

# HALF YEAR REPORT

► For the period ended 31 December 2024



**TAKEOVERS  
PANEL**  
TE PAE WHITIMANA



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# 1 Financial Report

## Status

The financial statements in this report have not been audited by the Panel's auditors, Baker Tilly New Zealand.

This report refers to comparison figures from the Panel's 2024 Annual Report. The comparison figures used in this report have not been reviewed or audited by Baker Tilly.

## Statement of responsibility

These financial statements have been prepared for the purpose of the Half Year Report of the Takeovers Panel for the Minister of Commerce and Consumer Affairs. They are not prepared for any other purpose and should not be relied upon for any other purpose.

In the course of preparing these financial statements the Panel has complied with NZ GAAP. The budget of the Takeovers Panel for the year ending 30 June 2025 is included in these statements.

## Summary of performance to date

Under the Panel's 2024/2025 Statement of Performance Expectations, the Panel is required, in the period up to 30 June 2025, to produce services related to the following outputs:

Output 1: Services for transactions under the Code

Output 2: Services under the Companies Act 1993 for Code company schemes

Output 3: Review takeovers law and practice; recommend any necessary law changes

Output 4: Public understanding

### Overview of the Panel's outputs for the first six months of the year

Members and the executive committed 5,317 hours of time to Panel work in the first six months of the year, which was higher than the 4,603 committed in the equivalent period last year. Of the outputs listed below, Output 1 involved the greatest resource commitment of 61% by cost.

The Panel's work related to the outputs as follows (with the equivalent measures for the same period last year in brackets):

#### *Output 1*

The Panel reviewed five transaction documents (i.e., for takeovers and shareholder meetings) (Dec 2023: 3). The Panel commenced one preliminary investigation into possible breaches of the Code during the six months (Dec 2023: 2). There were no section 32 meetings held during the six months (Dec 2023: 0).

The Panel processed seven requests for approval of independent advisers during the six months (Dec 2023: 6). The Panel also processed one exemption application in the six months (Dec 2023: 1).

#### *Output 2*

The Panel reviewed two Code company schemes (Dec 2023: 1) and gave two no-objection statements in accordance with the procedure set out in its published guidance (Dec 2023: 0).

#### *Output 3*

In July 2024, the Panel published law reform recommendations in respect of regulatory alignment between Code-regulated transactions and schemes of arrangement under the Companies Act, as well as recommendations for law reform in respect of deal protection devices. Additionally, the Panel continued working closely with the Ministry of



Business, Innovation and Employment (**MBIE**) to implement the Panel's April 2022 recommendations for amendments to the Code and the Takeovers Act and other legislation.

#### Output 4

The Panel published one edition (Dec 2023: 1) of its periodic news bulletin, *CodeWord*, and updated one guidance note (Dec 2023: 3). The Panel continued to provide public understanding services, including individual stakeholder meetings. The Panel continued to maintain and enhance its website and online profile.

### The Panel's financial position and outlook

The Panel's operating revenue for the six months, at \$823,180, was \$35,360 or approximately 4% lower than budget, while operating expenditure for the six months, at \$889,999, was \$2,677 or approximately 0.3% lower than budget. The Panel also earned interest income of \$20,943 on litigation fund deposits and incurred \$9,071 in litigation fund expenses. The overall result for the Panel for the six months was made up of an operating deficit of \$66,819 and a surplus for the litigation fund of \$11,872. The Panel budgeted an operating deficit of \$34,136 and a surplus of \$17,988 in the litigation fund for the six months.

