



Takeover  
Regulation  
Panel

a member of the dtic group

ANNUAL REPORT  
FOR THE YEAR ENDED  
31 MARCH 2024

30  
*Years*  
OF DEMOCRACY



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# ABOUT THE ANNUAL REPORT

This Annual Report has been prepared in line with the Annual Report Guide for Schedule 3A Public Entities which is published by the National Treasury. This report articulates how the Takeover Regulation Panel (**Panel**) fared in the management of its resources and complying with corporate governance principles.

This report is organised as follows:

- **Part A** General Information
- **Part B** Performance Information
- **Part C** Corporate Governance
- **Part D** Human Resources Management
- **Part E** Public Finance Management
- **Part F** Financial Information

## FOREWORD BY THE MINISTER



I am pleased to present the Panel's Annual Report for the financial year 2023/24. The report outlines the entity's milestones in fulfilling its mandates and responsibilities.

The Panel oversees mergers, acquisitions, and takeovers of companies, known as "affected transactions" under the Companies Act, 2008. It has two main goals: protecting the interests of minority shareholders and upholding market integrity. To achieve these goals, the Panel reviews merger and takeover documents, investigates complaints related to affected transactions, seeks court orders to wind up companies under certain circumstances.

The Panel plays a crucial role in protecting shareholders' interests and ensuring that the South African market for mergers and acquisitions remains fair, transparent, and competitive

The Panel has again maintained a good corporate governance track-record with unmodified and unqualified audit outcomes. This demonstrates the government's commitment to ensuring that all fiscal resource stewards act in a manner that aligns with the country's strategic priorities of a capable and ethical state.

Last year, the Panel was listed as a Schedule 3A public entity under the Public Finance Management Act, 1999 (PFMA). It has since implemented processes to ensure full compliance.

I commend the Panel for its unwavering dedication and hard work in serving the people of South Africa. I am confident that the entity will continue to build on its successes and contribute significantly to the development of our nation.

**Mr Parks Tau, MP**  
**Minister of Trade, Industry, and Competition**

## CHAIRPERSON'S FOREWORD

It is my pleasure to present the annual report of the Panel for the financial year 2023/24, a year marked by significant achievements and progress.

In 2023, a significant development occurred for the Panel. On 28 March 2023, the Minister of Finance declared that the Panel would be categorized as a Schedule 3A public entity in accordance with the Public Finance Management Act, 1999 (PFMA). This declaration, while posing challenges, underscored our commitment to adhering to the supplementary mandates applicable to public entities.

We acknowledge the substantial contributions of our predecessors and the invaluable support received from various governmental stakeholders, including our parent department, the Department of Trade, Industry and Competition (dtic), National Treasury, the office of the Auditor General of South Africa, as well as numerous other parties. This support has been instrumental in ensuring our full compliance with our additional obligations related to our status as a public entity to which the PFMA applies.

The review period was characterized by significant challenges, primarily attributable to the extensive turnover in leadership. This resulted in the departure of a majority of Panel Members by the end of September 2023, rendering the Panel inactive for the remainder of the financial year due to the inadequate number of members required to convene meetings as prescribed by legislation. We acknowledge the difficulties this posed and the impact it had on our operations. It is important to note that the current Panel, which assumed office in late May 2024, had no involvement during the relevant period.

Despite the significant turnover in leadership, the Panel's financial report did not reveal any unfavourable findings, underscoring the strength of its internal systems. Even with the Panel's accounting authority position vacant for half of the financial year, it continued to operate with a commendable level of effectiveness, particularly considering the transitional nature of the year. This resilience and operational effectiveness are a testament to the systems established by our predecessors, for which we are deeply grateful. We want to express our sincere appreciation for their hard work and dedication, which has laid a strong foundation for the Panel's future.

It is crucial to acknowledge the efforts of the Panel's Executive and Management in ensuring a seamless and effective operation, especially during challenging periods when there was no board oversight as the Panel Members were still to be appointed. Their dedication resulted in various accomplishments in meeting PFMA targets within legislated timelines, eliminating the need for extensions or exemptions. This serves as a testament to the commendable efforts of the Panel's personnel, without whom such achievements would not have materialised.

The recent departure of Mr Andile Nikani, the former Executive Director, from his post after a distinguished tenure from January 2019 to December 2023 is noteworthy. Mr Nikani, a competent and committed executive, adeptly oversaw the transition of power within the Panel following the departure of the long-serving previous Executive Director, Dr Madimetja Lucky Phakeng. This seamless transfer of leadership serves as a testament to South Africa's position in managing smooth transitions, reassuring market participants of the stability of the investment environment in the country's capital markets. Mr Nikani's departure without any controversial incidents reinforces the Panel's rigour in recruiting qualified individuals entrusted with significant responsibilities, as evidenced in the achievements and legacy during his tenure as the Executive Director. This is demonstrated in the Panel's annual reports over the past five years.


Acknowledgement is also due to Mr Zano Nduli, the Deputy Executive Director, for capably assuming responsibilities upon Mr Nikani's exit in January 2024 and steering the Panel effectively, which would not have been conceivable without the support of other proficient members of the Panel's staff, including the remainder of the Management team and other junior staff.

The efficient preparation of annual financial statements within a remarkably brief period of four weeks stands as a testament to the tremendous dedication, skill and experience of the Panel's limited workforce.

I would like to extend my thanks to the departing Panel Members, under the leadership of Mrs Neo Phakama Dongwana, including Mr Sandile Siyaka (who headed the Remuneration and Nominations Committee), Ms Nocamagu Mbulawa (who headed the Audit and Risk Committee), as well as the long-serving JSE Limited representative, Ms Annalie de Bruyn, and Ms Nonzukiso Siyotula, who all left office at the end of September 2023. They were all members of the Panel during the year under review. Once again, their service and excellence are reflected in these annual financial statements and this report, as well as the excellence of the staff they oversaw. I wish them well in their future endeavours.

We are also grateful for the continued support we have enjoyed from our parent department, dtic, as we have navigated the challenges of the past year. We look forward to further collaboration with them and other government stakeholders as we continue to steer the Panel towards greater heights.

Once again, I wish to thank everyone who has helped in putting together this annual report.



**Professor Tshepo H. Mongalo**  
Chairperson  
30 July 2024

## DEPUTY EXECUTIVE DIRECTOR'S REVIEW

I am pleased to present the Panel's annual report for the year ended 31 March 2024.

The past year was significant in many ways and presented the Panel with several challenges, some of which are still being addressed. When the Panel was established under section 196 of the Companies Act, No. 71 of 2008 (**Act**), it was initially not designated as a public entity under section 47 of the PFMA, thus was not subject to its provisions. However, at the end of the year ended on 31 March 2023, the Minister of Finance, in consultation with the Minister of Trade, Industry and Competition, notified the Panel that it had been listed as a public entity under Schedule 3A of the PFMA as of 28 March 2023. As a result, the Panel had to ensure compliance with the provisions of the PFMA from the date of its listing. Despite being one of the smallest public entities, the Panel had to adapt to comply with the relevant PFMA requirements quickly. It's worth noting that the Panel had previously adhered to the principles of the PFMA in spirit, including how its funds were managed and it procured for goods and services, even if not required to comply with all the full prescripts of that law. Therefore, the Panel had to navigate compliance with the PFMA without prior preparation to avoid negative audit findings by the end of the year ending on 31 March 2024.

This period showcased the resilience and adaptability of the Panel as it overcame these challenges and substantially fulfilled its mandate. It speaks volumes about the dedication of all the Panel Members, under the guidance of Mrs Neo Phakama Dongwana, who chaired the Panel until her resignation on 29 September 2023, and Mr Andile Nikani, the Executive Director until 31 December 2023, and briefly by the writer (since 01 January 2024). These individuals embodied the spirit that has steered the Panel through various challenges over the past three decades, maintaining its reputation as one of the most respected and efficiently run government entities in South Africa. Despite operating without a quorate Panel nor an Executive Director for significant portions of the second half of the year, the Panel's commitment to compliance was unwavering, as it managed to substantially comply with the provisions of the PFMA and fulfilled its legislative mandate in this regard.

During this period, key achievements included reviewing several Panel policies to align them with the PFMA regime, adopting the Panel's first Annual Performance Plan in line with the dtic's strategic objectives, submitting the Panel's budgetary requirements for the medium term within the National Treasury framework, and obtaining permission to retain the Panel's accumulated surpluses, which form the backbone of its self-funding economic model, among others.

Moreover, the Panel's day-to-day operations, as outlined in Chapters 5, 7, and 8 of the Act, in conjunction with Chapters 5, 7, and 8 of the Companies Regulations, 2011 (**Regulations**), were minimally disrupted during this time. The Panel also delivered significant decisions during this time, including one concerning the highly publicised proposed takeover offer to shareholders of MultiChoice Group Limited (**MCG**) by Groupe Canal+ SA (**Canal+**). Additionally, the Panel oversaw the unbundling transaction by Transaction Capital Limited of its WeBuyCars subsidiary, which subsequently listed on the JSE Limited's Main Board. Furthermore, the Panel investigated and resolved several complaints related to the ongoing Ascendis Health Limited general offer by a group of its investors led by its CEO. The fact that the Panel was able to conduct such regulatory work despite leadership vacancies is a testament to the robustness of its governance structures.

