

# STATEMENT OF PERFORMANCE EXPECTATIONS

► For the period 2023/2024



**TAKEOVERS  
PANEL**  
TE PAE WHITIMANA



## Contents

<b>STATEMENT OF RESPONSIBILITY</b>	<b>2</b>
<b>INTENDED ACHIEVEMENT OF OUTPUTS</b>	<b>4</b>
<b>FORECAST PERFORMANCE STANDARDS AND MEASURES FOR THE OUTPUTS</b>	<b>5</b>
<b>FORECAST FINANCIAL STATEMENTS</b>	<b>12</b>
<b>FORECAST STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>13</b>
<b>FORECAST STATEMENT OF FINANCIAL POSITION</b>	<b>14</b>
<b>FORECAST STATEMENT OF CASH FLOWS</b>	<b>15</b>

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## STATEMENT OF RESPONSIBILITY

The information on the future operating intentions of the Takeovers Panel for the year ending 30 June 2024 contained in this Statement of Performance Expectations has been prepared in accordance with section 149C of the Crown Entities Act 2004.

We acknowledge responsibility for the preparation of these forecast financial statements and forecast Statement of Service Performance and for the judgements used in them.

We acknowledge responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Panel's financial reporting.

In our opinion, the information contained in this Statement of Performance Expectations fairly reflects the Takeovers Panel's operating intentions for the reporting period. It should be read in conjunction with the Panel's latest Statement of Intent.

Signed on behalf of the Panel by:

**Carl Blanchard**  
**Chair**  
**Takeovers Panel**

17 May 2023

**Tony Pigou**  
**Chair of the Audit and Risk Committee**  
**Takeovers Panel**

18 May 2023



## INTENDED ACHIEVEMENT OF OUTPUTS

The Takeovers Panel is responsible for the administration of the Takeovers Code, for which the Panel receives an appropriation from the Government of \$1.49 million per annum.<sup>1</sup> The scope of the appropriation is the performance by the Panel of its statutory obligations under the Takeovers Act 1993. The Panel has identified four output classes for measuring its service performance, namely:

Four output classes for measuring service performance:	
▶	Services for transactions under the Takeovers Code
▶	Services for transactions under the Companies Act 1993 for Code company schemes
▶	Review of takeovers law and practice
▶	Public understanding services

The services provided under these output classes are intended to make three impacts on the takeovers market:

Three impacts on the takeovers market:	
▶	<b>Efficiency:</b> Takeovers law is efficient, with improved information for shareholders
▶	<b>Enforcement:</b> 100% compliance with the Code and 100% compliance with the Panel's guidance for all applications to the Panel for a No-objection Statement in respect of Code company schemes
▶	<b>Knowledge:</b> Shareholders, and all those who are subject to the Code, and their advisers, are well informed about the role of the Code and of the Panel, and are well informed about the Panel's role in Code company schemes

The Panel's services are also intended to contribute to the outcome of an efficient takeovers market, reduced transaction costs for investors and increased confidence in the integrity of New Zealand's capital markets.

The Panel plays an important role in strengthening the integrity of the capital markets because it regulates changes of control in New Zealand's largest and most widely held companies. While the Panel's services have a measurable impact in relation to transactions that fall within the scope of the Panel's appropriation, the Panel's contribution to the broader mergers and acquisitions outcomes, such as outcomes from acquisitions of closely held companies and acquisitions of business assets, is limited.

The Panel will, as part of its service delivery, work with other entities such as NZX Limited, the Commerce Commission and the Financial Markets Authority with the aim of improving the confidence and participation of investors in New Zealand's capital markets (of which the takeovers market forms part). The Panel will also work to understand the direct and indirect costs of the Panel's actions on businesses and the wider economy.

<sup>1</sup> The Panel also has access to a Litigation Fund, for which a top-up appropriation of up to \$200,000 is available, should the Fund reduce below \$675,000. The purpose of the Fund is to enable the Panel to enforce compliance with the Takeovers Code and Code company schemes provisions in the Companies Act 1993 and to respond to litigation brought against it.