A summary of the figures to date is as follows:

	JUL - DEC 2024 \$	JUL - DEC 2023 \$	JUL - DEC 2024 OVERALL BUDGET \$
Operating revenue	823,180	851,252	858,540
Operating expenditure	889,999	920,253	892,676
Operating surplus/(deficit)	(66,819)	(69,001)	(34,136)
Litigation revenue	20,943	20,263	17,988
Litigation expenditure	9,071	-	-
Litigation fund surplus/(deficit)	11,872	20,263	17,988
<b>Net surplus/(deficit)</b>	<b>(54,947)</b>	<b>(48,739)</b>	<b>(16,148)</b>



The following summarises the Panel's completed actions and the allocations of resources for the half year to 31 December 2024:

Quantity of Work	Actual 6 months to 31 Dec 2024	Actual 6 months to 31 Dec 2023	Actual 12 months to 30 Jun 2024	Budget 12 months to 30 Jun 2025
<b>Services for transactions</b>				
Draft documents reviewed for Code-regulated transactions	5	3	8	8-12
Section 32 meetings held	0	0	0	0
<b>Services under Companies Act for Code company schemes</b>				
Draft scheme documents reviewed	2	1	3	3-5
<b>Review takeovers law and practice</b>				
Policy projects that arise out of market practice	4 continuing	3 continuing	1 commenced 1 completed 2 continuing	2 completed 2 continuing
<b>Public understanding</b>				
Guidance Notes updated or published	1	3	3	2
Engagement with stakeholders per Stakeholder Engagement Plan	32 individual 0 seminars	16 individual 2 seminars	30 individual 2 seminars	20-30 individual 2 seminars
Public enquiries responded to	7	19	32	30-50



## Cost allocation

	Actual 6 months to 31 Dec 2024		Actual 6 months to 31 Dec 2023		Actual 12 months to 30 Jun 2024		Budget 12 months to 30 Jun 2025	
	\$	%	\$	%	\$	%	\$	%
Code transactions	548,452	61	244,466	27	757,663	41	1,073,636	61
Schemes	106,078	12	110,877	12	290,640	16	207,657	12
Law and policy	151,941	17	507,513	55	669,868	36	297,437	17
Public understanding	92,599	10	59,960	6	126,435	7	181,270	10
<b>Cost allocation</b>	<b>899,071</b>	<b>100</b>	<b>922,816</b>	<b>100</b>	<b>1,844,606</b>	<b>100</b>	<b>1,760,000</b>	<b>100</b>



## 2 Statement of Financial Performance

For the 6 months ended 31 December 2024

	Notes	Actual 6 months to 31 Dec 2024 \$	Actual 6 months to 31 Dec 2023 \$	Budget 6 months to 31 Dec 2024 \$
<b>Revenue - operating</b>				
Government grant baseline funding		747,000	747,000	747,000
Application fees and costs recoverable		43,490	42,534	79,998
Other income		340	28,616	-
Interest income		32,351	33,102	31,542
Total Revenue - operating		823,180	851,252	858,540
<b>Revenue - litigation fund</b>				
Interest		20,943	20,263	17,988
Total Revenue - litigation		20,943	20,263	17,988
<b>Total revenue</b>		<b>844,124</b>	<b>871,514</b>	<b>876,528</b>
<b>Operating expenditure</b>				
Services and supplies		400,666	434,678	403,400
Personnel costs		489,333	485,575	489,276
Total operating expenditure		889,999	920,253	892,676
<b>Litigation expenditure</b>				
Experts - Litigation		9,071	-	-
<b>Total expenditure</b>		<b>9,071</b>	<b>-</b>	<b>-</b>
<b>Net profit surplus/(deficit)</b>		<b>(54,947)</b>	<b>(48,739)</b>	<b>(16,148)</b>
<b>This is comprised of:</b>				
Operating surplus /(deficit)		(66,819)	(69,001)	(34,136)
Litigation surplus /(deficit)		11,872	20,263	17,988
<b>TOTAL</b>		<b>(54,947)</b>	<b>(48,739)</b>	<b>(16,148)</b>



