process” as described in Note 2 on Rule 2.6; and
- 4 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 being one of the options under its strategic review.

There were 17 (19) offeree companies in an offer period as at 31 March 2013.

FIRM OFFER PROPOSALS RESOLVED DURING THE YEAR

There were 60 (80) resolved takeover or merger proposals (i.e. proposals announced under Rule 2.7 which subsequently became wholly unconditional, lapsed or were withdrawn), of which 58 (80) reached the stage where formal documents were sent to shareholders. These proposals were in respect of 55 (80) offeree companies.

9 (13) offers were not recommended at the time of the firm offer announcement made under Rule 2.7 and 7 (11) of these were not recommended at the time the offer document was published. 6 (9) of these remained unrecommended at the end of the offer period, of which 1 (none) lapsed.

4 (7) offers were, at the time of their announcement under Rule 2.7, mandatory bids under Rule 9.

A further 8 (7) proposals announced under Rule 2.7 were still open at 31 March 2013, and are not included in these figures.

	2012-2013	2011-2012
OUTCOME OF PROPOSALS		
Successful proposals involving control	48	68
Unsuccessful proposals involving control	5	2
Proposals involving control withdrawn before publication of documents	2	0
Proposals involving minorities, etc.	5	10
	<u>60</u>	<u>80</u>

70 (73) whitewash circulars were published during the year (i.e. documents seeking a waiver from existing shareholders of an obligation to make a mandatory offer under Rule 9 following an issue of new shares).

21 (5) Code waivers were granted during the year (i.e. dispensations from the application of the Code to offers or proposals for companies with a very limited number of shareholders).

ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2013

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

	NOTE	2013 £	2012 £
INCOME			
PTM levy		5,730,427	5,921,405
Document fees		3,315,500	4,166,000
Code sales		128,697	153,794
Exempt fees		399,500	425,000
Recognised Intermediary fees		230,000	220,000
Other income		550	152
		<u>9,804,674</u>	<u>10,886,351</u>
EXPENDITURE			
Personnel costs		6,772,855	6,450,795
Accommodation costs		1,165,242	1,143,803
Other expenditure		1,971,796	1,606,561
		<u>9,909,893</u>	<u>9,201,159</u>
(DEFICIT)/SURPLUS BEFORE INTEREST AND TAXATION		(105,219)	1,685,192
Interest receivable		649,974	556,894
Taxation	2	(147,493)	(130,646)
SURPLUS FOR THE YEAR		<u>397,262</u>	<u>2,111,440</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		<u>26,074,321</u>	<u>23,962,881</u>
ACCUMULATED SURPLUS AT END OF YEAR		<u><u>26,471,583</u></u>	<u><u>26,074,321</u></u>

All activities are classed as being continuing.

The Panel has no recognised gains and losses other than the income and expenditure shown above and therefore no statement of total recognised gains and losses has been presented.

THE TAKEOVER PANEL
2012-2013 REPORT

BALANCE SHEET
AT 31 MARCH 2013

	NOTE	2013 £	2012 £
FIXED ASSETS	3	<u>120,584</u>	<u>173,060</u>
CURRENT ASSETS			
Debtors and prepayments	4	2,767,582	3,134,446
Debtors — Amounts due after one year:			
Rent deposit		<u>469,914</u>	<u>469,914</u>
		3,237,496	3,604,360
Cash and short term deposits		<u>24,313,687</u>	<u>23,020,502</u>
		<u>27,551,183</u>	<u>26,624,862</u>
CURRENT LIABILITIES			
Creditors and accruals	5	1,052,691	592,955
Corporation tax		<u>147,493</u>	<u>130,646</u>
		<u>1,200,184</u>	<u>723,601</u>
NET ASSETS		<u>26,471,583</u>	<u>26,074,321</u>
Representing			
ACCUMULATED SURPLUS		<u>26,471,583</u>	<u>26,074,321</u>

The accounts on pages 20-24 were approved by the Finance and Audit Committee on 17 July 2013 and signed on behalf of the Panel members by:

SIR GORDON LANGLEY

Chairman, Panel on Takeovers and Mergers

DAVID CHALLEN

Chairman, Finance and Audit Committee

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	NOTE	2013	2012
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	6	701,895	912,468
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		763,285	351,429
TAXATION			
UK corporation tax paid		(130,646)	(86,863)
CAPITAL EXPENDITURE		(41,349)	(92,832)
INCREASE IN CASH	7	<u>1,293,185</u>	<u>1,084,202</u>

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION OF ACCOUNTS AND ACCOUNTING POLICIES

- These accounts have been prepared under the historical cost basis of accounting.
- Income comprises the PTM levy, Document fees, Code sales, Exempt fees, Recognised Intermediary fees and Other income and is accounted for on an accruals basis.
- Expenditure is accounted for on an accruals basis.
- Interest receivable arises wholly in the UK and relates to interest receivable on deposits held and is recognised on an accruals basis.
- 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.