## FORECAST PERFORMANCE STANDARDS AND MEASURES FOR THE OUTPUTS

### OUTPUT 1: Services for transactions under the Takeovers Code

The consideration of applications for approval to act as an independent adviser or expert and for applications for exemptions from compliance with the Code.

The monitoring and enforcement of Code compliance in all Code-regulated transactions.

The Panel will use its approval resources to consider applications, including from firms seeking to be approved to act as independent advisers and experts for Code-regulated transactions or events.

The Panel will use its exemption resources to consider exemption applications as they arise, and to consider possible class exemptions (which may be developed on the Panel's own initiative or may be applied for by parties to Code-regulated transactions or events).

The Panel will use its enforcement resources to:

- ▶ Assist those who have Code obligations to understand their obligations and to understand the Panel's likely approach to enforcing the Code
- ▶ Maintain the voluntary vetting of draft transaction documents in order to ensure that they comply with the Code, enabling most compliance issues to be resolved before transactions commence
- ▶ Encourage drafters of Code-regulated documents to apply the Panel's guidance on clear, concise and effective drafting
- ▶ Take enforcement action, including seeking enforceable compliance undertakings, holding hearings under section 32 of the Takeovers Act and, when necessary, taking Court proceedings for permanent or punitive orders, recognising that enforcement actions use a high proportion of resources due to procedural intensity

*Planned performance standards and performance measures for 2023/2024, and estimated outcome for 2022/2023, using actual data to December 2022 and as estimated for the remainder of the year:*

Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Quantity<sup>2</sup></b>				
Draft documents reviewed, including for clear, concise and effective drafting as set out in the Panel's guidance notes and percentage of enforcement resources spent on this review <sup>3</sup>	5-9 taking 80% of resources	4-6 taking 80% of resources	5 taking 49% of resources	5 taking 54% of resources

<sup>2</sup> The number of transaction documents reviewed by the Panel is entirely market driven. The inclusion of estimated quantities is to provide contextual information.

<sup>3</sup> The level of the Panel's Output 1 resources spent on enforcement of the Code increases if the Panel holds a section 32 meeting (due to procedural intensity). This has a flow-on effect across all Outputs, and within Output 1 in terms of the percentage of resources spent on review of documents.



Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Quality</b> The Regulations Review Committee does not recommend disallowance of any Panel exemptions <sup>4</sup>	0 disallowed	0 disallowed	0 disallowed	0 disallowed
Applicants (exemptions and advisers) are satisfied with the Panel's processes as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	100% of respondents
Legal advisers (takeovers and shareholder meetings) are satisfied with the processes for the review of draft meeting and takeovers documents as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	100% of respondents
<b>Timeliness</b> Applicants are satisfied with the timeliness of the Panel's decisions regarding approval and exemption applications, as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	100% of respondents
<b>Revenue</b>	\$819,000 50% of forecast revenue	\$852,000 52% of estimated revenue	\$1,286,959 68% of actual revenue	\$1,516,036 65% of actual revenue
<b>Cost</b>	\$891,000 50% of forecast expenditure	\$1,014,000 55% of estimated expenditure	\$1,230,428 66% of actual expenditure	\$1,303,779 65% of actual expenditure

<sup>4</sup> This measure shows that the Panel is exercising its delegated exemption power appropriately and in accordance with the Standing Orders of the House of Representatives.



## OUTPUT 2: Services for transactions under the Companies Act (Code company schemes)

The Panel responds to notifications of schemes of arrangement being undertaken under the Companies Act that involve Code companies (Code company schemes) and considers applications for No-objection Statements.

The Panel issues Letters of Intention and No-objection Statements in accordance with the Panel's published guidance and procedures.