A key philosophical point emerges when considering the Panel's strategic direction as it enters a new administration following the 2024 elections. The Panel has historically been recognised for its no-nonsense and efficient regulatory approach, maintaining a clean reputation and demonstrating service excellence. As the Panel reflects on its future direction, it must adopt a strategic approach akin to the common American parlance: "If it ain't broke, don't fix it."

One aspect deserving particular attention is takeover law and its global regulation, which remains relatively obscure despite its significance in widely reported equity capital markets transactions. Given the Transactional nature of these transactions and the resulting international investor bases, regulatory rules have evolved with similarities across jurisdictions, albeit with minor local variations. In this regulatory landscape, the strategic direction must resemble that of an oil tanker captain rather than a rally car driver. Sudden and unpredictable regulatory changes can significantly impact these sensitive markets. If the perception arises that the regulator arbitrarily formulates rules, it could deter foreign direct investment, thus diminishing the overall market participant pool to the detriment of the market.

Furthermore, the Panel's exchange partners have recently endeavoured to increase or maintain the number of listed companies on their equity exchanges. Any sudden disruption to the Panel's reputation could undermine local markets, contradicting the Panel's legislative mandate designed to prevent such occurrences. Ensuring the marketplace's integrity, as stipulated in section 119(1) of the Act, stands as a cornerstone of the Panel's mandate.

The five-year period ending on 31 March 2024, marked the culmination of a strategic phase during which the Panel's structures were further professionalised while retaining the essence of its successful practices over the previous three decades. This phase coincided with the tenure of Mrs Neo Phakama Dongwana as the first female Chairperson. A seasoned Chartered Accountant CA (SA) with extensive local and international public company board experience, under her leadership, the Panel transitioned from a paper-based to a cloud-based document management system, a crucial shift that facilitated the Panel's remote operations during the COVID-19 pandemic. This transition to a cyber-based document management system also took into account the need to shield the Panel from cybercriminal attacks, despite the modest scale of its systems, taking into account the significance of the Panel's work to the country's economic infrastructure. Notably, the Panel's strategic reserves doubled during this period, aligning with both operational requirements and the imperative of ensuring that it was able to sustainably execute its legislative mandate during periods of constrained government financial resources. The recent approval by the National Treasury authorising the Panel to retain cash surpluses valued at R106 million underscores the recognition of the Panel's pivotal role in the local economy and the criticality of a fully functional Panel in servicing the local equity capital markets.

## Governance and other matters

The Panel currently consists of 6 Members appointed by the Minister in terms of section 197 and 198 of the Act. Prior to 30 September 2023, the Panel had consisted of 8 Members. The Panel supports the Executive and the Management team's work by providing advice and guidance and adhering to good corporate governance standards. The Panel Members must have diverse skills that are instrumental in keeping the Panel relevant and focused. Ideally, it must be gender and age balanced to ensure continuity and to reflect the society it represents.

All Panel Members are responsible for ensuring the implementation of the Panel's mandate and ensuring proper governance of the organisation. The Panel's oversight function is carried out mainly through subcommittees that meet regularly to discharge their roles and responsibilities in accordance with each committee's terms of reference, and report and make recommendations to the Panel as the accounting authority for the entity.

The Panel has two recognised permanent subcommittees that report to the Panel, namely, the Audit and Risk Committee, which prior to 30 September 2023 had been under the Chairmanship of Ms Nocamagu Mbulawa, and the Remuneration and Nomination Committee, which prior to 30 September 2023, had been under the Chairmanship of Mr Sandile Siyaka. Additionally, section 202 of the Act recognises a statutory committee called the Takeover Special Committee (**TSC**), which, from time to time, will hear matters referred to it in terms of section 202(3) of the Act, including but not limited to the internal reviews of the decisions of the Panel's Executive. The meetings and attendance records of Panel Members are reflected on page 18.

The executive functions of the Panel are led by its Executive Director, who, prior to 31 December 2023, was Mr Andile Nikani, assisted by the Deputy Executive Director, Mr Zanokuthula Nduli. After 31 December 2023, the Deputy Executive Director above took over the overall executive functions of the Panel following the vacancy at the Executive Director level after the departure of Mr Andile Nikani. The Executive led the Panel's various initiatives above, ensuring continuity under very difficult operating conditions. Over the last five years, the Panel has emphasised the need for robust systems to ensure continuity, irrespective of the circumstances. The challenges highlighted above and the performance reflected above, including an operational surplus of almost R3.8m against an operational income of almost R36.2 million, demonstrate the Panel's continued prudence considering that it is a self-funding entity, whose operating fees are designed to keep the Panel self-sufficient. Thus, the fiscal discipline of the Panel is reflected in the manner in which, over time, it has been able to cut its cloth to suit its purse, repeatedly, despite an increase in non-fee generating activities like the investigation of complaints in terms of Chapter 7, Part D, of the Act.

The Panel is committed to good corporate governance. SizweNtsalubaGobodo Grant Thornton (**SNGGT**) with the concurrence of the Auditor General South Africa (**AGSA**), have issued an unqualified audit report for the year under review. SABT-Nexia (**Nexia**) continues to offer an excellent service to the Panel as its internal auditors. Nexia will continue with their audit function to assist the Panel with ensuring that any risks to the Panel are managed effectively.

### Strategic Plan review

After the 2019-2024 Strategic Plan term ends, the Panel will start developing a new five-year strategic plan in the upcoming fiscal year, following the upcoming election. This process will take into consideration the relevant strategic priorities of the new administration. Subsequently, a new Annual Performance Plan will be implemented to monitor the performance of the Panel and its personnel in the forthcoming year in alignment with the new strategic priorities.

### The Takeover Special Committee

Section 202 of the Act established the TSC, as a statutory committee of the Panel, with the mandate to adjudicate on matters referred by the Panel, the Executive Director, or the Deputy Executive Director.

The TSC is also empowered to review compliance notices issued by the Executive Director or Deputy Executive Director. During the review period, the TSC did not deliberate on any matters. However, the MCG and Canal+ case resulted in a compliance certificate against MCG for failing to obtain Panel approval for one of its announcements. As a result, MCG appealed the decision. Unfortunately, the Panel was unable to convene a TSC due to insufficient members. This issue will be addressed once the Minister appoints the necessary individuals to enable the Panel to convene a TSC for this case.

## Acknowledgements and thanks to Panel Members

I would like to express my heartfelt gratitude to all current and former Panel Members for their unwavering dedication and invaluable guidance throughout the year, which ensured the fulfilment of the Panel's mandate.

On behalf of the Panel and its staff, I would like to express our gratitude to the former Chairperson, Mrs Neo Phakama Dongwana, who resigned on 29 September 2023 after serving as the Chairperson designated by the Minister for seven years. Additionally, I would like to extend our gratitude to four former Members who retired at the end of September 2023: Ms Annalie de Bruyn (who served as a JSE representative on the Panel for over a decade), Ms Nocamagu Mbulawa, Ms Nonzukiso Siyotula, and Mr Sandile Siyaka, all of whom served the Panel in various capacities with distinction. The Panel is truly grateful for the exceptional contributions of these individuals, and this message does not fully capture the extent of their impact. I am honoured by their dedication to this institution and wish them the very best in their future endeavours.

Once again, thank you for your outstanding service to the nation.

## Acknowledgements and thanks to the staff

I would like to express my sincere appreciation to Mr Andile Nikani, the outgoing Executive Director, for his exceptional leadership over the past five years. His contributions greatly facilitated the smooth operation of the Panel's regulatory activities.

Additionally, I extend my heartfelt gratitude to all current staff members for their exemplary dedication and commitment. The Panel consists of fewer than ten staff members, including Executive, Management, and admin staff, all of whom consistently demonstrate exceptional skill and dedication to fulfilling their responsibilities. Stakeholders frequently commend the Panel for its swift turnaround times and high-quality work outputs. It's important to recognise the invaluable support provided by all staff members, from the CFO to admin staff, as the Panel's small yet highly skilled workforce minimises reliance on external consultants, ensuring that internally generated revenues fund all its activities. I am profoundly grateful to these individuals for their unwavering support, particularly during periods with limited Executive presence and incomplete board representation. Their unwavering dedication has been instrumental in facilitating the Panel's consistent delivery of outstanding results.



**Zanokuthula C Nduli**  
Deputy Executive Director

30 July 2024

## RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate free from omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The annual financial statements (Part F) have been prepared in accordance with the standards applicable to the public entity.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditor is engaged to express an independent opinion on the financial statements.

We believe that the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Panel for the year ended 31 March 2024.



