

THE TAKEOVER PANEL
REPORT ON THE YEAR ENDED
31 MARCH 1994

THE TAKEOVER PANEL
1993 – 1994 REPORT

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THE PANEL
AS AT 7 JULY 1994

SIR DAVID CALCUTT QC
THE MASTER,
MAGDALENE COLLEGE,
CAMBRIDGE

JOHN F C HULL
FORMER CHAIRMAN,
J HENRY SCHRODER WAGG & CO

JOHN F GOBLE
FORMER SENIOR PARTNER,
HERBERT SMITH

SIR CHRISTOPHER BENSON
CHAIRMAN,
SUN ALLIANCE GROUP

H DENNIS STEVENSON
CHAIRMAN,
SRU

ROBERT B JACK
FORMER SENIOR PARTNER,
MCGRIGOR DONALD

ALLAN BRIDGEWATER
GROUP CHIEF EXECUTIVE,
NORWICH UNION INSURANCE GROUP

PAUL MYNERS
CHAIRMAN,
GARTMORE INVESTMENT
MANAGEMENT

JULIAN G TREGONING
DIRECTOR,
SAVE & PROSPER GROUP

CHAIRMAN
Appointed by
the Governor of
the Bank of England

DEPUTY CHAIRMAN
Appointed by
the Governor of
the Bank of England

DEPUTY CHAIRMAN
Appointed by
the Governor of
the Bank of England

Appointed by
the Governor of
the Bank of England

Appointed by
the Governor of
the Bank of England

Appointed by
the Governor of
the Bank of England

Chairman,
Association of
British Insurers

Chairman,
Association of
Investment Trust
Companies

Chairman,
Association of
Unit Trusts and
Investment Funds

SIR NICHOLAS GOODISON
CHAIRMAN,
TSB GROUP

JOHN L WALKER-HAWORTH
VICE CHAIRMAN,
S G WARBURG & CO

DAVID J CHALLEN
DIRECTOR,
J HENRY SCHRODER WAGG & CO

MARTIN G TAYLOR
VICE CHAIRMAN,
HANSON

ROGER H LAWSON
DIRECTOR,
3i

CHARLES K R NUNNELEY
DEPUTY CHAIRMAN,
ROBERT FLEMING HOLDINGS

JOHN KEMP-WELCH
FORMER SENIOR PARTNER,
CAZENOVE & CO

GEOFFREY M LINDEY
HEAD OF UK INSTITUTIONAL
INVESTMENT, J P MORGAN
INVESTMENT MANAGEMENT

**THE HON
CHRISTOPHER J SHARPLES**
DIRECTOR,
GNI

President,
British Bankers'
Association

Nominated by
the London Investment
Banking Association

Chairman,
London Investment
Banking Association
Corporate Finance
Committee

Nominated by
the Confederation
of British Industry

President,
Institute of Chartered
Accountants in
England and Wales

Chairman,
Investment Management
Regulatory Organisation

Chairman,
London Stock Exchange
(from 14 July 1994)

Nominated by
National Association
of Pension Funds

Chairman,
The Securities and
Futures Authority

THE APPEAL COMMITTEE
AS AT 7 JULY 1994

THE RT HON
SIR MICHAEL KERR
FORMER LORD
JUSTICE OF APPEAL

CHAIRMAN OF THE
APPEAL COMMITTEE
Appointed by
the Governor of
the Bank of England

THE RT HON
SIR CHRISTOPHER SLADE
FORMER LORD
JUSTICE OF APPEAL

DEPUTY CHAIRMAN OF
THE APPEAL COMMITTEE
Appointed by
the Governor of
the Bank of England

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THE PANEL EXECUTIVE
AS AT 7 JULY 1994