The Panel will use its Code schemes resources to:

- ▶ Engage with practitioners on their draft proposals for undertaking a Code company scheme
- ▶ Assess scheme documents as against the Panel's published policy for providing a No-objection Statement
- ▶ Encourage drafters of scheme documents to apply the Panel's guidance on clear, concise and effective disclosure
- ▶ Decide whether to give a No-objection Statement or whether to appear in the High Court to object to a Code company scheme
- ▶ Approve independent advisers for Code company schemes

*Planned performance standards and performance measures for 2023/2024, and estimated outcome for 2022/2023, using actual data to December 2022 and as estimated for the remainder of the year:*

Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Quantity<sup>5</sup></b> Review of draft scheme documents including checking for clear, concise, and effective drafting as set out in the Panel's guidance note on schemes	100% of 2-4 scheme notifications	100% of 2-4 scheme notifications	100% of 2 scheme notifications	100% of 3 scheme notifications
<b>Quality</b> Applicants are satisfied with process for No-objection Statements as indicated by an external survey <sup>6</sup>	100% of respondents	100% of respondents <sup>7</sup>	100% of respondents	100% of respondents
<b>Timeliness</b> Applicants are satisfied with timeliness of Panel's decision, as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	100% of respondents

<sup>5</sup> The number of transaction documents reviewed is entirely market driven. The inclusion of estimated quantities is to provide contextual information.

<sup>6</sup> The process for applying for a No-objection Statement is set out in a published guidance note which details the steps that applicants must take (including the information that must be provided to the Panel) in order to receive a No-objection Statement from the Panel.

<sup>7</sup> The Panel aims for a 100% success rate, but notes that some schemes can be complex and due to the small numbers of schemes estimated, just one unsatisfied applicant would significantly impact the percentage.



Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Revenue</b>	\$175,000 11% of forecast revenue	\$169,000 10% of estimated revenue	\$122,585 7% of actual revenue	\$256,560 11% of actual revenue
<b>Cost</b>	\$141,000 8% of forecast expenditure	\$138,000 7% of estimated expenditure	\$98,573 5% of actual expenditure	\$220,640 11% of actual expenditure





### OUTPUT 3: Review takeovers law and practice

Ensuring that the provisions of the Takeovers Code and other takeovers law are effective and relevant, as assessed by review of law and practice, undertaking policy development (“policy projects”), and recommending amendments to takeovers law as necessary.

Monitoring of market practice and undertaking any policy projects that may arise in response to market practices.

*Planned performance standards and performance measures for 2023/2024, and estimated outcome for 2022/2023, using actual data to December 2022 and as estimated for the remainder of the year:*

Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Quantity</b> Policy projects that arise out of market practice	1 project commenced 1 project completed 2 continuing	3 continuing <sup>8</sup>	3 projects continuing	2 projects commenced 2 projects continuing
<b>Quality</b> Every policy project that involves a recommendation of law reform meets the Panel’s quality assurance criteria (as demonstrated by performance checklists) <sup>9</sup>	100% of the time	100% of the time	No policy project involved a recommendation of law reform	No policy project involved a recommendation of law reform
<b>Timeliness</b> Recommendations to the Minister (if any) sent to Ministry within 10 working days of Panel approval of the recommendations <sup>10</sup>	100% of the time	100% of the time	No recommendations were sent to the Minister	No recommendations were sent to the Minister
<b>Revenue</b>	\$452,000 27% of forecast revenue	\$446,000 27% of estimated revenue	\$285,377 15% of actual revenue	\$279,883 12% of actual revenue
<b>Cost</b>	\$510,000 29% of forecast expenditure	\$501,000 27% of estimated expenditure	\$324,752 17% of actual expenditure	\$240,698 12% of actual expenditure

<sup>8</sup> The Panel recommended amendments to the Code and the Takeovers Act in 2017. Amendments to the Code came into force in October 2018. Some recommended amendments to the Takeovers Act came into force in January 2020. The Panel made further recommendations for law reform in April 2022.

<sup>9</sup> These quality control measures are intended to ensure that the case for change is robust for any regulatory or policy proposals implemented, or recommended, by the Panel.

<sup>10</sup> Panel approval means the later of being approved by the Panel at a Board meeting or by the Chair (as authorised by the Panel at a Board meeting).



#### OUTPUT 4: Public Understanding Services

Inform and educate shareholders, directors and other key stakeholders about the Code, schemes of arrangement and other relevant law and respond to public enquiries.

