

THE TAKEOVER PANEL
REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2021

CONTENTS

INTRODUCTION TO THE TAKEOVER PANEL.....	5
PANEL MEMBERS	7
CHAIR'S STATEMENT	9
CODE COMMITTEE CHAIR'S REPORT	11
FINANCE, AUDIT AND RISK COMMITTEE	12
NOMINATION COMMITTEE.....	13
REMUNERATION COMMITTEE	14
PANEL EXECUTIVE	15
DIRECTOR GENERAL'S REPORT	16
STATISTICS.....	18
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021	20
STATEMENTS ISSUED BY THE PANEL	32

INTRODUCTION TO THE TAKEOVER PANEL

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

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

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

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

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

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

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

THE PANEL

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

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

THE HEARINGS COMMITTEE

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

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

THE CODE COMMITTEE

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

THE EXECUTIVE

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

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

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

PANEL MEMBERS

AS AT 14 JULY 2021

CHAIR AND DEPUTY CHAIRS

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

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

HEARINGS COMMITTEE

In addition to the Chair and the Deputy Chairs, the membership of the Hearings Committee is as follows:

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

Kay Carberry (former Assistant General Secretary, TUC) has been appointed by the Panel to serve as an alternate for Lord Monks. Adam Signy (Partner, Simpson Thacher & Bartlett) has been appointed by the Panel to serve as an alternate for other members appointed by the Panel. Alternates for those members appointed by the major financial and business institutions are listed on the Panel's website.

CODE COMMITTEE

The membership of the Code Committee is as follows:

	CHRIS SAUL FORMER SENIOR PARTNER SLAUGHTER AND MAY	CHAIR Appointed by the Panel	
MARK ARMOUR FORMER CFO RELX	Appointed by the Panel	JAMES LAING MANAGING DIRECTOR ROTHSCHILD & CO	Appointed by the Panel
RICHARD GODDEN PARTNER LINKLATERS	Appointed by the Panel	ROSEMARY MARTIN GROUP GENERAL COUNSEL AND COMPANY SECRETARY VODAFONE GROUP	Appointed by the Panel
JESSICA GROUND GLOBAL HEAD OF ESG CAPITAL GROUP	Appointed by the Panel	JOHN REIZENSTEIN NON-EXECUTIVE DIRECTOR BEAZLEY	Appointed by the Panel
MICHAEL HERZOG CO-CEO, PARTNER DAVIDSON KEMPNER EUROPEAN PARTNERS	Appointed by the Panel	TIM WADDELL VICE CHAIRMAN, CORPORATE & INVESTMENT BANKING BANK OF AMERICA	Appointed by the Panel
ROBERT HINGLEY CHAIRMAN LAW DEBENTURE	Appointed by the Panel	EMMA WATFORD PARTNER BRIDGEPOINT	Appointed by the Panel

CHAIR'S STATEMENT

The year to March 2021 has been overshadowed by the ongoing COVID pandemic and its impact on activity levels and the working practices of the Executive.

The first quarter of the year, April to June 2020, was one of the quietest on record with only five firm offers announced in that period and total document fees received of only £176,500. However, since that quarter we have seen a significant rebound in activity with a total of 48 firm offers announced during the year, still somewhat below the prior year but not significantly out of kilter with the five year average. The year to March 2022 has also started strongly with 15 firm offers having been announced in the first quarter.

I remarked last year on a trend towards an increasing number of bids by private equity and similar investors. That trend has accelerated in 2021 with approximately half of the offers made during the year for larger companies (>£100 million in market capitalisation) coming from such investors. This trend has been the subject of a certain amount of media commentary. In this context, it may be worth restating that the purpose of the Code is neither to facilitate nor to impede takeovers but to provide an orderly and transparent framework within which they are conducted and to enable shareholders to decide on their outcomes. For the purposes of the Code, these public to private offers do not raise significantly different questions to offers by other offerors.