* WILLIAM P STAPLE N M Rothschild & Sons	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
*CHARLES D ST J PENNEY Lovell White Durrant	SECRETARY
* MRS JUDITH L SHEPHERD Stephenson Harwood	SECRETARY
*MISS JANE B CHESWORTH Price Waterhouse	ASSISTANT SECRETARY
*THOMAS K FRANKS KPMG Peat Marwick	ASSISTANT SECRETARY
*PETER W MUMMERY HSBC Group	ASSISTANT SECRETARY
*CHARLES G WILKINSON Credit Lyonnais Laing	ASSISTANT SECRETARY
*SIMON P ALLPORT Gouldens	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. It is the Panel’s practice to focus on the specific consequences for shareholders of rule breaches, rather than simply on disciplinary action, with the aim of providing appropriate redress. 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 support

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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 merchant banker on secondment. Some of the Executive are permanent, providing an essential element of continuity. They are joined by lawyers, accountants, stockbrokers, civil servants and others on two-year secondments.

The Executive monitors takeovers, checking that all actions taken, as well as documents and announcements issued, comply with the Code and keeping a close watch on dealings in relevant securities. 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 number of bids last year was again at a low level, although the Executive has remained fully occupied with a varied diet of work, the detail of which is set out in the Director General's Report. A feature of the 1990s bids seems, thus far, to have been the longer period of gestation of transactions, compared with the heady days of the 1980s. As a consequence, consultation with the Panel on a proposed transaction now often stretches over a much greater span of time, which results in the Executive devoting much more time to each transaction than it did some years ago. The Panel, of course, continues strongly to recommend consultation at an early stage.

The Panel monitors closely its funding requirements and reviews its staff needs. We have decided to reduce the contract note levy from £2 on equity transactions valued at over £10,000 to £1 with effect from 1 October. With a view to maintaining an appropriate level of staff, a senior member of the Executive was not replaced when his period of secondment finished at the end of last year.

The Panel, throughout its history, has always been well served by the secondees who have joined the Executive, usually for a two-year period. Their importance in the work and success of the Panel cannot be over-emphasised. The mix of secondees and permanent staff has been a characteristic of the Executive. The willingness of City organisations and others to second some of their best people to us is something we greatly value. Having said that, I believe that most entities who have seconded people have gained some benefit as a result. Moreover I am quite sure that most secondees greatly enjoy their time at the Panel and that their careers are considerably benefited by their time here.

At the beginning of March Frances Heaton's term of office, as Director General of the Panel, came to an end. We are grateful to her for her contribution to the work of the Panel and wish her well on her return to Lazard's. In her place the Panel welcomed William Staple of Rothschilds, who has had considerable experience in the field of takeovers. We wish him all success during his time at the Panel.

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I have often stressed the importance that the Panel attaches to the views of those in industry in its discussions and decisions. During my time as Chairman I have greatly valued the advice and contribution of Sir Adrian Cadbury. He retired from the Panel last month and we shall greatly miss the benefit of his wide experience. In his place we are delighted to welcome Sir Christopher Benson.

Little progress has been made in the last year on a proposed European Takeover Directive. Following the Edinburgh communiqué in December 1992, in which the Commission said it would be considering the future of the Directive, the Commission issued a questionnaire to member states. We understand that the Commission is now considering the responses to its questionnaire. The Panel continues to discuss the concept of a Directive with its counterparts in other member states.

At a time when there is considerable discussion and debate about regulation, it is encouraging that the role of the Panel is not part of that debate. I believe that the Panel system of regulating takeovers, through the Executive, which is able to act in each particular case with speed and pragmatism, remains as effective as it always has been since its establishment twenty-six years ago.

SIR DAVID CALCUTT QC
7 JULY 1994

**REPORT BY THE
DIRECTOR GENERAL**

The number of takeover or merger proposals published during the year to 31 March 1994 was very much the same as the previous year - 81 as compared with 88. These are low figures and it has therefore seemed pertinent to expand the statistics section of this report (see page 15) and also to give some further information on the work of the Executive.

It has been the practice to refer in Annual Reports to the number of cases where the Executive was engaged in detailed consultations which either did not lead to published proposals or were transactions, subject to approval by shareholders, involving controlling blocks of shares - last year the figure was 141. Two items increased this figure very considerably to 340 this year.