Zanokuthula C Nduli  
Deputy Executive Director  
30 July 2024



Professor Tshepo H Mongalo  
Chairperson  
30 July 2024

# LEGISLATIVE AND OTHER MANDATES

## Constitutional Mandate

The Panel operates within the framework of the Constitution of the Republic of South Africa, 1996 (**Constitution**) and must discharge its legislative mandate in accordance with its provisions. Although the Panel does not have a direct constitutional mandate, it is guided by several constitutional principles, including Chapters 1 to 3, 10, 13 and 14 of the Constitution.

## Legislative Mandate

The Panel is listed as a Schedule 3A entity in the Public Finance Management Act, 1999 (**Act No. 1 of 1999**) as amended.

## Establishment of the Panel

The Panel is established in terms of the Act, as a juristic person functioning as an organ of state within public administration but as an institution outside the public service. In terms of the Act, the Panel has jurisdiction throughout the Republic. It is independent and subject only to the Constitution<sup>1</sup> and law as well as any policy statement, directive or request issued by the Minister of the dtic, in terms of the Act. Additionally, the Panel must be impartial and perform its functions without fear, favour, or prejudice, and must exercise the functions assigned to it in terms of the Act or any other law, or by the Minister, in the most cost-efficient and effective manner, in accordance with the values and principles mentioned in section 195 of the Constitution.

## Mandate of the Panel

- 1.1. In terms of the Act, the Panel's mandate is to:
  - 1.1.1. regulate affected transactions and offers to the extent provided for, and in accordance with, **Parts B and C of Chapter 5** of the Act and the Takeover Regulations<sup>2</sup>;
  - 1.1.2. investigate complaints with respect to affected transactions and offers in accordance with Part D of Chapter 7 of the Act;
  - 1.1.3. apply for a court order to wind up a company, in the manner contemplated in **Section 81(1)(f)** of the Act; and
  - 1.1.4. consult with the Minister in respect of additions, deletions or amendments to the Takeover Regulations.

## Mandate of the Panel

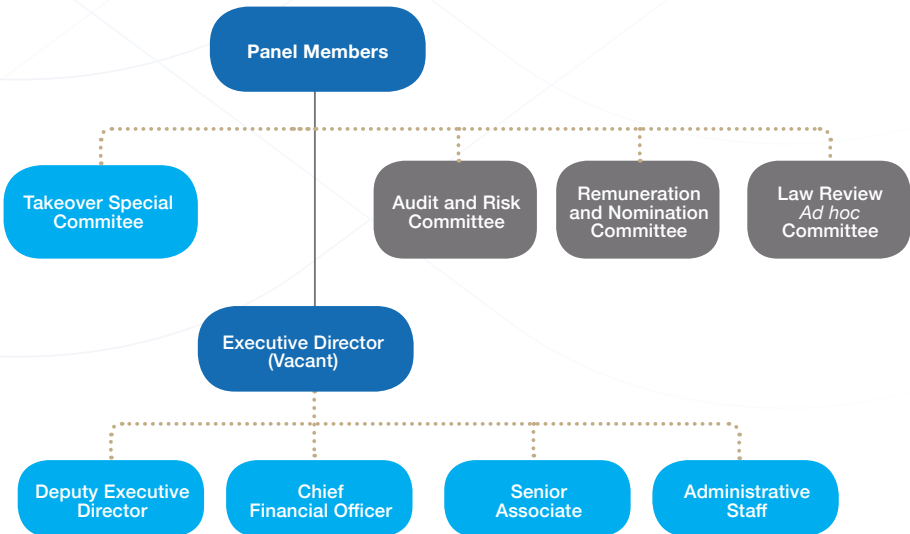
- 1.2. The Panel may:
  - 1.2.1. consult with any person at the request of any interested party with a view to advising on the application of a provision of **Parts B and C of Chapter 5** of the Act, or the Takeover Regulations;

<sup>1</sup> Constitution of the Republic South Africa, 1996.

<sup>2</sup> Takeover Regulations are the regulations made by the Minister in terms of sections 120 and 223 and appear in Chapter 5 of the Companies Regulations, 2011 (Regulations).

- 1.2.2. issue, amend or withdraw information on current policy in regard to proposed affected transactions contemplated in **Parts B and C of Chapter 5** of the Act, to serve as guidelines for the benefit of persons concerned in such proposed transactions;
  - 1.2.3. receive and deal with representations relating to any matter with which it may deal in terms of the Act; and
  - 1.2.4. perform any other function assigned to it by legislation.
- 1.3. In exercising its powers and performing its functions, the Panel must not express any view or opinion on the commercial advantages or disadvantages of any transaction or proposed transaction.
- 1.4. In terms of section 119 of the Act, the Panel must regulate any affected transaction or offer in accordance with **Parts B and C of Chapter 5** of the Act and the Takeover Regulations, but without regard to the commercial advantages or disadvantages of any transaction or proposed transaction, in order to:
- 1.4.1. ensure the integrity of the marketplace and fairness to the holders of the securities of regulated companies;
  - 1.4.2. ensure the provision of:
    - 1.4.2.1. necessary information to holders of securities of regulated companies, to the extent required to facilitate the making of fair and informed decisions; and
    - 1.4.2.2. adequate time for regulated companies and holders of their securities to obtain and provide advice with respect to offers; and
    - 1.4.2.3. prevent actions by a regulated company designed to impede, frustrate, or defeat an offer, or the making of fair and informed decisions by the holders of that company’s securities.

## THE PANEL STRUCTURE



# MEMBERS, EXECUTIVE AND MANAGEMENT OF THE PANEL

## Members

Professor Tshepo Mongalo	Chairperson, designated in terms of section 198(1)(a) (appointed 15 May 2024)
Neo Phakama Dongwana	Chairperson, designated in terms of section 198(1)(a) (resigned 29 September 2023)
Nadia Jada	Johannesburg Stock Exchange Representative appointed in terms of section 197(1)(c) (appointed 04 March 2024)
Annalie de Bruyn	Johannesburg Stock Exchange Representative appointed in terms of section 197(1)(c) (term ended 30 September 2023)
Mohammed Yakoob	Cape Town Stock Exchange Representative appointed in terms of section 197(1)(c)

## Members appointed in terms of section 197(1)(d)

Inga Ngalonkulu	(appointed 15 May 2024)
Nocamagu Mbulawa	(term ended 30 September 2023)
Sandile Siyaka	(term ended 30 September 2023)
Nonzukiso Siyotula	(term ended 30 September 2023)

## Ex Officio Members

Advocate Rory Voller	Commissioner: Companies and Intellectual Property Commission, appointed in terms of section 197(1)(a)
Doris Tshepe	Commissioner: Competition Commission South Africa, appointed in terms of section 197(1)(b) (represented by Wiri Gumbie)

## EXECUTIVE

Andile Nikani	Executive Director (expiry of contract 31 December 2023)
Zanokuthula Nduli	Deputy Executive Director

## MANAGEMENT

Margaret Motsoahae	Chief Financial Officer
Zoliswa Mkwetshana	Senior Associate

## STRATEGIC OVERVIEW

### 1. Vision

- To be a world-class regulator in the takeover environment.

### 2. Mission

- To be a highly regarded regulator that is sustainable, founded on the excellence of its people and their responsiveness to stakeholders.

### 3. Values

3.1 We are an impartial and efficient regulatory agency built on integrity.

3.2 The constituent parts of this value statement are understood as follows:

3.2.1 **Impartial** - Being independent without fear or favour.

3.2.2 **Efficient** - Displaying competence by being accessible, responsive, reliable and cost-effective.

3.2.3 **Integrity** - Being honest, building trust, ensuring confidentiality, not being influenced and showing respect by displaying professionalism.

## ANALYSIS OF TRANSACTIONS REVIEWED BY THE EXECUTIVE

### Types of affected transactions and offers regulated

	2024	2023
<b>Fundamental transactions</b>	23	21
Sec 112 - Disposal of assets	4	5
Sec 113 – Amalgamations and mergers	-	-
Sec 114 – Scheme of arrangements	19	16
<b>Mandatory offers</b>	8	7
Offers under Section 123	5	3
Waiver by shareholders Regulation 86.4	3	4
<b>General offer</b>	3	10
<b>Partial offers – Section 125</b>	-	1
	<b>34</b>	<b>39</b>
<b>Rulings</b>	278	218
Sec 119.6 - Exemptions	188	161
Relaxation of Regulations	2	30
Other	88	27
<b>Advisory Opinions</b>	7	4

### Companies subject to the Takeover Provisions

- public companies;
- state-owned companies;
- private companies that have volunteered to be subjected to the takeover provisions in their memorandum of incorporation; and
- private companies, which had 10 percent or more of their issued securities transferred between unrelated parties within a period of 24 months immediately prior to the date of the particular affected transaction or offer.