### 3 Statement of Financial Position

As at 31 December 2024

	Notes	Actual as at 31 Dec 2024 \$	Actual as at 30 June 2024 \$	Budget as at 30 June 2025 \$
<b>Assets</b>				
<b>Current assets</b>				
Bank accounts - operations		40,138	300,546	49,349
Bank accounts - litigation		260,897	147,976	279,642
Short term deposits - operations		1,092,235	1,060,592	1,123,668
Short term deposits - litigation		622,239	604,212	640,193
Interest Receivable -operations		12,492	12,481	12,489
Interest receivable - litigation		6,254	6,274	6,270
Debtors and prepayments		91,358	129,008	143,974
<b>Total Current assets</b>		<b>2,125,613</b>	<b>2,261,090</b>	<b>2,255,585</b>
<b>Non current assets</b>				
Property, plant and equipment		44,788	55,804	36,220
<b>Total Non current assets</b>		<b>44,788</b>	<b>55,804</b>	<b>36,220</b>
<b>Total Assets</b>		<b>2,170,402</b>	<b>2,316,894</b>	<b>2,291,805</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and accrued expenses		25,505	77,242	58,445
Employee entitlements		30,669	70,477	70,477
<b>Total Current liabilities</b>		<b>56,174</b>	<b>147,719</b>	<b>128,922</b>
<b>Total Liabilities</b>		<b>56,174</b>	<b>147,719</b>	<b>128,922</b>
<b>Equity</b>				
Capital contribution		199,000	150,000	150,000
Operating fund		1,020,618	1,136,437	1,112,157
Litigation fund		894,610	882,738	900,726
<b>Total Equity</b>		<b>2,114,228</b>	<b>2,169,175</b>	<b>2,162,883</b>
<b>Total liabilities and equity</b>		<b>2,170,402</b>	<b>2,316,894</b>	<b>2,291,805</b>





## 4 Statement of Cash Flows

For the 6 months ended 31 December 2024

	Notes	Actual 6 months to 31 Dec 2024 \$	Actual 6 months to 31 Dec 2023 \$	Budget 12 months to 30 Jun 2025 \$
<b>Cash flow</b>				
<b>Cash flows from operating activities</b>				
Cash was received from:				
Government grant - operations		747,000	747,000	1,494,000
Application fees & costs recoverable		118,760	12,531	144,668
Interest		53,303	50,017	99,056
Other Income		340	28,615	-
GST		-	10,784	367
Cash was applied to:				
Suppliers		(323,880)	(330,643)	(592,586)
Employees and members		(686,353)	(656,613)	(1,165,980)
GST		(6,988)	-	-
<b>Net cash flows from operating activities</b>		<b>(97,818)</b>	<b>(138,309)</b>	<b>(20,474)</b>
<b>Cash flows from investing and financing activities</b>				
Cash was received from:				
Receipts from sale of property, plant and equipment		-	1,050	-
Cash was applied to:				
Payments to purchase investments		(49,670)	(41,500)	(99,057)
Payments to acquire property, plant and equipment		-	-	-
<b>Total Cash flows from investing and financing activities</b>		<b>(49,670)</b>	<b>(40,450)</b>	<b>(99,057)</b>
Net increase/(decrease) in cash		(147,488)	(178,759)	(119,531)
Opening cash		448,522	608,440	448,522
<b>Closing cash</b>		<b>301,035</b>	<b>429,682</b>	<b>328,991</b>
<b>This is represented by</b>				
Bank accounts and cash - operations		40,138	135,247	49,349
Bank accounts and cash - litigation		260,897	294,435	279,642
<b>TOTAL</b>		<b>301,035</b>	<b>429,682</b>	<b>328,991</b>



## 5 Notes to the Financial Statements

For the period ended 31 December 2024

### 1. Statement of accounting policies

#### Reporting entity

The Takeovers Panel is a body corporate established by the Takeovers Act 1993.

The Panel's primary function is the regulation of share transactions involving Code companies.

#### Sources of funding

The Panel is funded by the appropriation of money by Parliament, and the payment of fees by the users of its services and parties to its enforcement actions. It is responsible for the allocation of the money. It sets priorities with care and reviews them continually to ensure that the money is put to the best value for its use.

#### Basis of preparation

The Panel applies Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) and is eligible to do so with total operating expenses below \$5 million. These condensed financial statements have been prepared in compliance with NZ Generally Accepted Accounting Practice (NZ GAAP). All transactions are reported using the accrual basis of accounting and on the assumption that the Panel is a going concern.