First, 31 December 1993 was the date by which new Business Expansion Schemes had to be completed and there was a rush of such schemes during the year. Over 100 of these involved “contracted exit” arrangements where the Executive was usually prepared to agree to the disapplication of the Code in respect of the “exit” share offer provided that certain criteria were followed.

Secondly, there were 46 cases where a waiver to disapply the provisions of the Code was granted (see page 12).

An important part of the work of the Executive is the giving of general guidance and much of this is done on a hypothetical basis. In the year to 31 March 1994 there were some 750 enquiries, ranging from the simple to the complex, where no company name was given.

In addition to the matters set out above, the Executive has been involved in a number of other areas. These include, for example, commenting on proposed rules and regulations of other bodies that may have relevance to the Panel, administering the exempt market-maker and exempt fund manager regime, reviewing and amending the Code as necessary and conducting a variety of investigations.

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It is sometimes wrongly assumed that the larger the transaction the greater the time spent on it by the Executive. In fact the reverse is often the case. Larger transactions are sometimes intrinsically simpler than smaller ones and in such cases the advisers concerned often have more Code experience than those advising smaller companies. Hence the reduction in large high profile bids in the last few years has not automatically reduced the work of the Executive as much as might have been expected.

However, the Executive has continued to review staff requirements and the total has been reduced. In particular part-time staff are now employed for some of the support work. Recently, it was decided to reduce the number of senior members of the Executive by not replacing Mark Gearing of Allen & Overy when his period of secondment ended in March; Charles Penney of Lovell White Durrant, whose period of secondment ends in September, is being replaced by Judith Shepherd of Stephenson Harwood, who has just joined the Executive. If there is a continuing resurgence in activity, it may be necessary to seek further staff.

CONCERT PARTY INVESTIGATIONS

Concert party investigations have always been a significant part of the Executive's work. They often involve a considerable amount of work, sometimes of necessity in a short time, for example, if a requisitioned extraordinary general meeting is imminent at which resolutions to change the board are to be proposed. At the end of the investigation the decision as to whether or not a concert party exists is often very finely balanced. It is one of the more difficult areas with which the Executive has to deal. A number of allegations of concert parties would, if proved, result in the requirement for a mandatory bid, so that often a great deal turns on the Executive's decision.

The complexity of the cases varies enormously. Sometimes the parties alleged to be acting in concert may be spread around the world or there may be an intricate network of companies and trusts involved or holdings registered in the names of banks. If it is possible, the Executive tries both to interview all the relevant parties (preferably at a meeting but failing that on the telephone) and to receive in writing an appropriate statement from them. Generally the Executive receives a good level of co-operation from those approached.

In the past year the Executive has carried out a number of such enquiries, some of which have been complex. While in many cases the Executive has found no evidence of the existence of a concert party, in other cases it has required an offer to be made for the company or a shareholder to sell part or all of his holding. In other cases certain constraints have been placed on future actions by the alleged concert party.

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CODE WAIVERS

The Executive has received a high number of requests for waivers of the Code in the course of the year. This is a procedure whereby the Executive is prepared to disapply the provisions of the Code for a specific transaction where the company subject to the Code has very few shareholders and it would be inappropriate or unduly onerous to apply the Code. In all such cases, the Executive must be consulted in advance.

The procedure is normally only available for companies with ten or fewer shareholders and may therefore be of assistance in the case of certain private and unlisted public companies to which the Code would otherwise apply. The Executive will be concerned to ensure that the company's shareholders have all had their Code rights fully explained to them (whether at a meeting or in writing) and will require a written confirmation from each of the shareholders that they waive their Code rights in respect of the transaction in question. A Code waiver will only be granted if all the shareholders agree to it.

REVISION OF THE CODE

During the consultation period for the Stock Exchange's revised Yellow Book a number of parties suggested that those requirements for the contents of offer documents and certain other related matters which appeared in the old Yellow Book should instead appear in the Code, so that there was only one source for such requirements. The Stock Exchange and the Panel considered this to be a sensible approach and one that would help practitioners and other users of the Code and the Yellow Book in the context of offers. Accordingly, appropriate amendments to the Code were published in November 1993.