### Types of affected transactions and offers

- disposals of all or the greater part of the assets or undertaking of regulated companies;
- amalgamations or mergers of regulated companies;
- schemes of arrangement involving regulated companies and their shareholders;
- acquisitions of, or announced intention to acquire, beneficial interest in any voting securities of regulated companies;
- the announced intention to acquire a beneficial interest in the remaining voting securities of regulated companies;

- the announced intention to acquire a beneficial interest in the remaining voting securities of regulated companies not already held by a person or persons acting in concert;
- mandatory offers in regulated companies; and
- compulsory acquisitions of shares involving regulated companies.

*The Panel in regulating any affected transaction or offer must not have regard to commercial advantages or disadvantages of any transaction or proposed transaction as provided under section 119(1) of the Act. Further, in exercising its powers and performing its functions, the Panel must not express any view or opinion on the commercial advantages or disadvantages of any transaction or proposed transaction as provided under 201(3) of the Act.*

## Highlight of Transactions

During the initial period of the reviewed year, the Panel supervised the completion of the transaction between Impala Platinum Holdings Limited (**Impala**) and Royal Bafokeng Platinum Limited (**RBPlats**), following a nearly two-year process. The resolution of several complaints by Northam Platinum Limited (**Northam**), overseen by the TSC, enabled the finalization of the transaction, as the compliance certificate, a crucial requirement, was dependent on the resolution of these complaints. By the end of March 2023, the complaints were resolved, allowing Impala to swiftly secure enough acceptances to assume full control of RBPlats.

Additionally, the Panel oversaw the corporate restructure of AngloGold Ashanti Limited (**Anglogold**), resulting in the relocation of the company's primary listing from the JSE to the New York Stock Exchange, with the JSE serving as the group's secondary listing.

Another significant transaction involved Transaction Capital Limited (**Transaction Capital**) unbundling its We Buy Cars Limited (**WBC**) subsidiary, including a listing on the JSE as part of the restructuring process, in a transaction valued at approximately R10 billion.

In the final quarter of the financial year, the Panel made a determination in one of its most substantial transactions to date, ruling that Groupe Canal+ SA (**Canal+**) was obligated to make a mandatory offer to the shareholders of MultiChoice Group Limited (**MCG**) after Canal+ acquired a beneficial interest of more than 35% in the voting rights of MCG in February 2024. Despite this transaction being ongoing, the Panel's ruling resulted in shareholders being offered an aggregate consideration of approximately R35 billion (a roughly 66% premium on prevailing market prices for those shares immediately preceding the offer). There was uncertainty regarding whether such an offer would materialize, considering the structure of MCG's memorandum of incorporation, designed to ensure compliance with the provisions of the Electronic Communications Act, 2005, and specific provisions therein pertaining to foreign ownership of broadcasting licensees in South Africa. The decision by the Panel's Executive established a clear basis for determining when voting restrictions can be deemed to prevent the acquisition of beneficial control of voting rights under section 123 of the Act.

Finally, as part of its general regulatory mandate, the Panel, in the context of the general offer made by certain insiders to the shareholders of Ascendis Health Limited (**Ascendis**), has undertaken an investigation initiated by certain interested parties regarding the conduct of that transaction. At the conclusion of the financial year, the Panel was contemplating initiating a comprehensive investigation aimed at ensuring the orderly resolution of all complaints relating to this transaction, as nearly 20 such complaints had been received in the first quarter of 2024. The ongoing process will enable the Panel to address the complaints systematically, thereby ensuring that Ascendis shareholders can thoroughly evaluate the offer presented to them in this matter.

Post the financial year end, the Ascendis general offer collapsed as the offerors and its concert parties opted not to extend the cash guarantee issued to the Panel. This was after the high court ruling dated 15 July 2024, wherein Honourable Justice Maniom ruled the Panel had to investigate an investigation from a market participant. Due to the challenges detailed in the Chairperson and Executive's report, the Panel does not have sufficient Panel Members and therefore could hold a Takeover Special Committee hearing by the applicants against a ruling made by the Deputy Executive Director following a ruling by an investigator.

## Control Environment

Internal control comprises methods and procedures adopted by the Executive and Management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable annual financial statements.

The audit function is conducted by the internal and external auditors and supported by the Audit and Risk Committee. The Audit and Risk Committee evaluates the adequacy and effectiveness of the Panel's controls, financial reporting mechanisms and records, information systems and operations as well as reporting on the adequacy of these controls. It also provides additional assurance regarding the safeguarding of the Panel's assets and financial information.

## Risk Management

The Panel has and maintains an approved Risk Management policy which is reviewed regularly. This policy provides a standard guide on how Enterprise Risk Management is rolled out. Risk assessments are conducted annually and reviewed as and when required. As part of the review process, emerging risk are identified and included in the relevant risk registers. A Committee, which focuses on Risk Management is in place and meets quarterly.

## Fraud and Corruption

The Panel is committed to ethical behaviour and to the prevention, detection, and reporting of fraud in terms of a zero-tolerance approach. All members of staff are expected to share this commitment.

The Panel has Fraud Prevention Plan in place.

A risk register detailing areas in which the Panel is exposed to fraud is in place and is reviewed regularly.

## Minimising Conflicts of Interest

Employees are expected to perform their duties conscientiously, honestly and in accordance with the best interests of the Panel to optimise business objectives

The Panel implemented procedure that demand employees and Panel Members disclose any directorship and financial interests they may have. This is in addition to the regular bidding documents that ask the service provider to disclose any relationships and interests with officials who are or might be involved in the relevant procurement process, as well as any knowledge of such individuals. Before any evaluation or adjudication of a bid procedure, the bid specification, bid evaluation and bid adjudication committee members disclose their interests.

Members with any conflicts of interest are expected to withdraw from the process whenever the issue arises. In addition to the Code of Conduct that provides additional guidance on disclosing interests, all bid adjudication committee members and SCM practitioners must sign their respective codes of conduct. Other potential conflicts of interest situations are handled through the code of conduct.

## Code Of Conduct

The Panel is committed to a strong set of values that are shared, known and supported by everyone. The Panel strives to act in an ethical manner and has adopted a set of values dealing with beliefs, norms, standards, people, traditions and customs.

These values are:

- integrity
- professionalism
- collaborative
- accessibility and visibility
- informative
- empathy

## The Panel

To the extent applicable, the Panel has adopted the King IV Report on Corporate Governance. This commitment provides stakeholders with the assurance that the Panel's affairs are being managed in terms of the core principles of integrity, competence, responsibility, accountability, fairness and transparency.

The Panel is a regulatory body, established in accordance with Chapter 8 of the Companies Act. The Members of the Panel are appointed by the Minister of the Department of Trade, Industry and Competition. The Executive Director, Deputy Executive Director, Senior Associate and Chief Financial Officer are responsible for the day-to-day activities of the Panel.

The Members of the Panel are responsible for approval of the annual report. In preparing the annual report, the Panel has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Panel Members are independent individuals of high calibre with diverse backgrounds and expertise, each of whom adds value and brings independence to the Panel. The Panel is supported by various sub committees that have been appointed to ensure good corporate governance and address matters requiring specialised attention.

## MEETING SCHEDULE

During the year under review, five Panel meetings were held, including a special meeting over and above the quarterly meetings. Details of attendance by Members are set out below:

Member	18 May 2023	10 August 2023	16 August 2023	19 September 2023	26 September 2023
Professor Tshepo Mongalo	NAM	NAM	NAM	NAM	NAM
Neo Phakama Dongwana	P	P	P	P	P
Annalie de Bruyn	P	AA	AA	P	P
Nadia Jada	NAM	NAM	NAM	NAM	NAM
Nocamagu Mbulawa	P	AA	P	P	P
Inga Ngalonkulu	NAM	NAM	NAM	NAM	NAM
Sandile Siyaka	P	P	P	P	P
Nonzukiso Siyotula	P	P	P	P	P
Doris Tshepe / designated representative	AA	P	P	P	AA
Advocate Rory Voller	P	P	A	AA	AA
Mohammed Yakoob	P	P	P	P	P

P = Present AA = Absent with Apology NAM = Not a member

## SUB-COMMITTEES

### Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2024.

#### Audit and Risk Committee Responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

#### The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted at the Panel revealed certain weaknesses, which were raised with the Panel.

The following internal audit work was completed during the year under review:

- Human Resources
- Performance Information – Strategic Planning
- Supply Chain Management

#### Report of the Audit and Risk Committee

The following were areas of concern:

- Human Resources – deficiency identified on the leave policy.
- Strategic Planning and Annual Performance Plan were not aligned with the Department of Planning, Monitoring and Evaluation (DPME) guidelines.
- Procurement Plan – Procurement Plan was not submitted to National Treasury by 31 March 2023.

#### In-Year Management and Monthly/Quarterly Report

The Panel has been reporting monthly and quarterly to the Department of Trade, Industry and Competition as required by the PFMA.

#### Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by Management of the Panel.

#### Auditors Report

The Audit and Risk Committee concurs and accepts the conclusions of the external auditors on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the external auditors.

