

THE TAKEOVER PANEL  
REPORT AND ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2014



CONTENTS

PANEL MEMBERS AND EXECUTIVE .....	4
INTRODUCTION TO THE TAKEOVER PANEL .....	8
CHAIRMAN'S STATEMENT .....	11
CODE COMMITTEE CHAIRMAN'S REPORT .....	13
DIRECTOR GENERAL'S REPORT .....	15
STATISTICS .....	18
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014 .....	20
STATEMENTS ISSUED BY THE PANEL .....	27
THE TAKEOVER APPEAL BOARD .....	28

PANEL MEMBERS  
AS AT 16 JULY 2014

CHAIRMAN AND DEPUTY CHAIRMEN

SIR GORDON LANGLEY      CHAIRMAN  
Appointed by  
the Panel

DAVID J CHALLEN      DEPUTY CHAIRMAN  
Appointed by  
the Panel

PHILIP J REMNANT      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      Appointed by  
LEAD INDEPENDENT DIRECTOR,      the Panel  
HM TREASURY

TIDJANE THIAM      Appointed by  
GROUP CHIEF EXECUTIVE,      the Association of British Insurers  
PRUDENTIAL

SIR DAVID LEES      Appointed by  
the Panel

ANDREW BELL      Appointed by  
CHIEF EXECUTIVE OFFICER,      the Association of Investment  
WITAN INVESTMENT TRUST      Companies

LORD MORRIS OF HANDSWORTH      Appointed by  
FORMER GENERAL SECRETARY,      the Panel  
THE TRANSPORT AND GENERAL  
WORKERS' UNION

SIR NIGEL WICKS      Appointed by  
CHAIRMAN,      the British Bankers' Association  
BRITISH BANKERS' ASSOCIATION

NIGEL RICH      Appointed by  
CHAIRMAN,      the Panel  
SEGRO

ALAN F PORTER      Appointed by  
GROUP COMPANY SECRETARY,      the Confederation of British Industry  
PRUDENTIAL

SIR IAN ROBINSON      Appointed by  
SENIOR INDEPENDENT DIRECTOR,      the Panel  
COMPASS GROUP

ARTHUR BAILEY      Appointed by  
PRESIDENT,      the Institute of Chartered Accountants  
ICAEW      in England and Wales

MARK WARHAM      Appointed by  
VICE CHAIRMAN, HEAD OF EMEA M&A,      the Association for Financial Markets  
BARCLAYS      in Europe

HELENA MORRISSEY      Appointed by  
CHAIRMAN,      the Investment Management  
INVESTMENT MANAGEMENT      Association  
ASSOCIATION

CHARLES G WILKINSON      Appointed by  
CO-HEAD OF CORPORATE      the Association for Financial Markets  
BROKING,      in Europe representing its  
DEUTSCHE BANK      Corporate Finance Committee

MARTIN MANNION      Appointed by  
HEAD OF TRUSTEE SERVICES,      the National Association of Pension  
JOHN LEWIS PARTNERSHIP      Funds  
PENSIONS TRUST

JIM HAMILTON      Appointed by  
SENIOR ADVISER,      the Association for Financial Markets  
GLEACHER SHACKLOCK      in Europe representing its  
Securities Trading Committee

TIM INGRAM      Appointed by  
CHAIRMAN,      the Wealth Management Association  
WEALTH MANAGEMENT ASSOCIATION

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.

THE TAKEOVER PANEL  
2013-2014 REPORT

THE CODE COMMITTEE

	<p>GUY ELLIOTT Senior Independent Director, SABMiller</p>	<p>Chairman Appointed by the Panel</p>	
<p>JAMES D AGNEW MANAGING DIRECTOR, CHAIRMAN OF UK CORPORATE BROKING, DEUTSCHE BANK</p>	<p>Appointed by the Panel</p>	<p>DAVID GRAHAM CHIEF REGULATORY OFFICER AND HEAD OF LISTING, HONG KONG EXCHANGES AND CLEARING</p>	<p>Appointed by the Panel</p>
<p>JONATHAN W BLOOMER CHAIRMAN, JLT EMPLOYEE BENEFIT GROUP</p>	<p>Appointed by the Panel</p>	<p>RICHARD A MURLEY EXECUTIVE VICE CHAIRMAN, ROTHSCHILD</p>	<p>Appointed by the Panel</p>
<p>PHILIP A J BROADLEY DIRECTOR, OLD MUTUAL</p>	<p>Appointed by the Panel</p>	<p>ALAN D PAUL FORMER PARTNER, ALLEN &amp; OVERY</p>	<p>Appointed by the Panel</p>
<p>ALISTAIR N C DEFRIEZ FORMER MANAGING DIRECTOR, UBS</p>	<p>Appointed by the Panel</p>	<p>JOY SEPPALA CHIEF EXECUTIVE OFFICER, SISU CAPITAL</p>	<p>Appointed by the Panel</p>
		<p>TRELAWNY WILLIAMS HEAD OF CORPORATE FINANCE, FIDELITY WORLDWIDE INVESTMENT</p>	<p>Appointed by the Panel</p>