During the year, the Executive has maintained its remote-working practices in the light of the COVID pandemic. Whilst this has been achieved without major disruption, it is my firm belief that the business of the Panel and the Executive is best conducted within the office environment. Two of the key pillars for the success of the Panel structure have been the secondment system (which ensures that the Executive remains close to market practice) and its responsive and flexible decision making based on consultation with the Executive. Both depend on a communal approach which is best achieved within the office. To that end, I am delighted to see the end of lockdown approaching and the plans to return the Executive to its normal working practices.

This year, we did not convene the Hearings Committee.

During the year, the Code Committee consulted upon and has now implemented a number of changes to the Code in relation to offer timetables and the application of regulatory conditions. These changes, which introduce significant additional flexibility to the timetable for offers, more closely matching that for schemes, should allow offer participants more easily to marry the Code timetable with the increasingly complex requirements for regulatory approvals on a global basis. Their introduction should also smooth the impact, from an offer process perspective, of the National Security and Investment Act 2021, which is expected to come into effect later this year.

The past year has seen the retirement of a number of long-serving members of the Panel. Richard Murley has stepped down as Chair of the Code Committee, having served in that position for four years. During that time he has overseen a number of changes to the Code including the new regime for offer timetables and conditions that I mentioned above. He has been replaced by Chris Saul who has moved from the Hearings Committee to become the new Chair of the Code Committee.

Trelawny Williams has also stepped down as a member of the Code Committee and Chair of the Remuneration Committee. Susan Kilsby has kindly agreed to become the new Chair of the Remuneration Committee.

Within the Executive, Simon Lindsay has ended his extended term as Director General after three years. Simon has done an excellent job as the Director General, particularly in guiding the Executive through the challenges of the COVID pandemic. We wish Simon well in his future career.

Ian Hart succeeded Simon as Director General on 1 July. Ian has spent over 30 years as an investment banker working for a number of the leading houses including S G Warburg, Schroders, Morgan Stanley and UBS. He has extensive experience in public M&A which he will be able to bring to his role as the new Director General.

Finally, Tony Pullinger, one of the Deputy Directors General, has announced his intention to retire at the end of the current calendar year after over 30 years of service. Tony has been an outstanding member of the Executive, leading our technical responses to the case work of the Panel and has also played a vital part in the Panel's continuing evolution as a highly successful and flexible regulatory body that has continued to work effectively and maintain the confidence of the many participants who rely on the Panel for the effective regulatory oversight of transactions in the London market.

I am delighted to report that James Arculus has agreed to join the Executive as a new Deputy Director General in order to take over from Tony.

MICHAEL CRANE QC
14 July 2021

CODE COMMITTEE CHAIR'S REPORT

During the period between 23 September 2020 (the date of the last Annual Report) and 14 July 2021, the Code Committee met three times and published one Public Consultation Paper ("PCP") and one Response Statement ("RS") and made three rule-making Instruments.

In October 2020, the Committee published PCP 2020/1 ("Conditions to offers and the offer timetable"). In summary, the PCP proposed amendments to the Code to:

- apply consistent treatment to all conditions and pre-conditions relating to official authorisations or regulatory clearances;
- amend the timetable for contractual offers to accommodate better the increased number of material official authorisations and regulatory clearances that are required in relation to an offer and the length of time required to obtain them;
- require an offeror to set a "long-stop date" for a contractual offer, similar to the long-stop date typically included in a scheme of arrangement; and
- introduce other improvements to the framework within which takeovers are conducted.

In March 2021, the Committee published RS 2020/1, which set out the final amendments to the Code adopted following the consultation on PCP 2020/1. The Committee substantially adopted the amendments proposed in PCP 2020/1, although it made certain modifications to the proposals following consideration of the responses to the consultation. The Committee remains grateful to respondents for their valuable contributions to the consultation process. The amendments were formally made by Instrument 2021/1, which came into effect in July 2021.

In April 2021, the Committee and the Panel made Instrument 2021/2, which made minor amendments to the Code to replace gender specific with gender neutral terms. In July 2021, the Code Committee made Instrument 2021/3, which made minor amendments to the Code following the re-naming of the Institute of Chartered Secretaries and Administrators as The Chartered Governance Institute UK & Ireland. Since both sets of amendments did not materially alter the effect of the provisions in question, they were made without consultation.