**Inga Ngalonkulu**  
**Chairperson of the Audit and Risk Committee**  
**Takeover Regulation Panel**  
**30 July 2024**

## Remuneration and Nomination Committee

The remuneration of the Panel Executive is in part governed by the provisions of the Companies Act in conjunction with current and historical board policies and best remuneration governance precepts.

However, the Panel has added another layer of oversight to enhance remuneration governance by the establishment of a Remuneration and Nomination Committee with delegated responsibility for ensuring the implementation of the Panel Remuneration policy as approved by the Panel from time to time and making recommendations to it in respect of Executive, Management, admin staff and non-executive Panel remuneration for consideration and the final approval of the Panel.

The committee consists of non-executive Panel Members who in turn obtain high level advice from an external independent remuneration specialist.

### The independent non-executive members of the Remuneration and Nomination Committee are:

#### Appointed on 20 June 2024

Mohammed Yakoob: Chairperson (*appointed 20 June 2024*)

Nadia Jada

Professor Tshepo Mongalo

Advocate Rory Voller

#### Term expired 30 September 2023

Sandile Siyaka: Chairperson

Annalie de Bruyn

Neo Phakama Dongwana

The work of the committee is governed by a Panel approved terms of reference framed largely along the lines recommended by King IV Code and best remuneration practices.

The Panel provides cost effective packages designed to attract and retain Executive and staff of the highest calibre and which motivates them to perform to the highest of standards, thereby ensuring alignment between the Panel and its stakeholders.

The Panel and Members and members of its Governance Committee are remunerated by a hybrid model, partly guided in terms of the Treasury Regulations as well as historical antecedents of its predecessor, the Securities Regulation Panel (SRP), in matters involving hearings of the Takeover Special Committee, Panel and Committee meetings involving matters of great complexity, novel points of law and importance and or involving voluminous documentation.

Executive and Management attend a part of the meetings of the Committee by invitation but are excused from attendance during the actual deliberation by the Committee of the quantum of remuneration as it relates to Management.

### On Behalf of the Remuneration and Nomination Committee.

## Information and Communication Technology

The Panel strives to improve in providing optimal and efficient Information Technology (IT) services. It leverages cloud solutions for effortless, anywhere accessibility of information and collaboration and to eliminate the challenges of IT service continuity. IT policies and plans are maintained to ensure proper alignment, control and adherence to governance standards.

## Health Safety and Environmental Issues

The Panel has an Occupational Health and Safety policy and first aid plan and complies with all legislative requirements pertaining to the Occupational Health and Safety Act 85 of 1993. The policy applies to all employees as well as persons other than employees whilst within the premises of the Panel.

### B-BBEE Compliance Performance Information

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	This does not fall within the Panel's mandate.
Developing and implementing a preferential procurement policy?	Yes	Compliance is through Supply Chain Management processes.
Determining qualification criteria for the sale of State Owned- Enterprises (SOEs)?	N/A	This does not fall within the Panel's mandate
Developing criteria for entering into partnerships with the private sector?	N/A	This does not fall within the Panel's mandate.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	N/A	This does not fall within the Panel's mandate.

## INTRODUCTION

The Panel continuously reviews its employment policies to ensure that they are appropriate. The Panel values its employees and employment policies are designed to promote a working environment in which they are able to reach their personal potential. Promotion and recruitment of employees is based on merit and no discrimination is applied in terms of background, race or sexual orientation. Employees are recognised for their contribution to the success of the Panel and are remunerated accordingly.

## HUMAN RESOURCES OVERSIGHT STATISTICS

The following is the key information of Human Resources.

### Personnel related expenditure

Programme	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a percentage of the total expenditure	Number of employees	Average personnel cost per employee
Administration	32 380 002	22 121 496	68,32%	11	2 011 045

### Personnel cost by salary band

Level	Personnel expenditure	Percentage of personnel expenditure to total personnel cost	Number of employees	Average cost per employee
Executive	7 207 411	32,58%	2	3 603 705
Management	3 210 586	14,51%	2	1 605 293
Administration Staff	1 148 747	5,19%	4	286 236
Interns	375 000	1,70%	3	126 268
<b>Total</b>	<b>11 941 744</b>	<b>53,98%</b>	<b>11</b>	<b>5 621 502</b>

### Performance Rewards

Level	Performance reward	Percentage of performance rewards to total personnel costs	Average cost per employee
Executive	7 463 284	33,74%	3 731 642
Management	2 580 154	11,66%	1 290 077
Administrative Staff	106 314	0,48%	35 438
Interns	30 000	0,14%	15 000
<b>Total</b>	<b>10 179 752</b>	<b>46,02%</b>	<b>5 072 157</b>

## Employment and Changes

	African				
	No. Employees at the beginning of the period	No. Employees 2023/2024	Variance	Appointments	Terminations
Executive	2	1	1	-	1
Management	2	2	-	-	-
Administration Staff	4	5	(1)	2	1
Interns	3	-	3	-	1
<b>Total</b>	<b>11</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>3</b>

## Reasons for Leaving

Reason	Number	Percentage of total number of staff leaving	Attempt to replace
Expiry of contract	1	9%	-
Dismissal	1	9%	Two interns were appointed on permanent positions
Contract Cancelled	1	9%	-
<b>Total</b>	<b>3</b>	<b>27%</b>	<b>-</b>

## Employment equity

The Panel does not meet the thresholds set in the Employment Equity Act (EEA)<sup>3</sup>. The following table reflects the equity targets and employment equity status.

	African		
	Male	Female	Total
Executive	1	-	1
Management	-	2	2
Administration Staff	2	3	5
<b>Total</b>	<b>3</b>	<b>5</b>	<b>8</b>

<sup>3</sup> One of the threshold requirements as per the EEA is that an entity must have 50 or more employees. The Panel's employees are not even half that number.

## IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

### Irregular Expenditure

Description	2023/2024 R	2022/2023 R
Opening Balance	-	-
Irregular expenditure confirmed		
Legal fees	1 693 667	-
2022/23 Annual Report design	38 000	-
Less: irregular expenditure condoned	-	-
Less: irregular expenditure not condoned and removed	-	-
Less: irregular expenditure recoverable	-	-
Less: irregular expenditure not recovered and written off	-	-
<b>Closing Balance</b>	<b>1 731 667<sup>4</sup></b>	<b>-</b>

### Details of current and previous year irregular expenditure under assessment, determination and investigation

Description	2023/2024	2022/2023
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
Irregular expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
Irregular expenditure written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
None

<sup>4</sup> The procurement of legal and graphic design services was conducted outside of normal procurement processes and without obtaining prior National Treasury approval as outlined in the PFMA and National Treasury Regulations.

## Fruitless And Wasteful Expenditure

Description	2023/2024 R	2022/2023 R
Opening Balance	-	-
Add: fruitless and wasteful expenditure confirmed	-	-
Less: fruitless and wasteful expenditure written off	-	-
Less: fruitless and wasteful expenditure recoverable	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

## Details of current and previous year fruitless and wasteful expenditure under assessment, determination and investigation

Description	2023/2024 R	2022/2023 R
fruitless and wasteful expenditure under assessment	-	-
fruitless and wasteful expenditure under determination	-	-
fruitless and wasteful expenditure under investigation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Details of current and previous year fruitless and wasteful expenditure recovered

Description	2023/2024 R	2022/2023 R
fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Details of current and previous year fruitless and wasteful expenditure written off (irrecoverable)

Description	2023/2024 R	2022/2023 R
fruitless and wasteful expenditure written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

## Disciplinary steps taken

None

**Additional disclosure relating to material losses in terms of Section 55(2)(B)(I) and (III)**

<b>Material losses through criminal conduct</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>R</b>	<b>R</b>
Theft	-	-
Other material losses	-	-
Less recovered	-	-
Less not recovered and written off	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Late and/or non-payment of suppliers**

<b>Description</b>	<b>Number of invoices</b>	<b>Consolidated value</b>
Valued invoices received	<b>326</b>	<b>10 075 237</b>
Invoice paid within 30 days or agreed period	<b>326</b>	<b>10 075 237</b>
Invoice paid after 30 days or agreed period	-	-
Invoice older than 30 days or agreed period unpaid without dispute	-	-
Invoice older than 30 days or agreed period unpaid in dispute	-	-

# INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON TAKEOVER REGULATION PANEL

## Report on the audit of the financial statements

### Opinion

1. We have audited the financial statements of the Takeover Regulation Panel set out on pages 33 to 56, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, statement of cash flows for the year then ended, statement of comparison of budget information with actual amounts as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Takeover Regulation Panel as of 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognized Accounting Principles (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the public entity in accordance with the *Code of professional conduct for auditor* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the accounting authority for the financial statements

6. The Panel, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance Generally Recognized Accounting Principles (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal controls as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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 accounting authority either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

### **Responsibilities of the auditor for the audit of the financial statements**

8. 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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Performance information reporting**

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report.
11. We were unable to audit the usefulness and reliability of the performance information, as the strategic and annual performance plan as well as the annual performance report of the public entity was not prepared as required by section 55(2)(a) of the PFMA.