The Panel will use its public understanding resources to:

- ▶ Undertake engagements with market practitioners, company directors, market commentators, shareholders and other key stakeholders
- ▶ Disseminate information about itself, the Code and schemes of arrangement
- ▶ Maintain the Panel's website to inform stakeholders and the market
- ▶ Deal with public enquiries about the Code and schemes of arrangement matters

*Planned performance standards and performance measures for 2023/2024, and estimated outcome for 2022/2023, using actual data to December 2022 and as estimated for the remainder of the year:*

Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
<b>Quantity</b>				
Number of:				
Guidance Notes updated and published <sup>11</sup>	2	1	2	New measure for 2021/2022
Public enquiries responded to	30-50	40-50	48	67
Engagements with stakeholders as per Stakeholder Engagement Plan	15-30 individual 2 seminars	15-20 individual 2-4 seminars	19 individual 2 seminars	41 individual 2 seminars
<b>Quality</b>				
Market participants found the Panel's published documents, including updates and amendments to those documents made from time to time, were useful, as indicated by an external survey <sup>12</sup>	90% of respondents	90% of respondents	100% of respondents	100% of respondents
Market participants found the website useful to a considerable or high degree, as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	60% of respondents

<sup>11</sup> This measure replaces the old measure of number of *CodeWord* newsletters published. This new measure is preferred because the sole source of the Panel's guidance to the market is the Panel's Guidance Notes, and the Panel no longer publishes guidance in its newsletter, *CodeWord*.

<sup>12</sup> The Panel's website includes not only the Panel's own publications but also tools for reducing compliance costs, such as template application forms and a digital calculator for enabling compliance with the Code's timing rules. It also contains a database of Code-regulated transaction documents and Code company scheme documents and links to relevant legislation.



Performance Measures	Performance Standards			
	Forecast 2023/2024	Estimated 2022/2023	Actual 2021/2022	Actual 2020/2021
A Stakeholder Engagement Plan was approved by the Panel <sup>13</sup>	Achieved	Achieved	Achieved	Achieved
<b>Timeliness</b> Information is published on the website within 10 working days of final Panel approval <sup>14</sup>	100% of the time	100% of the time	100% of the time	100% of the time
Public enquiries are responded to within 3 working days of receiving them	100% of the time	100% of the time	100% of the time	100% of the time
<b>Revenue</b>	\$203,000 12% of forecast revenue	\$169,000 10% of estimated revenue	\$184,065 10% of actual revenue	\$279,883 12% of actual revenue
<b>Cost</b>	\$231,000 13% of forecast expenditure	\$194,000 10% of estimated expenditure	\$222,504 12% of actual expenditure	\$240,698 12% of actual expenditure

<sup>13</sup> The Panel has identified in its Stakeholder Engagement Plan the key stakeholders with whom it intends to engage over the 12-month period. The Plan helps to ensure that the Panel's public understanding resources are used efficiently and coherently and that they contribute to the impacts identified above. The Panel reconsiders the Plan each year to ensure that it remains relevant and appropriately focused for the achievement of the Panel's impacts.

<sup>14</sup> Panel approval means the later of being approved by the Panel at a Board meeting or by the Chair (as authorised by the Panel at a Board meeting).



## FORECAST FINANCIAL STATEMENTS

**For the year ending 30 June 2024**

### Introduction

The forecast financial statements presented here for the reporting entity, the Takeovers Panel, are prepared pursuant to section 149C of the Crown Entities Act 2004. The Panel is a Crown entity for legislative purposes and a public benefit entity for financial reporting purposes.

The Panel is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The preparation of forecast financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

These forecast financial statements have been prepared for the purpose of the 2023/2024 Statement of Performance Expectations of the Takeovers Panel. They are not prepared for any other purpose and should not be relied upon for any other purpose.

The forecast financial statements were authorised for issue by the Takeovers Panel on xx 2023.