Richard Murley retired as Chair of the Committee and Trelawny Williams retired as a member of the Committee at the end of April 2021. The Committee is very grateful to them for their services to the Committee. I was appointed as a member and the Chair of the Committee with effect from May 2021.

CHRIS SAUL
14 July 2021

FINANCE, AUDIT AND RISK COMMITTEE

PHILIP REMNANT CHAIR

MARK ARMOUR

JUSTIN DOWLEY

JOHN REIZENSTEIN

CHARLES WILKINSON

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

The Finance, Audit and Risk Committee met three times during the course of the year. It considered reforecasts of the Panel's expected results for the 2020-21 year, the full year results and audit for 2020-21 and the budget for 2021-22. It also reviewed the Panel's risk register, the Panel's deposits profile and the scale of document charges. The Committee recommended a rebalancing of document charges as a means of bringing the Panel's reserves into line with its historical policy.

PHILIP REMNANT

14 July 2021

NOMINATION COMMITTEE

MICHAEL CRANE QC CHAIR

MARK ASTAIRE

STUART CHAMBERS

JUSTIN DOWLEY

LIV GARFIELD

PHILIP REMNANT

CHRIS SAUL

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

During the course of the year, the Committee met three times and considered and recommended to the Panel the appointment of the Chair of the Code Committee and the new Director General. It also recommended the renewal of the appointments of a further seven members of the Panel whose terms of appointment were due to expire, and the appointment of a new alternate member.

Richard Murley left the Committee at the end of the year. The Committee welcomed Chris Saul as a new member in May 2021.

MICHAEL CRANE QC
14 July 2021

REMUNERATION COMMITTEE

SUSAN KILSBY CHAIR

MARK ASTAIRE

JUSTIN DOWLEY

PHILIP REMNANT

CHARLES WILKINSON

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

The Committee met once during the year and discussed the remuneration of eligible Panel members, the Director General and the Deputy Directors General.

Trelawny Williams retired as Chair of the Committee at the end of the year, and we are grateful to him for his services. I was appointed as Chair of the Committee with effect from May 2021, at which time the Committee also welcomed Mark Astaire as a new member.

SUSAN KILSBY
14 July 2021

PANEL EXECUTIVE

AS AT 14 JULY 2021

*IAN HART DIRECTOR GENERAL
 UBS

CHARLIE CRAWSHAY DEPUTY DIRECTOR GENERAL

CHRIS JILLINGS DEPUTY DIRECTOR GENERAL

TONY PULLINGER DEPUTY DIRECTOR GENERAL

JEREMY EVANS ASSISTANT DIRECTOR GENERAL

CASE OFFICERS

*SARAH FLAHERTY SECRETARY
 LINKLATERS

DIPIKA SHAH SENIOR ASSISTANT SECRETARY

MARK HUTT ASSISTANT SECRETARY

*PRIYA KOTECHA ASSISTANT SECRETARY
 LINKLATERS (INVESTIGATIONS/ENFORCEMENT)