### **Report on compliance with legislation**

12. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the Takeover Regulation Panel with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
13. The material findings on compliance with specific matters in key legislations are as follows

### **Procurement and contract management**

14. Some of the goods and services of transactions with a value above R2 000 but not exceeding R1 000 000 (individually) were procured without following a quotation process, as required by SCM instruction note 2 of 2021/22 par. 3.2.4.

## Other information

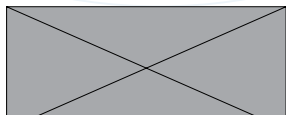
15. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
16. Our opinion on the financial statements and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
17. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
18. If based on the work we have performed, we concluded that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

## Internal control deficiencies

19. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

## Auditor tenure

20. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton has been the auditor of Takeover Regulation Panel for 11 years (year 2, since the Panel was listed as a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA)).



Omar Kadwa  
Chartered Accountant (SA)  
Registered Auditor  
Director

**SizweNtsalubaGobodo Grant Thornton Inc.**

Building 4, Summit Place Office Park,  
221 Garstfontein Road,  
Menlyn,  
0008  
15 August 2024

## Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we are also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

## Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Companies Act No 71 of 2008	Section 196
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b);
Treasury Regulations for public entities (TR)	Treasury Regulation 8.2.1; 8.2.2  Treasury Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(iii); TR 16A 9.2(a)(iii)  Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Preferential Procurement Policy Framework Act	Section 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
NT instruction note 1 of 2023-24	Paragraph 4.1

# TAKEOVER REGULATION PANEL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 R	2023 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	2	501 807	496 077
Total non-current assets		<u>501 807</u>	<u>496 077</u>
<b>Current assets</b>			
Accounts receivable	3	428 115	276 752
Cash in bank and funds on deposit		107 157 749	105 465 446
Total current assets		<u>107 585 864</u>	<u>105 742 198</u>
<b>Total assets</b>		<u><u>108 087 671</u></u>	<u><u>106 238 275</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated surplus		105 429 272	101 631 312
<b>Non-current liabilities</b>			
Employee benefit obligations	4	1 568 689	1 294 637
<b>Current liabilities</b>			
Accounts payable	5	328 705	2 848 705
Provision for leave pay	5	761 005	463 621
<b>Total equity and liabilities</b>		<u><u>108 087 671</u></u>	<u><u>106 238 275</u></u>

## TAKEOVER REGULATION PANEL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 R	2023 R
Revenue		26 351 728	24 074 307
Annual levies		21 261 728	17 853 807
Fees for services		4 160 000	5 460 000
Rulings and Consultations		930 000	760 500
Other income	6	709 177	3 829 623
Interest received		9 117 057	5 835 862
Operating income		36 177 962	33 739 792
Operating expenses	7	(32 380 002)	(34 302 527)
Net surplus/(deficit) before taxation		3 797 960	(562 735)
Taxation	8	-	-
Net surplus/(deficit) for the year		3 797 960	(562 735)
Total operating surplus/(deficit)		3 797 960	(562 735)

## TAKEOVER REGULATION PANEL STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

	Total R
Accumulated surplus as at 31 March 2022	102 194 047
Total operating (deficit) for the year	<u>(562 735)</u>
Accumulated surplus as at 31 March 2023	101 631 312
<b>Total operating surplus for the year</b>	<b><u>3 797 960</u></b>
<b>Accumulated surplus as at 31 March 2024</b>	<b><u>105 429 272</u></b>

## TAKEOVER REGULATION PANEL CASH FLOWS STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 R	2023 R
<b>Cash flows from operating activities</b>			
Cash generated by operations	A	(7 298 475)	(1 512 069)
Interest received		9 117 057	5 835 862
Net cash inflow from operating activities		<u>1 818 582</u>	<u>4 323 793</u>
<b>Cash flows from investing activities</b>			
Additions to furniture and equipment		<u>(126 279)</u>	<u>(284 579)</u>
Net cash outflow from investing activities		<u>(126 279)</u>	<u>(284 579)</u>
<b>Net increase cash and cash equivalents</b>		<b>1 692 303</b>	<b>4 039 214</b>
Cash and cash equivalents at beginning of the year		<u>105 465 446</u>	<u>101 426 232</u>
<b>Cash and cash equivalents at end of the year</b>	B	<u><b>107 157 749</b></u>	<u><b>105 465 446</b></u>

## TAKEOVER REGULATION PANEL NOTES TO THE CASH FLOWS STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	2024 R	2023 R
A. Cash generated by operations		
Total operating surplus/(deficit)	3 797 960	(562 735)
Adjusted for:		
Actuarial loss	366 873	-
Depreciation	97 072	79 541
Disposal of assets	23 477	7 996
Interest received	(9 117 057)	(5 835 862)
Post-retirement medical aid interest	88 955	94 038
Post-retirement medical aid	(181 776)	(154 132)
Cash from operations before working capital changes	(4 924 496)	(6 371 154)
(Increase)/Decrease in accounts receivable	(151 363)	2 685 397
(Decrease)/Increase in accounts payable and provisions	(2 222 616)	2 173 688
Net working capital changes	(2 373 979)	4 859 085
Cash generated by operations	(7 298 475)	(1 512 069)
B. Cash and cash equivalents at end of period		
Cash and cash equivalents comprise:	107 157 749	105 465 446
Cash in bank and funds on deposit	107 157 749	105 465 446

## TAKEOVER REGULATION PANEL STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2024

		Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between budget and actuals
	Notes	R	R	R	R	R
<b>Revenue</b>						
Annual levies	14.1	21 298 128	-	21 298 128	21 261 728	36 400
Fees for services	14.2	6 006 000	-	6 006 000	4 160 000	1 846 000
Rulings and consultations	14.3	836 550	-	836 550	930 000	(93 450)
Other income	14.4	450 000	-	450 000	709 177	(259 177)
Interest received	14.5	5 668 460	-	5 668 460	9 117 057	(3 448 597)
<b>Total operating income</b>		<b>34 259 138</b>	<b>-</b>	<b>34 259 138</b>	<b>36 177 962</b>	<b>(1 918 824)</b>
<b>Expenditure</b>						
Audit Fees	14.6	532 200	-	532 200	619 434	(87 234)
Legal fees	14.7	3 006 465	-	3 006 465	1 896 190	1 110 275
Operating lease payments	14.8	724 233	-	724 233	740 230	(15 997)
Panel Members fees	14.9	1 661 177	-	1 661 177	2 184 135	(522 958)
Administrative expenses	14.10	4 152 650	-	4 152 650	4 818 517	(665 867)
Personnel costs	14.11	22 247 755	-	22 247 755	22 121 496	126 259
<b>Total expenditure</b>		<b>32 324 480</b>	<b>-</b>	<b>32 324 480</b>	<b>32 380 002</b>	<b>(55 522)</b>
<b>Surplus (Deficit) for the year</b>		<b>1 934 658</b>	<b>-</b>	<b>1 934 658</b>	<b>3 797 960</b>	<b>(1 863 302)</b>

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1. Accounting Policies

### Basis of Preparation

The annual financial statements have been prepared in accordance with the South African Standards on Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standard Board in accordance with Section 91(1) of the PFMA Act (Act 1 of 1999). The annual financial statements are prepared on the historical cost basis and going concern basis incorporate the following principal accounting policies, which have been consistently applied for the year ending 31 March 2024 in all material respects. Financial figures have been rounded to the nearest rand.

These annual financial statements have been prepared on an accrual basis of accounting, unless specified otherwise. The annual financial statements comply with GRAP and the PFMA.

### 1.1 Furniture and equipment

Furniture and equipment are measured initially at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Furniture and equipment are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Panel, and the cost of the asset can be measured reliably.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the straight-line method to write-down the cost of such assets over their estimated useful lives which are as follows:

Furniture	10 years
Equipment	5 years

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each financial year-end. The Panel also assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the amount of the loss is measured as the difference between the carrying amount of the asset and the recoverable amount.

Items of furniture and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of financial performance in the year the item is derecognised.

### 1.2 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.2 Revenue from exchange transactions (continued)

The revenue is recognised on an accrual basis. The invoiced value of services rendered comprising annual levies, fees for documentation, hearings, and rulings, excluding value added tax are recognised at the date services are rendered. Annual levies in the current year were raised in advance on 1 April

2023 and recognised on a straight-line basis for the period. Interest income is recognised in the statement of financial performance on an accrual basis using the effective interest rate method based on the capital amounts outstanding.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Interest

Revenue arising from the use of Panel assets yielding interest is reconsidered when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Panel, and
- The amount of the revenue can be measured reliably.

## 1.3 Financial instruments

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised at fair value in the statement of financial position when the Panel has become a party to the contractual provisions of that instrument.