THE TAKEOVER PANEL  
2013-2014 REPORT

THE FINANCE AND AUDIT COMMITTEE

DAVID J CHALLEN Chairman

JONATHAN W BLOOMER

JIM HAMILTON

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

PHILIP J REMNANT

THE NOMINATION COMMITTEE

SIR GORDON LANGLEY Chairman

DAVID J CHALLEN

\*SIR JON CUNLIFFE  
DEPUTY GOVERNOR,  
FINANCIAL STABILITY,  
BANK OF ENGLAND

SIR DAVID LEES

ALAN D PAUL

PHILIP J REMNANT

MARK WARHAM

THE REMUNERATION COMMITTEE

JAMES D AGNEW Chairman

DAVID J CHALLEN

JIM HAMILTON

\*HUW M JONES

PHILIP J REMNANT

\* NOT A PANEL MEMBER

THE PANEL EXECUTIVE

AS AT 16 JULY 2014

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

SECRETARIES

JOHN A DOVEY	SECRETARY
JEREMY D EVANS	SECRETARY
*SETH W JONES ALLEN & OVERY	SECRETARY
BARBARA A MUSTON	SECRETARY

MARKET SURVEILLANCE

ROSALIND M GRAY	MANAGER
CRAIG G ANDREWS	DEPUTY MANAGER
BEN S V BRAY	
CLIVE W DAVIDSON	
MATTHEW C PLASTINA	

ASSISTANT SECRETARIES

DIPIKA SHAH	SENIOR ASSISTANT SECRETARY
*MARK C CHIVERS DLA PIPER	ASSISTANT SECRETARY
*MATTHEW HAMILTON-FOYN CLEARY GOTTLIEB STEEN & HAMILTON	ASSISTANT SECRETARY
MARK C HUTT	ASSISTANT SECRETARY
*JOSEPH R KATZ ROTHSCHILD	ASSISTANT SECRETARY
*WILLIAM E H McDONALD JONES DAY	ASSISTANT SECRETARY

EXEMPT GROUPS

SUSAN POWELL	MANAGER
KEITH OFFORD	

ADMINISTRATION AND SUPPORT

BEN S MCGUIRE	CHIEF OPERATING OFFICER
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 wider questions of public interest, 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. A major part of the Executive's role is to provide guidance.

The Executive is headed by the Director General, usually an investment banker on secondment. 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](http://www.thetakeoverpanel.org.uk).

## CHAIRMAN'S STATEMENT

First, I would like to note one change in the composition of the Panel during the year, in that Lindsay Tomlinson has retired from the Panel and retired as Chairman of the Code Committee at the end of January 2014. I would like to thank Lindsay for his steady guidance and leadership of the Code Committee during his tenure since 2006, which encompassed numerous revisions to the Code, perhaps most notably the changes promulgated in September 2011 in response to various issues raised following Kraft Foods Inc.'s bid for Cadbury plc.

I welcome as the new Chairman of the Code Committee Guy Elliott, who was appointed to the Committee in July 2012. Guy has had a distinguished career. He was for many years the Chief Financial Officer of Rio Tinto Group and was a non-executive director on the board of Cadbury. He is currently serving as the senior independent director of SABMiller plc and as a non-executive director of Royal Dutch Shell plc. I welcome Guy's appointment to lead the Code Committee in its very important role of ensuring that the Code evolves to reflect changes in the market place and sets an effective framework for the conduct of takeover bids.