*MAX MITTASCH ASSISTANT SECRETARY
 MACFARLANES

*SANHAN NASSER ASSISTANT SECRETARY
 JP MORGAN

*VALENTINA PROVERBIO ASSISTANT SECRETARY
 RBC CAPITAL MARKETS

POLICY AND REVISION

JOHN DOVEY SECRETARY,
 HEAD OF POLICY AND REVISION

JUSTINE USHER

MARKET SURVEILLANCE

ROSALIND GRAY HEAD OF MARKET SURVEILLANCE

CRAIG ANDREWS DEPUTY HEAD

CLIVE DAVIDSON

PETER MARGETTS

JACK SANDERSON

ADMINISTRATION AND SUPPORT

ALEX TETLEY CHIEF OPERATING OFFICER

SASHA HILL HEAD OF SUPPORT GROUP

THERESA SCOTT

ANN SNAITH

EXEMPT GROUPS

SUSAN POWELL HEAD OF EXEMPT GROUPS

IAN RIPLEY

* SECONDED

DIRECTOR GENERAL'S REPORT

OVERVIEW OF ACTIVITY

The year ended 31 March 2021 was defined by the impact of the COVID pandemic and the restriction on activities imposed as a result thereof. Throughout the whole of the year, the Executive operated on a remote basis with all employees working from home. In general, this was managed without significant disruption to our operations but I am pleased to say that with the easing of the lockdown now being implemented the gradual return of the Executive to an office-based working environment has begun. Whilst it has been possible to operate remotely over the last year out of necessity, I believe that the long-term success of the Executive will be best ensured by working within the office environment, allowing for the collective decision-making and integration of secondees which are critical to its functioning.

In terms of activity, the year was also shaped by the COVID pandemic, with only a very small number of offers announced in the first quarter of the year. Since then, activity has returned to more normal levels, with November and December amongst the strongest months in recent years in terms of document fees. Overall, the year ended 31 March 2021 saw 48 announced firm offers, a decrease of 17 from the previous year, of which eight had an offer value of greater than £1 billion (11 in 2019-20). This level of activity has continued into the first quarter of the current year.

The Chair has noted the prevalence of bids by private equity and similar investors in the last year. As he notes, whilst these bids do not raise substantially different questions from other offers in relation to Code matters, there are certain areas, for example concert party boundaries and joint offerors, which come up frequently and the Executive is reviewing its practice in these areas to make sure that it provides a consistent and appropriate approach to addressing issues that arise.

As well as regulating firm offers, the Executive undertakes a substantial volume of work in respect of possible offers, whitewashes (of which there were 39 in 2020-21 (51 in 2019-20)), concert party queries, re-registrations and other general enquiries relating to the application of the Code, much of which does not become public. In addition, a significant amount of resource has been devoted to supporting the work of the Code Committee, details of which are set out in the report of the Chair of the Code Committee. Finally, the Executive continues to devote significant resources to investigations into the alleged existence of undisclosed concert parties, amongst other things. All of this activity has also been able to continue during the COVID pandemic.

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

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

ACCOUNTS

The Panel's income in 2020-21 was £15,280,790, compared with £14,256,538 in 2019-20, an increase of 7.2%. Whilst income from document charges was down in line with the lower overall level of bids announced, this was more than offset by a very strong performance from the PTM Levy which increased by 19.8% to £9,235,490, reflecting the significant market activity seen over the pandemic. Expenditure in 2020-21 was £12,761,917, compared with £12,419,067 in 2019-20, holding broadly flat in all key areas.

Before interest receivable and taxation, the Panel generated a surplus of £2,518,873 in 2020-21, compared with £1,837,471 in 2019-20. Interest receivable fell to £230,072, compared with £318,911 in the previous year, as a result of the very low interest rates currently available in the market for deposits.

After interest receivable and taxation, the surplus for the year was £2,705,231, compared with a surplus of £2,095,789 in the previous year.

The Panel's cash position, including term deposits, increased by £3,051,830 to £32,650,204.

The accumulated surplus at 31 March 2021 was £35,619,696. When considering the Panel's levels of charges and costs, the Panel's objective is to maintain reserves, across the cycle, broadly of the order of two years' expenditure. In the light of the current position, the Panel has introduced a rebalancing of document charges which is expected to bring the surplus into line with the Panel's objectives over the medium term. The relevant amendments to the Code were made by Instrument 2021/4 in July and the new document charges will come into effect in August.

IAN HART
14 July 2021

STATISTICS

The following sets out some of the key statistics relating to transactions regulated by the Panel in the year ended 31 March 2021. In each case, the equivalent statistics are provided for the year ended 31 March 2020 for comparative purposes.