### *Financial assets*

The Panel's financial assets in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Accounts receivable comprise fees receivable, prepaid expenses and sundry receivables.

Where there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of financial performance.

### *Financial liabilities*

The Panel's financial liabilities in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Financial liabilities include accounts payable consisting of creditors and accrued expenses.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.3 Financial instruments (continued)

### Offsetting

Financial assets and financial liabilities have not been offset in the statement of financial position. A financial asset is derecognised when the amount has been settled or the rights to receive cash have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 1.4 Contingent liabilities

The Panel discloses a contingent liability where it has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Panel; or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## 1.5 Statutory receivables

### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

### Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.6 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## 1.7 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decision of users, and so be material, requires consideration of the characteristics of those users. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

## 1.8 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, Management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

### Trade receivables

The Panel assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, Management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### Impairment testing

The Panel reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.8 Significant judgements and sources of estimation uncertainty (continued)

### Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 5.

### Allowance for doubtful debts

On debtors, an impairment loss is recognised in the statement of financial performance when there is objective evidence that it is impaired.

## 1.9 Employee benefits

Employee benefits are all forms of consideration given by the Panel in exchange for services rendered by employee.

A constructive obligation is an obligation that derives from the Panel's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the Panel has indicated to other parties that it will accept certain responsibilities and as a result, the Panel has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employee renders the related service.

Short-term employee benefits include items such as:

- Salaries are payable when a service has been rendered. The expense is recognised in that period.
- Short-term compensation for absences (such as paid annual leave and paid sick leave) where the compensation for absences is due to be settled within twelve months after the end of the reporting period in which the employee renders the related service; and
- Bonus, incentive and performance related payments payable at the discretion of the Panel within twelve months after the end of the reporting period in which the employee renders the related service.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefit expected to be paid in exchange for the service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in payment or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.9 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal arrangements under which the Panel provides post-employment benefits for one employee.

## 1.10 Provisions and contingencies

Provisions are recognised when:

- The Panel has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the Panel has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

# TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

## 1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## 1.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a. PFMA Act; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Competition Act; or
- c. any provincial legislation providing for procurement procedures in that provincial government.

## 1.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

## TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 2. Furniture and equipment

	Furniture R	Equipment R	Total R
Net book value as at 31 March 2022	213 392	85 643	299 035
Additions for the period	168 974	115 605	284 579
Depreciation	(36 441)	(43 100)	(79 541)
Disposal of assets	(4)	(7 992)	(7 996)
Net book value as at 31 March 2023	345 921	150 156	496 077
Additions for the period	-	126 279	126 279
Depreciation	(38 672)	(58 400)	(97 072)
Disposal of assets	-	(23 477)	(23 477)
<b>Net book value as at 31 March 2024</b>	<b>307 249</b>	<b>194 558</b>	<b>501 807</b>
Depreciation rate	10%	20%	
Cost	573 284	271 890	845 174
Accumulated depreciation	(227 363)	(121 734)	(349 097)
Net book value 31 March 2023	345 921	150 156	496 077
Cost	573 284	372 083	945 367
Accumulated depreciation	(266 035)	(177 525)	(443 560)
<b>Net book value 31 March 2024</b>	<b>307 249</b>	<b>194 558</b>	<b>501 807</b>

### 3. Accounts receivable

	2024 R	2023 R
Fees receivable	1 079 752	849 901
Provision for doubtful debts	(846 302)	(761 351)
Fees receivable after the provision for doubtful debts	233 450	88 550
Prepaid expenses	123 557	128 432
Sundry receivables - VAT	71 108	59 770
	<b>428 115</b>	276 752

No interest is charged on past due fees receivables. The carrying value of accounts receivables approximates fair value. A provision for doubtful debts has been raised against accounts receivable as it is the policy of the Panel to provide for fees outstanding longer than twelve months.

## TAKEOVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 3. Accounts receivable (continued)

#### Ageing of fees receivable

Current

#### Past due but not impaired

30-60 days

61-90 days

91+ days

	2024	2023
	R	R
Current	233 450	74 750
Past due but not impaired	-	13 800
30-60 days	-	-
61-90 days	-	3 450
91+ days	-	10 350
	<u>233 450</u>	<u>88 550</u>

### 4. Employee benefit obligations

#### *Defined contribution plan:*

All staff members of the Panel are members of the Acumen Pension Fund. The staff members contribute in accordance with the rules of that pension scheme. Total contributions made to the pension scheme during the year were **R1 236 304** (2023: R1 158 689).

#### *Post-retirement medical benefit plan:*

Currently, the Panel operates a post-retirement medical benefit plan for one retired employee of the Panel. Under the scheme, the Panel will contribute for both the employee and his spouse until their death. The contributions will be to the medical aid fund to which the employee was a member at the date of his retirement. Employees employed after 01 May 2011 are not eligible for post-retirement medical benefit.

The Panel obtains an actuarial valuation every three years in order to measure the post-retirement medical aid liability. The last valuation was in March 2024 and the next valuation shall be in March 2027. The assumptions made in the valuation include medical inflation, investment returns and number of dependants. The Panel Members believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value.

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 4. Employee benefit obligations (continued)

*Post-retirement medical benefit plan:*

	2024 R	2023 R
Amounts recognised in income in respect of the scheme are as follows:		
Interest cost	525 340	436 385
	<u>525 340</u>	<u>436 385</u>

The amounts included in the statement of financial position arising from the Panel's obligation in respect of post-retirement medical benefit plans is as follows:

Opening balance	858 252	1 012 384
Actuarial loss	366 873	-
Medical payments	(181 776)	(154 132)
Present value of unfunded obligations	<u>1 043 349</u>	<u>858 252</u>
Total liability	<u>1 568 689</u>	<u>1 294 637</u>

#### Key assumptions used:

Discount rate	10.70%	7.38%
Medical inflation	5.47%	3.90%

#### Sensitivity analysis

The effect of a 1% increase and decrease in the inflation assumption on the service cost, interest cost and accrued liability is shown below:

Sensitivity to medical inflation		
1%	Base	(1%)
1 669 736	1 568 689	1 386 191
6.44%	-	(11.63%)

### 5. Accounts payable and provisions

<b>Accounts payables:</b>	328 705	2 636 266
Creditors and accrued expenses		
Unallocated deposits	-	212 439
	<u>328 705</u>	<u>2 848 705</u>

#### Provisions

Provision for leave pay	761 005	463 621
Opening balance	463 621	483 675
Movement	297 384	(20 054)
	<u>1 089 710</u>	<u>3 312 326</u>

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 5. Accounts payable and provisions (continued)

#### Contractual maturity analysis of financial liabilities

	2024	2023
	R	R
On demand	198 978	2 750 311
1 – 5 years	129 727	98 394
	<b>328 705</b>	<b>2 848 705</b>

### 6. Other income

Bad debts recovered	525 710	1 220 965
Hearing fees	77 279	2 463 723
Sundry income	106 188	144 935
	<b>709 177</b>	<b>3 829 623</b>

### 7. Operating expenses

Operating expenses include the following items:

Actuarial loss	366 873	-
Auditor's remuneration	619 434	466 462
Depreciation	97 072	79 541
Legal fees	1 896 190	2 812 409
Operating lease payments - building	740 230	505 414
Operating lease payments - other	247 673	488 777
Panel Members' fees	2 184 135	4 925 201
- Chairperson	952 049	1 210 112
- Members	1 232 086	3 687 110
- Panel Members: travel	-	27 979
Other administrative expenses	4 635 222	3 231 886
Interest cost for post-retirement medical benefits	88 955	94 038
Personnel costs	22 121 496	21 698 799

Included in personnel costs are the following:

### Executive and Management remuneration

2024	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
<b>Executive</b>					
AM Nikani	3 696 741	4 482 549	-	327 786	8 507 076
CZ Nduli	2 750 195	2 980 735	89 166	343 522	6 163 618
<b>Management</b>					
Z Mkwetshana	1 086 260	1 032 960	49 506	176 927	2 345 653
M Motsoahae	1 534 853	1 547 194	107 111	255 929	3 445 087

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2023	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
<b>Executive</b>					
AM Nikani	4 302 871	4 397 379	-	413 896	9 114 147
CZ Nduli	2 363 384	2 465 820	78 841	288 879	5 196 924
<b>Management</b>					
Z Mkwetshana	1 013 963	1 080 000	43 759	165 078	2 302 800
M Motsoahae	1 400 341	1 691 662	90 749	232 713	3 415 465

### 8. Taxation

The Panel is exempt from the payment of taxation in terms of Section 10 (cA) of the Income Tax Act.

