

STATEMENT OF PERFORMANCE EXPECTATIONS

▶ For the period 2024/2025



**TAKEOVERS
PANEL**
TE PAE WHITIMANA



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STATEMENT OF RESPONSIBILITY

The information on the future operating intentions of the Takeovers Panel for the year ending 30 June 2025 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

8 May 2024

Megan Glen
Chair of the Audit and Risk Committee
Takeovers Panel

8 May 2024



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.¹ 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:	
▶	Efficiency: Takeovers law is efficient, with improved information for shareholders
▶	Enforcement: 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
▶	Knowledge: 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 RegCo 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.

¹ 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 review of draft Code transaction documents in order to ensure that they comply with the Code, with the aim of resolving Code compliance issues before formal enforcement actions are required
- ▶ 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 2024/2025, and estimated outcome for 2023/2024, using actual data to December 2023 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
Quantity² Draft documents reviewed, including for clear, concise and effective drafting as set out in the Panel's guidance notes	8-12	4-6	6	5
Quality The Regulations Review Committee does not recommend disallowance of any Panel exemptions ³	0 disallowed	0 disallowed	0 disallowed	0 disallowed

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

³ 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.



Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
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
Timeliness 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
Revenue⁴	\$351,000 20% of forecast revenue	\$411,000 24% of estimated revenue	\$619,568 37% of actual revenue	\$1,286,959 68% of actual revenue
Cost	\$350,000 20% of forecast expenditure	\$441,000 24% of estimated expenditure	\$651,843 37% of actual expenditure	\$1,230,428 66% of actual expenditure

⁴ In 2021/2022 there was one transaction requiring a significant amount of time considering a potential enforcement matter. 2021/2022 was an outlier in terms of resources spent on Output 1. In 2022/2023, the percentage of resources was in line with past use of resources. The estimate for the current year and forecast for 2024/2025 assumes continuation of the trend for fewer takeovers under the Code and more schemes of arrangement.



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 2024/2025, and estimated outcome for 2023/2024, using actual data to December 2023 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
Quantity⁵ 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 3-5 scheme notifications	100% of 2-4 scheme notifications	100% of 2 scheme notifications	100% of 2 scheme notifications
Quality Applicants are satisfied with process for No-objection Statements as indicated by an external survey ⁶	100% of respondents	100% of respondents ⁷	100% of respondents	100% of respondents
Timeliness 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

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

⁶ 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.

⁷ 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 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
Revenue⁸	\$351,000 20% of forecast revenue	\$257,000 15% of estimated revenue	\$302,401 18% of actual revenue	\$122,585 7% of actual revenue
Cost	\$350,000 20% of forecast expenditure	\$276,000 15% of estimated expenditure	\$251,269 14% of actual expenditure	\$98,573 5% of actual expenditure

⁸ The resources spent on this Output 2 are increasing as the number of schemes of arrangement relative to the number of takeovers under the Code are increasing. In addition, schemes of arrangement are more likely to involve unique or novel legal and commercial issues.



OUTPUT 3: Review takeovers law and practice

Ensuring that the provisions of the Takeovers Code, the Takeovers Act 1993 and the Companies Act 1993 (as it applies to Code company schemes of arrangement) and other takeovers laws 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 2024/2025, and estimated outcome for 2023/2024, using actual data to December 2023 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
Quantity				
Policy projects that arise out of market practice	2 projects completed 2 continuing	3 continuing ⁹ 1 commenced	3 projects continuing	3 projects continuing
Quality				
Every policy project that involves a recommendation of law reform meets the Panel’s quality assurance criteria (as demonstrated by performance checklists) ¹⁰	100% of the time	100% of the time	100% of the time	No policy project involved a recommendation of law reform
Timeliness				
Recommendations to the Minister (if any) sent to Ministry within 10 working days of Panel approval of the recommendations ¹¹	100% of the time	100% of the time	100% of the time	None were sent to the Minister
Revenue¹²				
	\$877,000 50% of forecast revenue	\$907,000 53% of estimated revenue	\$607,793 36% of actual revenue	\$285,377 15% of actual revenue
Cost				
	\$876,000 50% of forecast expenditure	\$974,000 53% of estimated expenditure	\$668,671 38% of actual expenditure	\$324,752 17% of actual expenditure

⁹ The Panel recommended amendments to the Code and the Takeovers Act in 2017. One final 2017 recommendation is yet to be enacted. The Panel made further recommendations for law reform in April 2022 and continues its review of schemes of arrangement and deal protection mechanisms.

¹⁰ 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.

¹¹ 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).

¹² The resources spent on this Output 3 are increasing as undertaken a significant amount of policy analysis and consultation in respect of its review of schemes of arrangement and deal protection devices. The Panel forecasts continued emphasis on this Output 3 in 2024/2025.



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 2024/2025, and estimated outcome for 2023/2024, using actual data to December 2023 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
Quantity				
Number of:				
Guidance Notes updated and/or published	2	3	0	2
Public enquiries responded to	30-50	35-45	39	48
Engagements with stakeholders as per Stakeholder Engagement Plan	20-30 individual 2 seminars	28-32 individual 1-2 seminars	27 individual 4 seminars	19 individual 2 seminars
Quality				
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	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 ¹³	90% of respondents	90% of respondents	100% of respondents	100% of respondents

¹³ The Panel's website includes links to relevant legislation, the Panel's publications, tools for reducing compliance costs, such as template application forms and a digital calculator for enabling compliance with the Code's timing rules, and a database of Code-regulated transaction documents and Code company scheme documents.