ENDORSEMENT OF THE CODE BY THE SECURITIES AND
INVESTMENTS BOARD

On 14 June 1994 the Securities and Investments Board ("SIB") issued Consultative Paper 81 relating to endorsement of the Code by SIB for the purposes of Principle 3 of SIB's Statements of Principle. The Statements of Principle, made by SIB under the Financial Services Act 1986, provide a general statement of standards to be met by all authorised persons. Principle 3 (Market Practice) requires authorised persons to comply with any code or standard (as in force from time to time), to the extent endorsed for the purposes of the Principle, including rulings which may be made under it.

Endorsement of the Code for the purposes of Principle 3 will, in appropriate circumstances, mean that failure to comply with the Code would enable disciplinary action to be taken against authorised persons by their relevant regulatory authority (SIB, self-regulating organisation or recognised professional body). However, such action is only to be taken at the request of the Panel, thus preserving the role of the Panel as the sole arbiter of the Code. Endorsement will provide

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further “buttressing” to the Panel’s authority. It is expected that the relevant Instrument will come into force on 1 October.

MEETINGS DURING OFFERS

In 1989 a new provision (now Note 3 on Rule 20.1) was added to the Code which allowed meetings with selected shareholders to be held during an offer, provided that no material new information was released, no significant new opinions were expressed and the financial adviser or corporate broker to the offeror or the offeree company attended and confirmed in writing to the Executive that these requirements had been followed.

Prior to the introduction of this provision, meetings with more than one person were prohibited unless, amongst other things, all shareholders and the press were invited. The radical change was made because experience had shown that the previous restrictions created inconvenience out of proportion to any benefits gained. The important point is to prevent material new information being disclosed selectively rather than to prevent meetings taking place.

In the five years since the change was introduced, the Executive has had to deal with very few problems in this area. It seems therefore that the relaxation of the previously more stringent approach has worked well over a long period of time.

SECRECY BEFORE OFFER ANNOUNCEMENTS AND THE
TIMING OF ANNOUNCEMENTS

The Executive continues to be concerned about cases where pre-offer market speculation leads to a price rise before any announcement by the companies concerned.

The responsibility for avoiding a false market developing in the context of takeovers lies primarily with the companies and their advisers involved in the preparation of offers. Rule 2 of the Code stresses the vital importance of absolute secrecy before an announcement and sets out the circumstances when an announcement is required.

The Executive recognises that offers are increasingly structured in complex ways, often involving many different parties around the world and weeks of consultation. The result is that a great number of separate advisory organisations, and people within them, become aware of an offer before it is announced. In order to reduce the chances of leaks, the Executive wishes to stress the importance of not including an organisation in preparatory discussions on an offer unless it is essential to do so and then only at the latest moment possible. Furthermore, the numbers involved in any one organisation should be kept to an absolute minimum. Individuals should only be informed if it is

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necessary to do so and should understand the importance of maintaining absolute confidentiality.

In some cases the requirement to make an announcement of a possible offer may upset detailed planning and may even lead to abandonment of the offer. While the Executive will be alive to this possibility when considering the application of Rule 2, there will be cases when, in the interests of fairness to the market, the Executive may compel an announcement, even though such announcement may jeopardise the chances of the offer being made.

ACCOUNTS

In the year to 31 March 1994 income from document fees was £1,208,000 as compared with £1,405,000 in 1993; the contract note levy produced £4,660,899 against the 1993 figure of £3,295,570. Expenditure was down by some £170,000 compared with 1993.

It is impossible to forecast the Panel's income with any degree of accuracy as the sources of income, the contract note levy and document charges, are very volatile. There is now an accumulated surplus of approximately £4,600,000. The main reasons for maintaining a surplus are to guard against a sharp drop in income or an unexpected major expense. While the objective is to avoid the possibility of returning to the deficit position which existed in 1991-1992, it is important not to allow a surplus to accumulate above a reasonably prudent level. Accordingly, for the time being, the Panel proposes to reduce the contract note levy, now £2 on equity transactions valued at over £10,000, to £1 with effect from 1 October. This is considerably less in real terms than the original rate of 60p when it was introduced in 1978. The full effect of this change will not be apparent until 1995-1996.