2024	2023
R	R

### 9. Commitments

#### Rental payments in terms of premises lease agreement

Future minimum lease payments payable within 1 year	-	453 830
Future minimum lease payments payable less than a year	76 528	76 528

#### Parking payments in terms of lease agreement

Future minimum lease payments payable within a year	-	82 238
Future minimum lease payments payable less than a year	13 867	13 867

#### Operating Costs in terms of lease agreement

Future minimum lease payments payable within 1 year	-	257 749
Future minimum lease payments payable between less than a year	43 464	43 464

The premises lease commenced on 1 June 2021 and remain in force for a period of 3 years, ending on 31 May 2024. In terms of the lease agreement, no deposit was paid. An irrevocable bank guarantee for the amount of R327 132 was issued and will remain in full force and effect until the expiry of the lease. An amount of R327 132 has been pledged on the FNB Current Account.

## 10. Financial Risk Management

### 10.1 Credit risk

The Panel's income is derived from:

- levies on the annual listing fees charged by Exchanges to listed companies. Levies are charged in terms of regulation 171 of the Companies Regulations 2011;
- documentation fees and fees charged for consultations and rulings. Fees are charged in terms of regulation 122 of the Companies Regulations, 2011; and

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 10 Credit Risk (continued)

- interest received from investments.

The levies and fees charged by the Panel are approved by the Minister of Trade, Industry and Competition and published in the Government Gazette.

Should there be a major fall in the market capitalisation of listed companies, this would have a detrimental effect on income of the Panel. Similarly, should there be a considerable fall off in takeover and merger activity, income of the Panel would be adversely impacted.

The Panel always runs the risk of any of its rulings being taken on review to the High Court, or the Panel itself instituting High Court action against parties which do not comply with the Companies Act No. 71 of 2008 and Companies Regulation 2011. Such an action could draw heavily on the Panel's resources.

The Panel is confident that it will be able to recover all accounts receivable in full.

The Panel has a significant concentration of credit risk as more than ninety five percent of its cash is invested in the South African Reserve Bank.

*The maximum exposure to credit risk:*

Cash and cash receivables R107 157 749

Trade receivables is R428 115

### 10.2 Liquidity risk

Based on the strength of the statement of financial position, the Panel is of the view that all liabilities, including contingent liabilities, can be met from existing funds.

### 10.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse movements in market rates. In respect of market risk, the Panel is exposed to interest rate risk.

### 10.4 Interest rate risk

Interest rate risk is the risk that arises on an interest-bearing asset due to variability of interest rates.

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 11. Accounting estimates and judgments

#### *Post-retirement medical aid benefit*

Projected Unit Credit Method as prescribed by GRAP 25 was used for the purpose of calculating post-retirement medical aid benefit. This method is based on the approximation that the post-retirement benefit is notionally built up over the employee's working life. The post-retirement medical aid liability is valued every three years.

#### *Furniture and equipment*

The residual values of the fixed assets are reviewed annually. Management believe that the assets are in good condition, useful and its residual value is nil.

#### *Impairment*

Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectability is considered to be doubtful. Management believe that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubtful, the ageing is taken into consideration.

#### *Provision for leave pay*

Management review provisions at each reporting date and is adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. The provision calculation is based on the estimated number of leave days accumulated.

### 12. Going Concern

Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of the annual financial statements. Based on the assessment performed, Management notes that the Panel will continue to receive the annual levies and funds will be available for future operations of the Panel. Commitments will occur in the ordinary course of business. As a result, the annual financial statements are prepared on the basis of a going concern.

### 13. Budget vs actual variance

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

#### 13.1 Annual levies (regulation 171 of the companies regulations, 2011)

The amounts leviable in this regard fluctuate annually based on several factors, including the market capitalisation of the individual companies listed on various exchanges in South Africa, any discounts offered to those companies by the respective exchanges and the number of companies

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

that get delisted between the period when we prepare the budgets and when we invoice those companies in terms of regulation 171(1) of the Companies Regulations, 2011 (Regulations). Over the last decade, the JSE (the major exchange in this market) has seen a steep decline in the number of listed companies. These fluctuations, which are entirely outside the control of the Panel, may materially impact the operational revenue of the Panel, depending on what happens in local equity capital markets. Historically, the Panel has carefully monitored its income resources to ensure that these fluctuations are mitigated as much as reasonably possible, considering that it is empowered by the Companies Act to fund its operations.

### 13.2 Fees for services

The variance is mainly due to a decrease in the number of affected transactions presented to the Panel which were less than anticipated.

### 13.3 Rulings and consultations

The variance is due to the increase in the number of rulings issued and opinions given.

### 13.4 Other income

Income received year to date relates to hearing fees recovered, sundry receivable and bad debts recovered. This is not budgeted for due to the uncertain nature of the income.

### 13.5 Interest received

The variance is mainly due to the investments yielding better returns.

### 13.6 Audit fees

The variance is due to the increase in the audit scope this is as a result of the Panel's listing as a schedule 3A public entity under the PFMA.

### 13.7 Legal fees

The variance is as a result of some of the legal matters that could not be finalised by the end of the financial year.

### 13.8 Operating lease payments

The Panel leases premises with a generator backup supplied by the landlord in cases of load shedding. Over the last year, the gradual deterioration of Eskom's ability to provide electricity in the country meant that the landlord relied on backup power supplied by its diesel generator, which was then passed on proportionally to the tenants at the Panel's leased premises.

## TAKE OVER REGULATION PANEL NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 13.9 Panel Member's fees

The variance is a result of Takeover Special Committee hearings and complex matters.

### 13.10 Administrative Expenses

The variance is a result of the appointment of the PFMA service provider.

### 13.11 Personnel costs

The saving is due to the vacant position of the Executive Director since January 2024.

## 14. Subsequent Events

### 14.1 Appointment of Panel Members

Professor Tshepo Mongalo was appointed as the Chairperson of the Panel and Ms Inga Ngalonkulu as a Member effective from 15 May 2024 to 14 May 2025, respectively.

### 14.2 Lease Agreement

The Panel has entered into a lease agreement with Growthpoint (Pty) Ltd for five years effective from 01 June 2024 to 31 May 2029.

# TAKEOVER REGULATION PANEL DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

## Annexure 1: Detailed Statement of Financial Performance

	2024 R	2023 R
<b>Income</b>		
Bad debts recovered	525 710	1 220 965
Annual levies	21 261 728	17 853 807
Fees for services	4 160 000	5 460 000
Hearings fees	77 279	2 463 723
Rulings and consultations	930 000	760 500
Interest received	9 117 057	5 835 862
Other income	106 188	144 935
Total income	<u>36 177 962</u>	<u>33 739 792</u>
<b>Expenditure:</b>		
<b>Administrative costs:</b>		
Auditor's remuneration	619 434	466 462
Bank charges	24 829	22 109
Building operations	482 499	488 777
Catering: Meetings and hearings	26 921	-
Conferences and delegations	335 639	596 023
Consultation fees	113 500	10 000
Electricity	113 668	91 535
Entertainment	-	25 533
Feasibility Study	172 859	-
Flowers and gifts	2 625	2 439
Information technology	325 465	223 422
Insurance	99 427	94 022
Legal costs	1 896 190	2 812 409
Online library	-	72 546
Other expenses	14 219	433 393
Panel Members evaluation	115 640	-
Parking	77 535	77 535
Payroll administrators	57 957	57 310
PFMA consulting fees	808 746	-
Photocopying costs	115 214	107 395
Plants maintenance	63 145	60 922
Postage and delivery	-	6 673
Printing and design of the annual report	38 000	16 035
Recruitment fees	-	160 580
Office consumables	40 937	83 800
Rent	427 879	427 879
Repairs and maintenance	21 164	16 388
Skills development levy	211 108	202 838
Stationery	19 406	16 851
Subscriptions	69 151	128 254
Telephone	203 615	196 886
The Panel history project	-	1 155 451
Training	93 175	76 161
<b>Non-cash Expenses:</b>		
Provision for bad debts/ bad debts written off	610 660	(286 367)
Depreciation: furniture and equipment	97 072	79 541
Disposal of assets	23 477	7 996
Post-Retirement Medical Aid	455 828	94 038
Movement in provision for leave pay	297 384	(20 054)
<b>Total administrative costs</b>	<u>8 074 371</u>	<u>8 104 782</u>

# TAKEOVER REGULATION PANEL DETAILED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2024

## Annexure 1: Detailed Statement of Financial Performance (continued)

	2024 R	2023 R
<b>Panel and Committees' costs:</b>		
Panel Members: fees	2 184 135	4 897 222
Panel Members: travel	-	27 979
<b>Total Panel and Committees' costs</b>	<u>2 184 135</u>	<u>4 925 201</u>
<b>Personnel costs:</b>		
Bonuses	10 149 752	9 675 861
Salaries	11 261 910	11 185 433
Interns' stipend	405 000	411 250
Leave pay	304 834	-
Total personnel costs	<u>22 121 496</u>	<u>21 272 544</u>
Total expenses	<u>32 380 002</u>	<u>34 302 527</u>
<b>Surplus/(Deficit) for the year</b>	<u><u>3 797 960</u></u>	<u><u>(562 735)</u></u>





Takeover  
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