#### Basis of measurement

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been applied.

#### Functional and presentational currency

These financial statements are presented in New Zealand dollars (\$) which is the entity's functional currency and rounded to the nearest dollar.

#### Use of estimates and judgements

The process of applying accounting policies requires the Panel to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

#### Changes in accounting policy

All accounting policies were applied consistently during the 6 months since June 2024 and no changes have been made.

#### Significant accounting policies

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (a) Bank accounts and cash

Bank accounts and cash balances comprise cash on hand, held in cheque or savings accounts, and deposits held at call with banks that form part of the Panel's day-to-day cash management.

##### (b) Term deposits

This category includes all term deposits.



(c) Trade and other receivables

Debtors and other receivables are initially measured at the amount owed. Impairment is recorded when it is likely that the amount owed will not be collected, in which case the loss is recorded as a bad debt expense.

(d) GST

All items in financial statements are exclusive of GST with the exception of trade and other receivables and trade and other payables which are stated with GST included. The statement of cash flows has been prepared on a net GST basis. That is, cash receipts and payments are presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the statement of comprehensive income and statement of financial position. The net GST component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST component has been presented on a net basis as the gross amounts would not provide meaningful information for financial statement purposes.

(e) Trade and other payables

Creditors and other payables are initially measured at the amount owing. If an invoice has not been received an accrual for an estimate of the amount to be paid will be recorded.

(f) Income tax

The Panel is exempt from income tax under the Income Tax Act 2007.

(g) Revenue recognition

The Government grant is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue from application fees and costs recoverable is recognised when the relevant services are provided or when the Panel has made the relevant determination under section 32 of the Takeovers Act 1993. Interest is recorded as revenue as it is earned during the period.

(h) Litigation fund

Interest income and expenditure on approved litigation fund matters are reported as revenue and expenditure of the Panel in the financial period in which they were derived or incurred. Reimbursements from the Crown to top up the fund are reported as income in the period to which the Panel's claim for reimbursement relates. The balance of the fund is disclosed as a component of equity in the statement of financial position.

(i) Property, plant and equipment

Property, plant and equipment are shown at cost or deemed cost less depreciation, and less any impairment losses. The following classes of property, plant and equipment have been depreciated over their economic lives on the following basis:

- Office furniture – 8.5 – 10.5 percent straight line
- Office equipment – 17.5 – 67 percent straight line

(j) Short term employee benefits

Employee costs payable represent the Panel's liability for employee annual leave entitlements and salaries accrued up to balance date. This has been calculated on an accrued entitlement basis which involves recognising the undiscounted amount of short term employee benefits expected to be paid in exchange for service that an employee has already rendered. This is calculated at current remuneration rates.

(k) Cost allocation policy

For the purposes of the statement of performance direct costs are charged directly to outputs. Indirect costs are allocated on the basis of direct labour hours spent on each output.



## 2. Budget figures

The budget figures are those approved by the Panel on 8 May 2024 and published in the Panel's Statement of Performance Expectations 2024/2025. The budget figures are prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Panel for the preparation of the financial statements but have not been audited.

## 3. Litigation fund

The litigation fund is to be used for litigation costs that are incurred by the Panel as it enforces compliance with the Takeovers Code or with the Companies Act 1993 for Code company schemes, or responds to litigation brought against it. The fund has been operated in respect only of eligible cases. Parliament approved an appropriation, if required, of up to \$200,000 (GST inclusive) for the year ended 30 June 2025.