William P Staple

7 July 1994

STATISTICS

The Panel held one meeting to hear an appeal against a ruling by the Executive. The appeal was not successful. No cases were heard by the Appeal Committee during the year.

There were 81 (year ended 31 March 1993 - 88) published takeover or merger proposals of which 81 (87) reached the stage where formal documents were sent to shareholders. These proposals were in respect of 79 (85) target companies.

24 (28) offers were not recommended at the time the offer document was posted. 17 (25) of these remained unrecommended at the end of the offer period, of which 8 (9) lapsed.

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

A further 5 (13) cases, which were still open at 31 March 1994, are not included in these figures.

	1993-1994	1992-1993
OUTCOME OF PROPOSALS		
Successful proposals involving control		
(including Schemes of arrangement)	57	62
Unsuccessful proposals involving control		
(including Schemes of arrangement)	11	13
Proposals withdrawn before issue of documents		
(including offers overtaken by higher offers)	–	1
Proposals involving minorities, etc	<u>13</u>	<u>12</u>
	<u>81</u>	<u>88</u>

The Executive was engaged in detailed consultations in another 340 (141) cases as follows:

Transactions subject to approval by shareholders involving controlling blocks of shares	46
Examination of BES prospectuses	116
Concert party questions and investigations	43
Waivers of the Code's requirements in cases where there are very few shareholders	46
Miscellaneous problems and requests for guidance	<u>89</u>
	<u>340</u>

All the above were cases where the Executive was informed of the name of the company concerned. In addition questions, ranging from the simple to the complex, were asked in approximately 750 cases where no company name was given.

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**ACCOUNTS FOR THE YEAR ENDED
31 MARCH 1994**

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1994

	NOTE	1994 £	1993 £
INCOME			
Contract note levy		4,660,899	3,295,570
Document fees		1,208,000	1,405,000
City Code sales		107,490	21,250
Other income		6,177	3,860
		<u>5,982,566</u>	<u>4,725,680</u>
EXPENDITURE			
Personnel costs and Panel members' fees		2,535,940	2,532,171
Accommodation costs		787,189	801,991
Other expenditure		546,109	706,647
		<u>3,869,238</u>	<u>4,040,809</u>
SURPLUS BEFORE INTEREST AND TAXATION		2,113,328	684,871
Interest receivable		104,593	84,632
Taxation	2	<u>(27,915)</u>	<u>(21,606)</u>
SURPLUS FOR THE YEAR		2,190,006	747,897
ACCUMULATED SURPLUS			
AT BEGINNING OF YEAR		<u>2,433,729</u>	<u>1,685,832</u>
ACCUMULATED SURPLUS AT END OF YEAR		<u><u>4,623,735</u></u>	<u><u>2,433,729</u></u>

All activities are regarded as being continuing

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

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BALANCE SHEET
AT 31 MARCH 1994

	NOTES	1994 £	1993 £
CURRENT ASSETS			
Debtors and prepayments	3	1,547,312	942,873
Bank and cash		3,258,662	1,677,429
		<u>4,805,974</u>	<u>2,620,302</u>
 CURRENT LIABILITIES			
Creditors and accruals	4	154,324	164,967
Corporation tax		24,891	21,606
		<u>179,215</u>	<u>186,573</u>
 NET CURRENT ASSETS			
Deferred tax	5	3,024	–
		<u>4,626,759</u>	<u>2,433,729</u>
Net assets		<u>4,623,735</u>	<u>2,433,729</u>
 Representing:			
ACCUMULATED SURPLUS		<u>4,623,735</u>	<u>2,433,729</u>

The accounts on pages 16 to 20 were approved by the Finance Committee on 7 June 1994 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

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CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1994