In May 2014, the Panel was delighted to host the fifth International Takeover Regulators' Conference. Over 90 delegates from some 42 countries came to London for lively discussions on a range of topical issues, including the problems associated with regulatory conditions in offers, shareholder activism, "put up or shut up" and, inevitably, acting in concert. Newcomers to takeover regulation, Brazil, discussed the challenges they were facing in setting up a Brazilian Takeover Panel and regulators from Malaysia, the US and Ireland gave presentations on recent developments and key cases in their respective jurisdictions. On the final day of the conference, delegates were provided with thought-provoking presentations from Professor Paul Davies of Jesus College, Oxford, Professor Joe McCahery from Tilburg University, Professor Luca Enriques of LUISS, Guido Carli in Rome and James Palmer of Herbert Smith Freehills, on subjects ranging from "The future of the hostile bid" and "Creeping acquisitions in Europe" to "Challenges for the future". The final session of the conference, facilitated by Professor Alan Dignam of Queen Mary, University of London, invited delegates to identify the messages they would be taking away. The main conclusion appeared to be that although, when rules are being made, "one size doesn't fit all", nonetheless, takeover regulators worldwide share very similar problems and, especially as transactions become more and more global in nature, we can all learn from each other and benefit from greater cooperation.

Finally, I should like to pay tribute to Barbara Muston who is leaving the Executive in September after nearly 20 years of working for the organisation as a permanent member of staff. Barbara initially worked as an assistant secretary from 1986 to 1988 on a two year secondment from the Department of Trade and Industry. She returned to the Executive in 1994 to assist in developing policy and, where appropriate, in amending the Code. Over time,

Barbara's role expanded to cover many other areas, including dealing, over many years, with the passage of the Takeovers Directive into European law and, in 2006, with its successful implementation by the Government into domestic legislation. More recently, she has been responsible for representing the Panel on the Takeover Bids Network in Europe and for liaison with the Panel's counterparts overseas. This culminated with her organising so successfully the conference I have referred to above. We are hugely grateful for her assistance and hard work over so many years and we wish her well for the future.

A handwritten signature in black ink, appearing to read "Gordon Langley". The signature is fluid and cursive, with a large initial 'G'.

SIR GORDON LANGLEY  
16 July 2014

## CODE COMMITTEE CHAIRMAN'S REPORT

In the year since the last Annual Report, the Code Committee published one Response Statement (“RS”) and two rule-making Instruments. The Committee did not publish any new Public Consultation Papers (“PCPs”) during the course of the year.

In July 2013, the Committee met to consider its response to the consultation undertaken in PCP 2012/1, with regard to profit forecasts, quantified financial benefits statements and material changes in information. This was the last meeting of the Committee to be chaired by my predecessor, Lindsay Tomlinson who, as noted in Sir Gordon Langley’s statement, retired from the Panel at the end of January 2014.

In summary, PCP 2012/1 had proposed the introduction of a revised Rule 28 of the Code in relation to profit forecasts, the incorporation into Rule 28 of new requirements with regard to quantified financial benefits statements, and the amendment of Rule 27 with regard to material changes in information published in an offer document or an offeree board circular. Having considered the comments received from respondents, and following discussions held by the Panel Executive (on the Committee’s behalf) with the Financial Reporting Council and the Investor Relations Society, the Committee adopted the final version of the amendments to the Code in RS 2012/1, which was published on 24 July 2013. The rule changes, which were made by Instrument 2013/4, then came into effect on 30 September 2013. This was also the date on which the “residency test” was abolished for UK, Channel Islands and Isle of Man companies whose securities are admitted to trading on a multilateral trading facility in the UK, in accordance with the rule changes previously made in Instrument 2013/3, as described in more detail in last year’s Annual Report.

In March 2014, the Committee made certain minor amendments to the Code, primarily to reflect the replacement of the Office of Fair Trading and the Competition Commission by the Competition and Markets Authority. The amendments were made by Instrument 2014/1 and came into effect on 1 April 2014.

Having met in April and May 2014 to consider discussion papers prepared by the Executive on various possible changes to the Code, the Committee met again in early July to consider final proposals for a number of miscellaneous amendments which the Committee has put forward for consultation in a PCP which was published on 16 July 2014.

By comparison with recent years, in which the Committee was occupied with a major review of the regulation of takeover bids and with formulating a revised regime for the treatment during an offer of profit forecasts and quantified financial benefits statements, the last year has been a relatively quiet one, at least in terms of the volume of proposed rule changes. Given other on-going changes to the regulatory landscape, practitioners and market participants may regard such quietness on the part of the Code Committee as no bad thing.