Performance Measures	Performance Standards			
	Forecast 2024/2025	Estimated 2023/2024	Actual 2022/2023	Actual 2021/2022
A Stakeholder Engagement Plan was approved by the Panel ¹⁴	Achieved	Achieved	Achieved	Achieved
Timeliness Information is published on the website within 10 working days of final Panel approval ¹⁵	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
Revenue	\$175,000 10% of forecast revenue	\$137,000 8% of estimated revenue	\$158,455 9% of actual revenue	\$184,065 10% of actual revenue
Cost	\$175,000 10% of forecast expenditure	\$147,000 8% of estimated expenditure	\$179,851 10% of actual expenditure	\$222,504 12% of actual expenditure

¹⁴ 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.

¹⁵ 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 2025

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 2024/2025 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 May 2024.



FORECAST STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 30 June 2025

	Forecast 12 months to 30 June 2025 \$	Note	Estimated 12 months to 30 June 2024 \$
Revenue - Operating			
Government grant-baseline funding	1,494,000	3	1,494,000
Interest	63,000		46,000
Application fees and costs recoverable	160,000	4	147,000
Total operating revenue	1,717,000		1,687,000
Revenue - Litigation fund			
Interest	36,000		24,000
Total litigation fund revenue	36,000		24,000
Total revenue	1,753,000		1,711,000
Operating expenditure			
Services and supplies	772,000	5	827,000
Personnel costs	979,000	6	1,010,000
Total operating expenditure	1,751,000		1,837,000
Expenditure - Litigation fund	0		0
Total expenditure	1,751,000		1,837,000
Net surplus / (deficit)	2,000		(126,000)
This is comprised of:			
Operating surplus/deficit	(34,000)		(150,000)
Litigation surplus/deficit	36,000		24,000
	2,000		(126,000)

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 FINANCIAL POSITION

For the year ending 30 June 2025

	Forecast as at 30 June 2025 \$	Estimated as at 30 June 2024 \$
Current assets		
Bank accounts and cash – operations	195,000	92,000
Bank accounts and cash – litigation fund	46,000	236,000
Short term deposits – operations	1,124,000	1,061,000
Short term deposits – litigation fund	640,000	604,000
Interest receivable – operations	15,000	15,000
Interest receivable – litigation fund	4,000	8,000
Debtors and prepayments	98,000	85,000
Total current assets	2,122,000	2,101,000
Non-current assets		
Property, plant and equipment	35,000	54,000
Total non-current assets	35,000	54,000
Total assets	2,157,000	2,155,000
Current liabilities		
Creditors and accrued expenses	60,000	60,000
Employee entitlements	37,000	37,000
Total current liabilities	97,000	97,000
Equity		
Capital contribution	150,000	150,000
Operating funds	983,000	1,017,000
Litigation fund	927,000	891,000
Total equity	2,060,000	2,058,000
Total equity and liabilities	2,157,000	2,155,000

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 2025

	Forecast 12 months to 30 June 2025 \$	Estimated 12 months to 30 June 2024 \$
Cash flows from operating activities		
Cash was received from:		
Government grant – operations	1,718,000	1,718,000
Application fees and costs recoverable	180,000	137,000
Interest	7,000	7,000
Court costs award	0	0
Goods and Services Tax (net)	(163,000)	(148,000)
Cash was applied to:		
Suppliers	(841,000)	(872,000)
Employees and Members	(979,000)	(1,010,000)
Net cash flows from operating activities	(78,000)	(167,000)
Cash flows from investing and financing activities		
Cash was applied to:		
Payments to acquire property, plant and equipment	0	0
Net cash flows from investing and financing activities	0	0
Net increase / (decrease) in cash	(78,000)	(167,000)
Add opening cash	444,000	611,000
Closing cash	366,000	444,000

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 2025

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 2023/2024

The 2023/2024 estimated financial statements include actual results up to the end of December 2023 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 2023/2024 SPE.

3. GOVERNMENT APPROPRIATION

The Government appropriation is as per the amount allocated for "Administration of the Takeovers Code" for 2024/2025, subject to final decisions being made in Budget 2024

4. APPLICATION FEES AND COSTS RECOVERABLE

The Panel forecasts third-party income of c.\$160,000 in 2024/2025. 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 or greater than 2023/2024.

5. SERVICES AND SUPPLIES

The Panel forecasts spending \$772,000 on services and supplies in 2024/2025, a decrease of \$55,000 over the expected services and supplies cost in 2023/2024. This is on the basis that there will be less fees on experts in the 2024/2025 year.

6. PERSONNEL COSTS

The Panel forecasts spending c.\$979,000 on personnel costs in 2024/2025, a decrease of \$31,000 from the expected personnel costs in 2023/2024.

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.

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 2025. 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 \$5 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 with terms exceeding 90 days.

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 2024/2025.