A summary of the movements in the fund during the year is as follows:

	6 months to 31 Dec 2024 \$	6 months to 31 Dec 2023 \$	12 months to 30 Jun 2024 \$
Opening balance	882,738	866,907	866,907
Interest received	14,689	14,510	35,281
Interest accrued	6,254	5,753	6,274
Expenditure on approved litigation	(9,071)	-	(25,724)
<b>Closing balance</b>	<b>894,610</b>	<b>887,170</b>	<b>882,738</b>
This is comprised of:			
Call account	260,897	294,435	147,976
Short term deposits	622,239	586,981	604,212
Cash to be transferred	5,220	-	124,276
Interest receivable	6,254	5,753	6,274
<b>Closing balance</b>	<b>894,610</b>	<b>887,170</b>	<b>882,738</b>



#### 4. Accumulated funds

	6 months to 31 Dec 2024 \$	6 months to 31 Dec 2023 \$	12 months to 30 Jun 2024 \$
Capital contributed by owners	199,000	150,000	150,000
<b>Accumulated operating surpluses/(deficits)</b>			
Opening balance	1,136,437	1,167,209	1,167,209
Surplus/(deficit)	(66,819)	(71,153)	(30,772)
Historical adjustment*	(49,000)	-	-
<b>Total Accumulated operating surpluses/(deficits)</b>	<b>1,020,618</b>	<b>1,096,056</b>	<b>1,136,437</b>
<b>Accumulated litigation surpluses/(deficits)</b>			
Opening balance	882,738	866,907	866,908
surplus/(deficits)	11,872	20,263	15,831
<b>Total Accumulated litigation surpluses/(deficits)</b>	<b>894,610</b>	<b>887,170</b>	<b>882,738</b>
<b>Total Accumulated funds</b>	<b>2,114,228</b>	<b>2,133,226</b>	<b>2,169,175</b>

\*Historical adjustment of \$49,000 has been made to reflect a 2001 capital contribution to the Takeovers Panel. This has previously been recorded under accumulated funds but has now been adjusted to reconcile with the MBIE records.

#### 5. Budget variances

Significant variances budget are as follows:

##### Revenue

The Panel's operating revenue for the six months, at \$823,180, was \$35,360 or approximately 4% lower than budget. The key variances were fees for exemption applications which were \$8,883 below budget and fees for applications for No-objection Statements in schemes of arrangement which were \$33,027 below budget due to fewer transactions than anticipated.

##### Expenditure

The Panel's operating expenditure for the six months, at \$889,999, was \$2,677 or approximately 0.3% lower than budget.

The main variance was Panel member fees which were \$32,706 above budget due to changes in Panel member fees set by the Remuneration Authority and increased division work. This is partially offset by training expenditure (\$7,768 under budget) and travel and accommodation expenditure (\$7,660 under budget) having incurred less expense than expected. In addition, half the Panel's audit fees have been recognised for the 2025 financial year, so audit fees are \$17,500 below budget.

##### Net operating surplus/(deficit)

The Panel recorded an operating deficit of \$66,819 when a deficit of \$34,136 had been expected.

#### 6 Projected Level of Operation for the Rest of the Financial Year

Over the remainder of the financial year the Panel will continue to carry out its responsibilities for administration of the Code and reviewing schemes of arrangement involving Code companies. The level of Code-regulated and Companies Act-regulated schemes activity has been similar to the previous year, and activity is expected to remain steady over the second half of the year.



The Panel intends to maintain its current complement of seven staff. Currently all positions are filled. The Panel's strong co-regulatory relationships with NZX RegCo Limited and the Financial Markets Authority will be maintained through regular engagements between the respective teams.

The Panel will continue to focus its resources on policy and law projects. In July 2024, the Panel published law reform recommendations in respect of regulatory alignment between Code-regulated transactions and schemes of arrangement under the Companies Act as well as recommendations for law reform in respect of the deal protection devices. The Panel will continue to work with MBIE officials to move these recommendations as well as the 2022 recommendations for law reform forward.

The Panel will also continue to focus on public understanding services through ongoing meetings with stakeholders, public speeches and presentations, and market updates. The Panel receives consistently positive feedback from takeovers practitioners and market participants about its responsiveness and approachability, as well as about the value of its published guidance. The Panel receives this feedback through its stakeholder engagement and through its online survey. The Panel intends to continue to rise to the challenge of meeting the market's high expectations.