OFFER PERIODS COMMENCING DURING THE YEAR

During the year ended 31 March 2021, an offer period commenced in respect of 73 offeree companies (year ended 31 March 2020 – 90). Of these offer periods:

- 23 (49) commenced with the announcement of a firm offer by an offeror;
- 36 (24) commenced with the announcement of a possible offer, of which 30 (23) identified one potential offeror and 6 (1) identified more than one potential offeror;
- 12 (14) commenced with the announcement of a formal sale process (as described in Note 2 on Rule 2.6);
- None (2) commenced with the announcement of a strategic review in which the offeree company referred to an offer, a merger or a search for a buyer for the company as one of the options under its strategic review; and
- 2 (1) commenced because a company announced a reduction in capital and tender offer to purchase its own shares.

As at 31 March 2021, there were 24 offeree companies in an offer period (14).

FIRM OFFERS ANNOUNCED DURING THE YEAR

During the year, 48 (65) firm offers were announced, of which 14 (19) were structured as a contractual offer and 34 (46) as a scheme of arrangement at the time of the firm offer announcement.

OFFERS RESOLVED DURING THE YEAR

During the year, 40 (73) offers in respect of 39 (70) offeree companies became unconditional in all respects or the scheme became effective, lapsed or were withdrawn. Of these 40 (73) offers:

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

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

A further 16 (8) offers remained unresolved as at 31 March 2021, and are not included in these figures.

	2020-2021	2019-2020
O U T C O M E O F O F F E R S		
Offers involving the acquisition of control which became unconditional in all respects or the scheme became effective	33	64
Offers involving the acquisition of control which lapsed	2	6
Offers involving the acquisition of control which were withdrawn before an offer document or scheme circular was published	1	0
Offers to minority shareholders etc.	4	3
	<u>40</u>	<u>73</u>

During the year, the Executive granted 39 (51) “whitewash” dispensations (i.e. dispensations from the obligation to make a mandatory offer under Rule 9 following an issue of new shares or a repurchase of existing shares) and 5 (13) “Code waivers” (i.e. dispensations from the application of the Code to offers or proposals in relation to companies with a very limited number of shareholders).

ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2021

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2021 £	2020 £
INCOME			
PTM levy	1(d)	9,235,490	7,707,597
Document charges	1(d)	5,346,000	5,798,000
Code sales	1(d)	51,300	78,941
Exempt charges	1(d)	426,000	450,000
Recognised Intermediary charges	1(d)	222,000	222,000
		<u>15,280,790</u>	<u>14,256,538</u>
EXPENDITURE			
Personnel costs		9,722,185	9,130,393
Legal and professional costs		585,433	776,993
Accommodation costs		1,129,190	1,170,280
Other expenditure		1,325,109	1,341,401
		<u>12,761,917</u>	<u>12,419,067</u>
SURPLUS BEFORE INTEREST AND TAXATION			
		2,518,873	1,837,471
Interest receivable	1(f)	230,072	318,911
Taxation	2	(43,714)	(60,593)
		<u>2,705,231</u>	<u>2,095,789</u>
SURPLUS FOR THE YEAR			
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
		32,914,465	30,818,676
ACCUMULATED SURPLUS AT END OF YEAR			
		<u><u>35,619,696</u></u>	<u><u>32,914,465</u></u>

BALANCE SHEET

AT 31 MARCH 2021

	NOTE	2021 £	2020 £
FIXED ASSETS	3	<u>2,073,365</u>	<u>2,299,652</u>
CURRENT ASSETS			
Debtors and prepayments	4	3,902,953	3,542,235
Term deposits	1(h)	25,900,000	28,900,000
Cash		<u>6,750,204</u>	<u>698,374</u>
		<u>36,553,157</u>	<u>33,140,609</u>
CURRENT LIABILITIES			
Creditors and accruals	5	2,582,294	2,084,385
Corporation tax		<u>43,714</u>	<u>60,593</u>
		<u>2,626,008</u>	<u>2,144,978</u>
NON-CURRENT LIABILITIES			
Provisions	7	<u>380,818</u>	<u>380,818</u>
NET ASSETS		<u>35,619,696</u>	<u>32,914,465</u>
Representing			
ACCUMULATED SURPLUS		<u>35,619,696</u>	<u>32,914,465</u>

The accounts on pages 20 to 26 were approved by Panel members on 14 July 2021 and signed on their behalf by:

MICHAEL CRANE QC
Chair

The Panel on Takeovers and Mergers

PHILIP REMNANT
Chair

Finance, Audit and Risk Committee

The notes form part of these accounts.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2021 £	2020 £
Surplus for the year		2,705,231	2,095,789
Interest		(230,072)	(318,911)
Taxation		43,714	60,593
Depreciation		296,739	304,219
Dilapidation expense		-	27,504
(Increase)/Decrease in debtors and prepayments		(424,757)	192,689
Increase in creditors and accruals		497,909	201,356
UK Corporation tax paid		(60,593)	(57,313)
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>2,828,171</u>	<u>2,505,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		294,111	310,864
Capital expenditure		(70,452)	(358,103)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>223,659</u>	<u>(47,239)</u>
INCREASE IN CASH AND TERM DEPOSITS	6	<u><u>3,051,830</u></u>	<u><u>2,458,687</u></u>

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION OF ACCOUNTS AND ACCOUNTING POLICIES

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

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

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

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

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

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

Depreciation is provided on the following basis:

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

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

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

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

NOTES TO THE ACCOUNTS *continued*

(l) Financial risk management

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

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

(m) Provisions

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

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

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

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

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

A new property lease was entered into on 5 September 2018 for a period of 10 years. As part of the lease agreement, at the end of the lease the property is required to be returned to its original condition and as such a dilapidations provision is required. The Panel assesses annually the level of provision required and this amount is provided in full to the extent that the events creating the obligation have occurred at the balance sheet date. The initial assessment of the provision required was carried out during the year 2019-20 by independent consultants and accordingly the provision was made with a corresponding asset capitalised in Tangible Fixed Assets.

2. TAXATION

	2021 £	2020 £
UK Corporation tax payable:		
Current tax payable	43,714	60,593
Tax charge for the year	<u>43,714</u>	<u>60,593</u>

In agreement with HM Revenue & Customs, the Panel pays Corporation tax on the bank deposit interest it receives and on any profit it makes on Code sales. For the year to 31 March 2021, Corporation tax was charged at the main rate of 19%.

NOTES TO THE ACCOUNTS *continued*

3. TANGIBLE FIXED ASSETS

	Computer Equipment £	Leasehold Improvements £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2020	817,794	1,738,915	309,323	2,866,032
Additions	70,452	-	-	70,452
Disposals	(177,577)	-	-	(177,577)
At 31 March 2021	<u>710,669</u>	<u>1,738,915</u>	<u>309,323</u>	<u>2,758,907</u>
Depreciation				
At 1 April 2020	330,457	203,357	32,566	566,380
Provided during the year	91,915	173,892	30,932	296,739
Depreciation on disposals	(177,577)	-	-	(177,577)
At 31 March 2021	<u>244,795</u>	<u>377,249</u>	<u>63,498</u>	<u>685,543</u>
Net book value				
At 31 March 2021	<u>465,874</u>	<u>1,361,666</u>	<u>245,825</u>	<u>2,073,365</u>
At 31 March 2020	<u>487,337</u>	<u>1,535,558</u>	<u>276,757</u>	<u>2,299,652</u>

4. DEBTORS AND PREPAYMENTS

	2021 £	2020 £
PTM levy accrued	2,752,384	2,375,915
Document charges accrued	179,500	160,500
Code sales accrued	30,000	675
Exempt charges accrued	54,000	318,000
Recognised Intermediary charges accrued	42,000	114,000
Other debtors and prepayments	845,069	573,145
	<u>3,902,953</u>	<u>3,542,235</u>

5. CREDITORS AND ACCRUALS

	2021 £	2020 £
Personnel costs	978,458	697,949
Legal and professional fees	60,041	76,223
Trade creditors	203,688	227,635
Other creditors and accruals	1,340,107	1,082,578
	<u>2,582,294</u>	<u>2,084,385</u>