THE TAKEOVER PANEL  
2013-2014 REPORT

I would like to thank my fellow Committee members for the diligence and energy that they have shown during the first months of my chairmanship and to express the gratitude of the members to Lindsay Tomlinson for his stewardship of the Committee from 2006 to 2014.

A handwritten signature in black ink, appearing to read 'Guy Elliott', with a stylized flourish at the end.

GUY ELLIOTT  
16 July 2014

## DIRECTOR GENERAL'S REPORT

### OVERVIEW OF ACTIVITY

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 43, a further decrease on last year's figure of 60. However, whilst the level of public takeover bids has now, except for a small increase in 2011, shown a year-on-year decline for seven consecutive years, the Executive continues to receive a considerable number of enquiries in relation to possible offers, whitewashes, concert parties and other matters.

In recent months, global M&A volumes have increased significantly as economies return to growth and business confidence increases. It is clear that there are an increasing number of UK public transactions being considered, particularly at the larger end of the market, and since the year end this has started to feed through to an increase in the number of firm offer announcements.

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 one letter of private criticism during the year which related to the conduct of the parties involved and 41 educational/warning letters.

The number of educational/warning letters issued was higher than in previous years. This was attributable to the Executive's focus in ensuring that the exception in Rule 21.2(b)(iv) to the prohibition in Rule 21.2 on an offeror and persons acting in concert with it from entering into an offer-related arrangement with the offeree company and any person acting in concert with it in relation to irrevocable commitments and letters of intent is not breached where the irrevocable commitment or letter of intent is provided by a director of the offeree company. The Executive's policy in this area is explained in Practice Statement No 27, which was published on 27 January 2014. In cases where a director's irrevocable commitment or letter of intent has contained provisions which are not permitted by Rule 21.2, the Executive has generally written separate educational/warning letters to the financial advisers and the lawyers to each of the offeror and the offeree company.

Also in January 2014, the ICAEW launched a publication regarding cyber security in corporate finance. The Executive was pleased to contribute to this important publication and to participate in its launch. Cyber-attacks are a threat to all businesses today and nobody can afford to be complacent in this area. The Executive closely monitors and reviews its own

handling of confidential information and strongly recommends that all practitioners and market participants adopt the same approach when dealing with matters that are subject to the Code.

## EUROPE

In September, the European Securities and Markets Authority (“ESMA”) published a “Public Statement” on shareholder co-operation and acting in concert under the Takeover Bids Directive (the “Directive”), which had been prepared by a Task Force of members of the Takeover Bids Network (“TBN”), of which the Panel was one. The Task Force had been set up following recommendations from the European Commission, both in its report on its review of the Directive in 2011/12 and in its Action Plan on European company law and corporate governance, for 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 cooperating together for the purposes of corporate governance because they feared they might trigger a mandatory bid obligation.

The Public Statement was based on information collected from members of the TBN about national practices and the application of the Directive. It contains a “White List” of activities, in which shareholders may wish to engage in order to exercise good corporate governance and states that cooperation by shareholders in any of the activities on the White List will not, *in and of itself*, lead to those shareholders being regarded as acting in concert and having to make a mandatory bid. Critically, though, it emphasises that any case of cooperation between shareholders and the consequences of that cooperation must be judged on the basis of the facts and, while the national competent authorities for takeovers will have regard to the White List when considering such cases, they will also take into account all other relevant factors in making their decisions. The Public Statement also brings together information from all the Member States on the way in which the relevant provisions of the Directive have been implemented in national laws and rules.

The Public Statement is consistent with Practice Statement No 26 on shareholder activism, issued by the Executive in 2009.

The TBN, which operates under the auspices of ESMA, continues to be a useful forum for the exchange of ideas and experiences between the national competent authorities for takeover bids in the EEA and the Panel was pleased to host its last meeting in London in May 2014.

## ACCOUNTS

Operating income fell to £9,735,158 from £9,804,674, reflecting lower transaction volumes and hence document fees, partially offset by higher levels of equity market activity and hence PTM levy.

Expenditure increased to £11,369,738 from £9,909,893 in the previous year, driven primarily by increases in personnel costs. In addition, other expenditure increased slightly and we incurred costs relating to the International Takeover Regulators’ Conference.