## FORECAST STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 30 June 2024

	<b>Forecast 12 months to 30 June 2024</b>		<b>Estimated 12 months to 30 June 2023</b>
	\$		\$
<b>Revenue - Operating</b>		<b>Note</b>	
Government grant-baseline funding	1,494,000	<a href="#">3</a>	1,494,000
Interest	50,000		33,000
Application fees and costs recoverable	91,000	<a href="#">4</a>	97,000
<b>Total operating revenue</b>	<b>1,635,000</b>		<b>1,624,000</b>
<b>Revenue - Litigation fund</b>			
Interest	14,000		12,000
<b>Total litigation fund revenue</b>	<b>14,000</b>		<b>12,000</b>
<b>Total revenue</b>	<b>1,649,000</b>		<b>1,636,000</b>
<b>Operating expenditure</b>			
Services and supplies	758,000	<a href="#">5</a>	725,000
Personnel costs	1,014,000	<a href="#">6</a>	1,009,000
<b>Total operating expenditure</b>	<b>1,772,000</b>		<b>1,734,000</b>
Expenditure - Litigation fund	0		113,000
<b>Total expenditure</b>	<b>1,772,000</b>		<b>1,847,000</b>
<b>Net surplus / (deficit)</b>	<b>(123,000)</b>		<b>(211,000)</b>
<b>This is comprised of:</b>			
Operating surplus/deficit	(137,000)		(110,000)
Litigation surplus/deficit	14,000		(101,000)
	<b>(123,000)</b>		<b>(211,000)</b>

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.



## FORECAST STATEMENT OF FINANCIAL POSITION

For the year ending 30 June 2024

	Forecast as at 30 June 2024 \$	Estimated as at 30 June 2023 \$
<b>Current assets</b>		
Bank accounts and cash – operations	81,000	248,000
Bank accounts and cash – litigation fund	469,000	465,000
Short term deposits – operations	1,055,000	1,008,000
Short term deposits – litigation fund	283,000	273,000
Interest receivable – operations	5,000	3,000
Interest receivable – litigation fund	2,000	2,000
Debtors and prepayments	124,000	101,000
Total current assets	2,019,000	2,100,000
<b>Non-current assets</b>		
Property, plant and equipment	42,000	60,000
Total non-current assets	42,000	60,000
Total assets	2,061,000	2,160,000
<b>Current liabilities</b>		
Creditors and accrued expenses	115,000	106,000
Employee entitlements	71,000	56,000
Total current liabilities	186,000	162,000
<b>Equity</b>		
Capital contribution	150,000	150,000
Operating funds	971,000	1,108,000
Litigation fund	754,000	740,000
Total equity	1,875,000	1,998,000
Total equity and liabilities	2,061,000	2,160,000

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.



## FORECAST STATEMENT OF CASH FLOWS

For the year ending 30 June 2024

	<b>Forecast 12 months to 30 June 2024 \$</b>	<b>Estimated 12 months to 30 June 2023 \$</b>
<b>Cash flows from operating activities</b>		
Cash was received from:		
Government grant – operations	1,494,000	1,494,000
Application fees and costs recoverable	91,000	161,000
Interest	62,000	44,000
Court costs award	0	185,000
Goods and Services Tax (net)	(20,000)	18,000
Cash was applied to:		
Suppliers	(734,000)	(854,000)
Employees and Members	(999,000)	(1,076,000)
Net cash flows from operating activities	(106,000)	(28,000)
<b>Cash flows from investing and financing activities</b>		
Cash was applied to:		
Payments to acquire property, plant and equipment	0	(28,000)
Payments to purchase short term deposits	(57,000)	(39,000)
Net cash flows from investing and financing activities	(57,000)	(67,000)
Net increase / (decrease) in cash	(163,000)	(95,000)
Add opening cash	713,000	808,000
Closing cash	550,000	713,000

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.



## NOTES TO THE FORECAST FINANCIAL STATEMENTS

### For the year ending 30 June 2024

#### 1. STATEMENT OF SIGNIFICANT ASSUMPTIONS

The Panel is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures. The preparation of these forecast financial statements requires the Panel to make judgements, estimates and assumptions that affect the application of accounting policies and the forecast amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and the variation may be material.

Estimates and assumptions used in these forecast financial statements are based on the best information available to the Panel at the time of their preparation. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the forecast financial statements are described in the following significant assumptions. It is not intended to update the forecast financial statements subsequent to publication of these statements.