NOTES TO THE ACCOUNTS *continued*

6. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2021	2020
	£	£
Increase in cash and term deposits in period	3,051,830	2,458,687
Cash and term deposits as at 1 April 2020	29,598,374	27,139,687
Cash and term deposits as at 31 March 2021	<u>32,650,204</u>	<u>29,598,374</u>

7. PROVISIONS

	2021	2020
	£	£
Balance at 1 April	380,818	339,000
Provisions used during the year	-	(310,000)
Provisions reversed during the year	-	(29,000)
Provisions made during the year	-	380,818
Balance at 31 March	<u>380,818</u>	<u>380,818</u>

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

8. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the Panel had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Property lease		
Not later than 1 year	853,403	388,123
Later than 1 year and not later than 5 years	3,413,611	3,413,611
Later than 5 years	2,133,507	2,992,755
	<u>6,400,521</u>	<u>6,794,489</u>

Other leases

Not later than 1 year	58,093	58,093
Later than 1 year and not later than 5 years	169,200	227,293
	<u>227,293</u>	<u>285,386</u>

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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements of The Takeover Panel for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the basis of preparation and accounting policies set out in Note 1.

We have audited the financial statements of The Takeover Panel (the "Panel") for the year ended 31 March 2021 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the accounts, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Panel in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Panel's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

EMPHASIS OF MATTER - BASIS OF ACCOUNTING

We draw attention to Note 1 to the financial statements which describes the special purpose framework used in the preparation of the financial statements. The financial statements are prepared to assist the Members to fulfil their stewardship duties in respect of the Panel. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MEMBERS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Panel and the industry in which it operates and considered the risk of acts by the Panel which would be contrary to applicable laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the Panel's financial statements. We consider the most significant laws and regulations to include the requirements of PAYE and tax legislation and UK GAAP.

We assessed the susceptibility of the financial statements to material misstatement, including fraud, and performed testing as set out below.

Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Members;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Panel's Members, as a body, in accordance with the terms of our engagement letter dated 24 March 2021. Our audit work has been undertaken so that we might state to the Panel's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Panel and the Panel's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
CHARTERED ACCOUNTANTS
LONDON
UNITED KINGDOM

14 JULY 2021

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

STATEMENT OF PANEL MEMBERS' RESPONSIBILITIES

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

The Panel members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 March 2021. 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

2020

15 April	2020/3	NEW PANEL MEMBERS <i>Panel appointments</i>
19 May	2020/4	MOSS BROS GROUP PLC <i>Ruling of the Panel Executive</i>
21 May	2020/5	MOSS BROS GROUP PLC <i>Notification of request for Hearings Committee review</i>
26 May	2020/6	MOSS BROS GROUP PLC <i>Withdrawal of request for Hearings Committee review</i>
17 July	2020/7	ANNUAL REPORT <i>Delay to the publication of the Panel's Annual Report for 2020</i>
25 September	2020/8	2020 ANNUAL REPORT <i>Publication of the Panel's Annual Report</i>
26 October	2020/9	WILLIAM HILL PLC <i>Apollo Management International plc – deadline for clarification under Section 4 of Appendix 7 of the Code</i>
27 October	2020/10	PUBLIC CONSULTATION PAPER: CONDITIONS TO OFFERS AND THE OFFER TIMETABLE <i>Publication of Public Consultation Paper 2020/1</i>
12 November	2020/11	MINOR AMENDMENTS TO THE TAKEOVER CODE <i>Minor Code amendments</i>

2021

4 January	2021/1	PUBLICATION OF REVISED TAKEOVER CODE <i>Revised version of the Takeover Code</i>
21 January	2021/2	PANEL APPOINTMENTS <i>New appointments to the Panel</i>
12 February	2021/3	G4S PLC <i>Auction procedure under Rule 32.5</i>
22 February	2021/4	G4S PLC <i>End of auction</i>
31 March	2021/5	CONDITIONS TO OFFERS AND THE OFFER TIMETABLE: PUBLICATION OF RESPONSE STATEMENT AND AMENDMENTS TO THE TAKEOVER CODE <i>Publication of RS 2020/1 (Conditions to offers and the offer timetable) and amendments to the Code</i>