THE TAKEOVER PANEL  
2013-2014 REPORT

Before interest and taxation, the deficit was £1,634,580 compared with £105,219 in the previous year. Interest receivable decreased to £432,014 from £649,974.

After interest receivable and taxation, the deficit for the year was £1,293,919 compared with a surplus of £397,262 in the previous year. The accumulated surplus at the end of the financial year was £25,177,664.

In the light of the deficit recorded for the year, and the continuing low level of bid activity and hence diminished document charge revenue, the Finance and Audit Committee will continue to keep the Panel's level of charges and costs under close review in accordance with its previously stated objective of maintaining reserves, across the cycle, broadly of the order of two years' expenditure.

*PA Robert-Tissot*

PHILIP A ROBERT-TISSOT  
16 July 2014

## STATISTICS

### OFFER PERIODS COMMENCING DURING THE YEAR

During the year ended 31 March 2014, 61 (year ended 31 March 2013 – 81) offeree companies went into an offer period. Of these:

- 18 (35) commenced with the announcement by an offeror of a firm offer under Rule 2.7 of the Code;
- 36 (30) commenced with an announcement of a possible offer, of which 33 (27) identified one potential offeror and 3 (3) identified more than one potential offeror;
- 4 (12) commenced with the announcement of a “formal sale process” as described in Note 2 on Rule 2.6; and
- 3 (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 13 (17) offeree companies in an offer period as at 31 March 2014.

### FIRM OFFER PROPOSALS RESOLVED DURING THE YEAR

There were 43 (60) resolved takeover or merger proposals (i.e. proposals announced under Rule 2.7 which subsequently became wholly unconditional, lapsed or were withdrawn), of which all 43 (58) reached the stage where formal documents were sent to shareholders. These proposals were in respect of 42 (55) offeree companies.

9 (9) offers were not recommended at the time of the firm offer announcement made under Rule 2.7 and 8 (7) of these were not recommended at the time the offer document was published. 5 (6) of these remained unrecommended at the end of the offer period, of which 1 (1) lapsed.

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

A further 8 (8) proposals announced under Rule 2.7 were still open at 31 March 2014, and are not included in these figures.

	2013-2014	2012-2013
OUTCOME OF PROPOSALS		
Successful proposals involving control	33	48
Unsuccessful proposals involving control	2	5
Proposals involving control withdrawn before publication of documents	0	2
Proposals involving minorities, etc.	8	5
	<u>43</u>	<u>60</u>

56 (70) whitewash dispensations were granted during the year (i.e. dispensations from the obligation to make a mandatory bid under Rule 9 following an issue of new shares).

17 (21) 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 2014

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014

	NOTE	2014 £	2013 £
<b>INCOME</b>			
PTM levy		7,097,323	5,730,427
Document fees		1,932,000	3,315,500
Code sales		115,815	128,697
Exempt fees		390,000	399,500
Recognised Intermediary fees		200,000	230,000
Other income		20	550
		<u>9,735,158</u>	<u>9,804,674</u>
<b>EXPENDITURE</b>			
Personnel costs		8,119,335	6,772,855
Legal and professional costs		993,409	870,947
Accommodation costs		1,161,821	1,165,242
Other expenditure		1,095,173	1,100,849
		<u>11,369,738</u>	<u>9,909,893</u>
DEFICIT BEFORE INTEREST AND TAXATION		(1,634,580)	(105,219)
Interest receivable		432,014	649,974
Taxation	2	(91,353)	(147,493)
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(1,293,919)</u>	<u>397,262</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		<u>26,471,583</u>	<u>26,074,321</u>
ACCUMULATED SURPLUS AT END OF YEAR		<u><u>25,177,664</u></u>	<u><u>26,471,583</u></u>

All activities are regarded 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  
2013-2014 REPORT

BALANCE SHEET  
AT 31 MARCH 2013

	NOTE	2014 £	2013 £
FIXED ASSETS	3	<u>79,587</u>	<u>120,584</u>
CURRENT ASSETS			
Debtors and prepayments	4	2,952,481	2,767,582
Debtors — Amounts due after one year:			
Rent deposit		<u>469,914</u>	<u>469,914</u>
		3,422,395	3,237,496
Cash and short term deposits		<u>22,666,568</u>	<u>24,313,687</u>
		<u>26,088,963</u>	<u>27,551,183</u>
CURRENT LIABILITIES			
Creditors and accruals	5	899,533	1,052,691
Corporation tax		<u>91,353</u>	<u>147,493</u>
		<u>990,886</u>	<u>1,200,184</u>
NET ASSETS		<u><u>25,177,664</u></u>	<u><u>26,471,583</u></u>
Representing			
ACCUMULATED SURPLUS		<u><u>25,177,664</u></u>	<u><u>26,471,583</u></u>