#### 2. ESTIMATED FINANCIAL STATEMENTS FOR 2022/2023

The 2022/2023 estimated financial statements include actual results up to the end of December 2022 and an estimate of the outcome for the remaining six months of the year taking account of work on hand and expected developments in the final months of the financial year. These figures are therefore not the same as those included in the Panel's 2022/2023 SPE.

#### 3. GOVERNMENT APPROPRIATION

The Government appropriation is as per the amount allocated for "Administration of the Takeovers Code" for 2023/2024.

#### 4. APPLICATION FEES AND COSTS RECOVERABLE

The Panel forecasts third-party income of \$91,000 in 2023/2024. This assumes no meeting under section 32 of the Takeovers Act and that the number of transactions from which the Panel derives income will be similar to 2022/2023.

#### 5. SERVICES AND SUPPLIES

The Panel forecasts spending \$758,000 on services and supplies in 2023/2024, an increase of \$33,000 over the expected services and supplies cost in 2022/2023. This is on the basis that travel and training opportunities will open up in 2023/2024.

#### 6. PERSONNEL COSTS

The Panel forecasts spending \$1,014,000 on personnel costs in 2023/2024, an increase of \$5,000 over the expected personnel costs in 2022/2023.

#### 7. OVERALL RISK OF FORECAST REVENUE EXPECTATIONS NOT BEING MET

These forecast financial statements are presented on the basis that, other than matters stated above under the statement of significant assumptions, there will be no other significant change to the nature of the Panel's operations or its principal activities in the period covered by the forecast financial statements.

The level of Panel income from exemptions, approvals, enforcement and schemes work is difficult to predict. Similarly, the level of the Panel's takeover activity and schemes of arrangement activity is dependent on the level and nature of takeover market activity.

The Panel anticipates that the trend towards an increased proportion of takeovers being conducted as schemes rather than as takeovers under the Code will continue. This will impact the Panel's third-party income because the Panel is





entitled to recover the costs of its involvement in schemes transactions, but is not entitled to recover its costs for monitoring takeovers under the Code unless formal enforcement action is conducted.

If the number of transactions overall falls below historical levels, the level of Panel income from exemptions, approvals, enforcement and schemes work may also fall. However, only a small portion of the Panel's income is directly related to the number of transactions it monitors. In the year to 30 June 2023, it is estimated that approximately 5% of the Panel's total operating income will be from these third-party transaction fees. In addition, if there is a reduction in income connected with the number of transactions monitored by the Panel, there is likely to be a reduction in Panel expenses, such as Panel member fees, that will partially offset the reduced level of income.

## 8. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The separate forecast financial statements presented here are for the reporting entity, the Takeovers Panel, for the year ending 30 June 2024. The Panel has elected to apply Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) and is eligible to do so with total operating expenses below \$2 million. These forecast financial statements have been prepared in compliance with NZ Generally Accepted Accounting Practice. All transactions are reported using the accrual basis of accounting and on the assumption that the Panel is a going concern.

### Basis of measure

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

### Functional and presentational currency

These forecast financial statements are presented in New Zealand dollars (\$), which is the Panel's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

### Changes in accounting policy

There have been no changes in accounting policy.

### Significant Accounting Policies

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

#### **a. 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. Interest is recorded as revenue as it is earned during the period.

#### **b. Litigation fund**

Interest revenue 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.

#### **c. 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 financial performance 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.

**d. Cost and revenue allocation policy**

For the purposes of the statement of service performance, direct costs are charged directly to outputs. Indirect costs are allocated on the basis of direct labour hours spent on each output. Revenue allocation is calculated using the same process.

**e. Income tax**

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

**f. 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.

**g. 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 the estimated amount to be paid is recorded.

**h. Bank accounts and cash**

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

**i. Term deposits**

This category includes all term deposits.

**j. 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 – 40 percent straight line

**k. 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 services that an employee has already rendered. This is calculated at current remuneration rates.

**l. Contingent liabilities**

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. There are no contingent liabilities forecast in 2023/2024.