A full year of depreciation is provided on fixed assets in the year of acquisition whilst no depreciation is provided in the year of disposal.

Depreciation is calculated to write down the cost of all tangible fixed assets on a straight-line basis over their estimated useful economic lives. The periods generally applicable are:

Motor vehicles	4 years
Fixtures and fittings	4 years

	2013	2012
	£	£
2. TAXATION		
UK Corporation tax payable:		
Current tax payable	147,493	130,646
Tax charge for the year	<u>147,493</u>	<u>130,646</u>

THE TAKEOVER PANEL
2012-2013 REPORT

NOTES TO THE ACCOUNTS *continued*

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 2013, Corporation tax was charged at the main rate of 24% which after marginal relief resulted in an effective tax rate of 22.7%.

	Motor vehicles	Fixtures & fittings	Total
	£	£	£
3. TANGIBLE FIXED ASSETS			
Cost			
At 1 April 2012	39,181	435,467	474,648
Additions	—	41,349	41,349
Disposals	(39,181)	—	(39,181)
	<u>—</u>	<u>476,816</u>	<u>476,816</u>
At 31 March 2013	—	476,816	476,816
Depreciation			
At 1 April 2012	39,181	262,407	301,588
Provided during the year	—	93,825	93,825
Depreciation on disposals	(39,181)	—	(39,181)
	<u>—</u>	<u>356,232</u>	<u>356,232</u>
At 31 March 2013	—	356,232	356,232
Net book value			
At 31 March 2013	<u>—</u>	<u>120,584</u>	<u>120,584</u>
At 31 March 2012	<u>—</u>	<u>173,060</u>	<u>173,060</u>
		2013	2012
4. DEBTORS AND PREPAYMENTS		£	£
PTM levy accrued		1,645,594	1,651,522
Document fees accrued		361,500	407,500
Code sales accrued		8,400	—
Exempt fees accrued		45,000	135,000
Recognised Intermediary fees accrued		55,000	50,000
Other debtors and prepayments		652,088	890,424
		<u>2,767,582</u>	<u>3,134,446</u>
		2013	2012
5. CREDITORS AND ACCRUALS		£	£
Personnel costs		549,575	324,782
Legal and professional fees		278,304	95,922
Other creditors and accruals		224,812	172,251
		<u>1,052,691</u>	<u>592,955</u>

THE TAKEOVER PANEL
2012-2013 REPORT

NOTES TO THE ACCOUNTS *continued*

	2013	2012
6. NET CASHFLOW FROM OPERATING ACTIVITIES	£	£
(Deficit)/Surplus before interest and taxation	(105,219)	1,685,192
Depreciation	93,825	95,241
Decrease/(Increase) in debtors and prepayments	253,553	(350,273)
Increase/(Decrease) in creditors	459,736	(517,692)
	<hr/>	<hr/>
Net cash inflow from operating activities	701,895	912,468
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
7. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS	£	£
Increase in cash in period	1,293,185	1,084,202
	<hr/>	<hr/>
Change in net funds	1,293,185	1,084,202
Net funds at 1 April 2012	23,020,502	21,936,300
	<hr/>	<hr/>
Net funds at 31 March 2013	24,313,687	23,020,502
	<hr/> <hr/>	<hr/> <hr/>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TAKEOVER PANEL

We have audited the accounts of the Takeover Panel for the year ended 31 March 2013 which comprise the income and expenditure account, the balance sheet, the statement of cash flows and the related notes 1 to 7. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Panel members, as a body. Our audit work has been undertaken so that we might state to the Panel members those matters we are required to state to them in an auditors' 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 Panel members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF PANEL MEMBERS AND AUDITORS

The Panel members' responsibilities for preparing the accounts in accordance with the basis of preparation and accounting policies in note 1 are set out in the Statement of Panel Members' Responsibilities.

Our responsibility is to audit the accounts in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts are properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1.