The accounts on pages 20-24 were approved by the Finance and Audit Committee on 16 July 2014 and signed on behalf of the Panel members by:

SIR GORDON LANGLEY

Chairman, Panel on Takeovers and Mergers

DAVID J CHALLEN

Chairman, Finance and Audit Committee

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014

	NOTE	2014 £	2013 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	6	(2,060,779)	701,895
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		608,758	763,285
TAXATION			
UK corporation tax paid		(147,493)	(130,646)
CAPITAL EXPENDITURE		(47,605)	(41,349)
(DECREASE)/INCREASE IN CASH	7	<u>(1,647,119)</u>	<u>1,293,185</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 4 years being their estimated useful economic lives.

	2014 £	2013 £
2. TAXATION		
UK Corporation tax payable:		
Current tax payable	<u>91,353</u>	<u>147,493</u>
Tax charge for the year	<u>91,353</u>	<u>147,493</u>

THE TAKEOVER PANEL  
2013-2014 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 2014, Corporation tax was charged at the main rate of 23% which after marginal relief resulted in an effective tax rate of 21.15%.

		Fixtures & Fittings
3. TANGIBLE FIXED ASSETS		£
Cost		
At 1 April 2013		476,816
Additions		47,605
Disposals		0
At 31 March 2014		<u>524,421</u>
Depreciation		
At 1 April 2013		356,232
Provided during the year		88,602
Depreciation on disposals		0
At 31 March 2014		<u>444,834</u>
Net book value		
At 31 March 2014		<u><u>79,587</u></u>
At 31 March 2013		<u><u>120,584</u></u>
	2014	2013
4. DEBTORS AND PREPAYMENTS	£	£
PTM levy accrued	2,211,068	1,645,594
Document fees accrued	116,500	361,500
Code sales accrued	100	8,400
Exempt fees accrued	180,000	45,000
Recognised Intermediary fees accrued	40,000	55,000
Other debtors and prepayments	404,813	652,088
	<u>2,952,481</u>	<u>2,767,582</u>
	2014	2013
5. CREDITORS AND ACCRUALS	£	£
Personnel costs	521,920	549,575
Legal and professional fees	230,150	278,304
Other creditors and accruals	147,463	224,812
	<u>899,533</u>	<u>1,052,691</u>

THE TAKEOVER PANEL  
2013-2014 REPORT

NOTES TO THE ACCOUNTS *continued*

	2014	2013
6. NET CASH FLOW FROM OPERATING ACTIVITIES	£	£
Deficit before interest and taxation	(1,634,580)	(105,219)
Depreciation	88,602	93,825
(Increase)/Decrease in debtors and prepayments	(361,643)	253,553
(Decrease)/Increase in creditors	(153,158)	459,736
	<u>(2,060,779)</u>	<u>701,895</u>
Net cash (outflow)/inflow from operating activities	<u>(2,060,779)</u>	<u>701,895</u>
	2014	2013
7. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS	£	£
(Decrease)/Increase in cash in period	(1,647,119)	1,293,185
	<u>(1,647,119)</u>	<u>1,293,185</u>
Change in net funds	(1,647,119)	1,293,185
Net funds as at 1 April 2013	24,313,687	23,020,502
	<u>24,313,687</u>	<u>23,020,502</u>
Net funds as at 31 March 2014	<u>22,666,568</u>	<u>24,313,687</u>



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 2014 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, the 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  
16 July 2014

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 2014. 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