	NOTES	1994 £	1993 £
Net cash inflow from activities	6	<u>1,503,277</u>	<u>715,485</u>
Returns on investments and servicing of finance			
Interest received		99,562	86,424
Net cash inflow from returns on investments and servicing of finance		<u>99,562</u>	<u>86,424</u>
Taxation			
UK corporation tax paid		<u>(21,606)</u>	<u>(13,592)</u>
Increase in cash	7	<u><u>1,581,233</u></u>	<u><u>788,317</u></u>

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 and in accordance with applicable Accounting Standards in the United Kingdom.
- 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.
- d) Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

	1994 £	1993 £
2. TAXATION		
UK corporation tax payable on interest income received at the rate of 25% (1993 – 25%)		
Current	24,891	21,606
Deferred	<u>3,024</u>	<u>–</u>
	<u><u>27,915</u></u>	<u><u>21,606</u></u>

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.

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NOTES TO THE ACCOUNTS *continued*

	1994	1993
	£	£
3. DEBTORS AND PREPAYMENTS		
Contract note levy accrued income	1,500,000	900,000
Document fees	2,000	12,500
Interest receivable	12,096	7,065
Other debtors and prepayments	33,216	23,308
	<u>1,547,312</u>	<u>942,873</u>
	1994	1993
	£	£
4. CREDITORS AND ACCRUALS		
Personnel costs and Panel members' fees	89,525	75,048
Legal and professional fees	21,908	17,808
Other creditors and accruals	42,891	72,111
	<u>154,324</u>	<u>164,967</u>
	1994	1993
	£	£
5. DEFERRED TAXATION		
In respect of short term timing differences:		
Provision at 1 April	–	–
Charge for year	3,024	–
Provision at 31 March	<u>3,024</u>	<u>–</u>
	1994	1993
	£	£
6. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM ACTIVITIES		
Surplus before interest and taxation	2,113,328	684,871
(Increase) / decrease in debtors and prepayments	(599,408)	106,647
Decrease in creditors	(10,643)	(76,033)
Net cash inflow from activities	<u>1,503,277</u>	<u>715,485</u>
	1994	1993
	£	£
7. CASH AND CASH EQUIVALENTS		
a) CHANGES DURING THE YEAR		
Balance at 1 April	1,677,429	889,112
Net cash inflow	1,581,233	788,317
Balance at 31 March	<u>3,258,662</u>	<u>1,677,429</u>

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NOTES TO THE ACCOUNTS *continued*

	1994	CHANGE IN YEAR	1993	CHANGE IN YEAR	1992
	£	£	£	£	£
b) ANALYSIS OF BALANCES					
Cash at bank and in hand	<u>3,258,662</u>	<u>1,581,233</u>	<u>1,677,429</u>	<u>788,317</u>	<u>889,112</u>

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

We have audited the financial statements on pages 16 to 20.

RESPECTIVE RESPONSIBILITIES OF PANEL MEMBERS AND AUDITORS

As described on page 21 the Panel Members are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements 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 financial statements 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of The Panel on Takeovers and Mergers at 31 March 1994 and of its surplus and cash flows for the year then ended.

COOPERS & LYBRAND

Chartered Accountants and Registered Auditors, London

7 June 1994.

THE TAKEOVER PANEL
1993 – 1994 REPORT

STATEMENT OF PANEL MEMBERS' RESPONSIBILITIES

The Panel Members have determined that financial statements should be prepared for each financial year that give a true and fair view of 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 judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1994. The Panel Members also confirm that applicable accounting standards have been followed and that the financial statements 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 and other irregularities.

THE TAKEOVER PANEL
1993 – 1994 REPORT

STATEMENTS ISSUED BY THE PANEL
DURING THE YEAR
ENDED 31 MARCH 1994

1993

18 OCTOBER 1993/3 OWNERS ABROAD GROUP
(Result of investigation into possible Code breaches)

1994

7 JANUARY 1994/1 APPOINTMENT OF WILLIAM STAPLE AS DIRECTOR GENERAL
(Panel Executive appointment)

14 JANUARY 1994/2 GRANADA GROUP – LWT (HOLDINGS)
(Extension of offer timetable)

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

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