In addition, we also report to you if, in our opinion, the Panel has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. The other information comprises only Panel Members and Executive, Introduction to the Takeover Panel, Chairman's Statement, Code Committee Chairman's Report, Director General's Report, Statistics, Statements issued by the Panel and the Takeover Appeal Board. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the Panel members in the preparation of the accounts, and of whether the accounting policies are appropriate to the Panel's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion, the accounts have been properly prepared in accordance with the basis of preparation and accounting policies in note 1 of the accounts.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

MILTON KEYNES
17 July 2013

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 present fairly 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 2013. 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

2012

5 July	2012/2	CODE COMMITTEE – PUBLIC CONSULTATION PAPERS <i>(Publication of Public Consultation Papers 2012/1, 2012/2 and 2012/3)</i>
12 July	2012/3	INVISTA REAL ESTATE INVESTMENT MANAGEMENT HOLDINGS PLC <i>(Requirement for potential offeror to make a Rule 2.7 announcement or announce no intention to bid by 12 July 2012)</i>
13 July	2012/4	COVE ENERGY PLC <i>(Auction Procedure introduced under Rule 32.5)</i>
25 July	2012/5	2012 ANNUAL REPORT AND CODE COMMITTEE CHANGES <i>(Publication of Panel's Annual Report)</i>
2 August	2012/6	GOALS SOCCER CENTRES PLC <i>(Requirement for potential offeror to make a Rule 2.7 announcement or announce no intention to bid by 13 August 2012)</i>
17 August	2012/7	PSION PLC <i>(Offer timetable extended)</i>
26 November	2012/8	CODE COMMITTEE – REVIEW OF THE 2011 AMENDMENTS TO THE TAKEOVER CODE <i>(Review of the rule changes introduced on 19 September 2011)</i>
19 December	2012/9	BUMI PLC <i>(Concert party rulings)</i>

2013

22 January	2013/1	NEW DIRECTOR GENERAL FOR THE TAKEOVER PANEL <i>(Panel Executive appointment)</i>
19 February	2013/2	BUMI PLC <i>(Ruling of the Hearings Committee)</i>
28 March	2013/3	CODE COMMITTEE – AMENDMENTS TO THE TAKEOVER CODE <i>(Amendments to reflect the restructuring of the UK's financial regulatory framework, miscellaneous amendments flowing from the consultation of PCP 2012/1 and other minor amendments)</i>

THE TAKEOVER APPEAL BOARD

AS AT 17 JULY 2013

LORD STEYN	CHAIRMAN
LORD COLLINS OF MAPESBURY	DEPUTY CHAIRMAN
SIR MARTIN NOURSE	DEPUTY CHAIRMAN
ERIC E ANSTEE	CHIEF EXECUTIVE, CITY OF LONDON GROUP
KENNETH E AYERS	FORMER CHAIRMAN, NATIONAL ASSOCIATION OF PENSION FUNDS INVESTMENT COUNCIL
KAREN R COOK	PRESIDENT, GOLDMAN SACHS EUROPE
JOHN K GRIEVES	FORMER SENIOR PARTNER, FRESHFIELDS BRUCKHAUS DERINGER
DAVID L MAYHEW	VICE CHAIRMAN, JP MORGAN
JOHN F NELSON	CHAIRMAN, LLOYD'S OF LONDON
SIMON C T ROBEY	PARTNER, ROBERTSON ROBEY ASSOCIATES
ROBERT W A SWANNELL	CHAIRMAN, MARKS & SPENCER
DAVID WEBSTER	FORMER CHAIRMAN, INTERCONTINENTAL HOTELS GROUP

The Takeover Appeal Board (the “Board”) is an independent body which hears appeals against rulings of the Hearings Committee. The Chairman and Deputy Chairmen are appointed by the Master of the Rolls and will usually have held high judicial office. The other members are appointed by the Chairman of the Board and will usually have relevant knowledge and experience of takeovers and the Takeover Code. No person who is or has been a member of the Code Committee of the Panel may simultaneously or subsequently be a member of the Board.

Any party to a hearing before the Hearings Committee (or any person denied permission to be a party to a hearing before the Hearings Committee) may appeal to the Board against any ruling of the Hearings Committee or of the chairman of the relevant hearing (including in respect of procedural directions).

The procedures of the Board are set out in its Rules which can be viewed on its website at www.thetakeoverappealboard.org.uk.

STATEMENTS ISSUED BY
THE TAKEOVER APPEAL BOARD

2013

21 January

2013/1

APPOINTMENT OF TAKEOVER APPEAL BOARD
DEPUTY CHAIRMAN
(Takeover Appeal Board appointment)