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Annual Report and Resource Accounts 2007-08 – Annexe D of HC836

UK mergers casework 1 April 2007 to 31 March 2008

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**In 2007-08 the following mergers were referred to the Competition Commission (CC):**

<b>Case title</b>	<b>Affected market</b>	<b>Date of reference</b>
Woolworths Group plc / Bertram Group Limited	Wholesale supply of books	3 April 2007
Tesco plc / former Co-op store in Slough	Supermarkets	19 April 2007
British Sky Broadcasting Group plc / ITV plc	Broadcasting	27 April 2007
Sportech plc / Vernons Football Pools / Ladbrokes plc	Football pools	3 May 2007
G4S Cash Services (UK) Limited / Abbotshurst Group plc	Security services	18 May 2007
Polypipe Limited / Verplas Limited	Rigid ducting for ventilation systems	11 July 2007
Macquarie UK Broadcast Ventures Limited / National Grid Wireless Group	Telecommunications	8 August 2007
GAME Group plc / Game Station Limited	Electronic games	9 August 2007
Killarney Manufacturing Group Ltd / Balmoral Group Limited	Glass-reinforced plastic tanks	25 October 2007
CineWorld Group plc / Hollywood Green Leisure Park	Cinemas	17 March 2008

**Undertakings in lieu of a reference to the CC were given in the following cases:**

<b>Case title</b>	<b>Affected market</b>	<b>Date accepted</b>
The General Electric Company / Smiths Aerospace	National security	30 April 2007
Inchcape plc / European Motor Holdings plc	Car dealerships	18 May 2007
Flybe Group Limited / BA Connect / British Airways plc	Air transport	20 June 2007
Lloyds Pharmacy Limited / Independent Pharmacy Care Centres plc	Pharmacy retail	23 August 2007
Co-operative Group (CWS) Limited / United Co-operatives Limited	Pharmacies, travel agency, funeral services, food retail	5 November 2007

The statistics shown in the tables which follow broadly relate only to those mergers that the OFT examined in the context of the OFT's responsibilities under the Enterprise Act 2002. They do not represent an estimate of total merger activity in the UK. The following points should be borne in mind:

- the figures do not include mergers handled by the European Commission under the European Community Merger Regulation
- the figures cover merger proposals as well as completed mergers and, where there is more than one proposal for a given target, each is counted separately, and
- because some time may elapse between the opening of a file on a case and a decision by the OFT on whether to make a reference to the Competition Commission (CC), the mergers that are referred in any particular year may not necessarily correlate to the cases first recorded in that year.

A better indicator of overall merger activity in the UK is provided by statistics collected by the Office for National Statistics (ONS) and published in *First Release: Acquisitions and Mergers involving UK companies*. These figures are shown in **Table C.1**. For more details go to the ONS website - [www.statistics.gov.uk](http://www.statistics.gov.uk).

To qualify for reference to the CC under the terms of the Act, the UK turnover associated with the enterprise which is being acquired exceeds £70 million ('the turnover test') or lead to the creation or augmentation of a share of supply of 25 per cent or more in a particular market.

### **Merger activity considered April 2007 to March 2008**

In 2007-08, the OFT considered 112 mergers and mergers proposals under the Enterprise Act. The number of cases considered that qualified for reference to the CC was 97. 31 of these cases were pre-notified.

The OFT made 10 references to the CC under the Enterprise Act. The OFT decisions in the 10 reference cases were published on the OFT's website, as were those in the other cases in which the OFT decided that the merger did not qualify for investigation or should not be referred.

**TABLE C.1 MERGER ACTIVITY: 2005-06 to 2007-08**

<i>Year</i>	<i>Proposals qualifying under the Enterprise Act 2002: all cases</i>	<i>First Release<sup>1</sup> Numbers of cases</i>	<i>Enterprise Act cases as percentage of First Release cases</i>
2005/06	143	1006	14
2006/07	103	961	11
2007/08	98	1061	9

*Source: Office of Fair Trading*

1 Number of acquisitions of UK companies published in a *First Release* by the Office for National Statistics.

**TABLE C.2 – SUPPLEMENTARY DATA ON MERGERS EXAMINED AND REFERENCES TO THE CC APRIL 2005 TO MARCH 2008**

Year	Total numbers of cases examined	Found not to qualify, proposals abandoned, and informal guidance cases	Qualifying cases		Confidential guidance cases	Pre-notified cases	Qualifying cases less confidential guidance cases	Total refs as % of:		
			Nos	% change				Total Refs	Qualifying cases	Qualifying cases less confidential guidance cases
2005 /06	242	99	143	- 0.7%	6	32	137	17	11.9	12.4
2006 /07	131	28	103	-39%	0	20	103	13	12.6	12.6
2007 /08	112	15	97	-6.2%	0	31	97	10	10.3	10.3

Source: Office of Fair Trading

**TABLE C.3 – REFERENCES TO THE CC UNDER THE ENTERPRISE ACT 2002 (APRIL 2007 TO MARCH 2008)**

<i>Findings of the CC</i>	<i>Qualification criteria under the Enterprise Act 2002</i>			
	<i>Share of supply of at least 25%</i>	<i>UK Turnover in excess of 70 million</i>	<i>Meeting both criteria</i>	<i>Totals</i>
Not against the public interest	1	1		2
Against the public interest		1		1
Proposal abandoned	3			3
Decision awaited	2*	2		4
<i>Totals</i>	6	4		10
<i>as percentage of all qualifying mergers in this category</i>	6.1%	4.1%		10.3%

*Source: Office of Fair Trading*

\* CineWorld Group plc / Hollywood Green Leisure Park appears to have qualified under the share of supply test but the decision states that this was to be considered in more detail by the CC at the second stage of the investigation – this transaction has since been cancelled by the CC (in the 2008/09 Financial Year).