### 2013

12 April	2013/4	MAY GURNEY INTEGRATED SERVICES PLC <i>Requirement for potential offeror to make Rule 2.7 announcement or announce no intention to bid by 26 April 2013</i>
22 April	2013/5	CODE COMMITTEE – PENSION SCHEME TRUSTEE ISSUES: PUBLICATION OF RS 2012/2 <i>Publication of RS 2012/2 (Pension scheme trustee issues) and Instrument 2013/2</i>
15 May	2013/6	CODE COMMITTEE – COMPANIES SUBJECT TO THE TAKEOVER CODE: PUBLICATION OF RS 2012/3 <i>Publication of RS 2012/3 (Companies subject to the Takeover Code) and Instrument 2013/3</i>
20 May	2013/7	ENRC PLC <i>Kazakhmys treated as a party to the offer</i>
9 July	2013/8	BRITVIC PLC <i>Requirement for potential offeror to make Rule 2.7 announcement or announce no intention to bid by 30 July 2013</i>
24 July	2013/9	2013 ANNUAL REPORT <i>Publication of Panel's Annual Report</i>
24 July	2013/10	NEW SECRETARY FOR THE TAKEOVER PANEL <i>Panel Executive appointment</i>
24 July	2013/11	CODE COMMITTEE – PROFIT FORECASTS, QUANTIFIED FINANCIAL BENEFITS STATEMENTS AND MATERIAL CHANGES IN INFORMATION: PUBLICATION OF RS 2012/1 <i>Publication of RS 2012/1 (Profit forecasts, quantified financial benefits statements and material changes in information) and Instrument 2013/4</i>
27 September	2013/12	AMENDMENTS TO THE TAKEOVER CODE EFFECTIVE ON MONDAY, 30 SEPTEMBER 2013 <i>Summary of forthcoming amendments to the Code</i>
4 December	2013/13	APPOINTMENT OF CODE COMMITTEE CHAIRMAN <i>Panel appointment</i>
<b>2014</b>		
17 January	2014/1	PANEL EXECUTIVE PRACTICE STATEMENT <i>Issue of Practice Statement No 27</i>
4 March	2014/2	AMENDMENTS TO THE TAKEOVER CODE EFFECTIVE ON TUESDAY, 1 APRIL 2014 <i>Code amendments in relation to the Competition and Markets Authority and the Wealth Management Association</i>
5 March	2014/3	OPPORTUNITY INVESTMENT MANAGEMENT PLC <i>Concert party rulings</i>

THE TAKEOVER APPEAL BOARD  
AS AT 16 JULY 2014

LORD COLLINS OF MAPESBURY	CHAIRMAN
SIR JOHN MUMMERY	DEPUTY CHAIRMAN
SIR MARTIN NOURSE	DEPUTY CHAIRMAN
ERIC E ANSTEE	CHARTERED ACCOUNTANT, FORMER CEO OF ICAEW
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, ROBEY WARSHAW
ROBERT W A SWANNELL	CHAIRMAN, MARKS & SPENCER
EDWARD WALKER-ARNOTT	FORMER SENIOR PARTNER, HERBERT SMITH
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 of the Panel. 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.

Since the previous Annual Report, there have been a number of changes to the Board. Lord Steyn retired on 1 April 2014 after serving as Chairman since October 2006, during which time he presided over appeals from the Hearings Committee to the Board in the matters of Eurotunnel in 2007 and Principle Capital Investment Trust in 2010.

The Master of the Rolls appointed Lord Collins of Mapesbury LLD, FBA, to succeed Lord Steyn as Chairman of the Board with effect from 1 April 2014. Lord Collins served as a Justice of the Supreme Court between 2009 and 2011 and was a partner in Herbert Smith & Co before being appointed to the High Court bench in 2000. He has served as a Deputy Chairman of the Board since January 2013.

Also with effect from 1 April 2014, the Master of the Rolls appointed Sir John Mummery, DL, to serve as a Deputy Chairman of the Board. Sir John served as a High Court Judge from 1989 to 1996 and as a Lord Justice of Appeal from 1996 to 2013.

Edward Walker-Arnott was appointed as a member of the Board with effect from 1 March 2014. Edward is a consultant to Herbert Smith Freehills LLP and served as senior partner of Herbert Smith from 1992 to 2000.

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](http://www.thetakeoverappealboard.org.uk).

STATEMENTS ISSUED BY  
THE TAKEOVER APPEAL BOARD

2014

27 March	2014/1	APPOINTMENT OF TAKEOVER APPEAL BOARD CHAIRMAN <i>Board appointment</i>
27 March	2014/2	APPOINTMENT OF TAKEOVER APPEAL BOARD DEPUTY CHAIRMAN <i>Board appointment</i>