

Mergers and Acquisitions (M&A) QMI

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1 . Methodology background

National Statistic	
Survey name	Mergers and Acquisitions Survey
Frequency	Quarterly
How compiled	Ongoing census surveys
Geographic coverage	UK and the World
Sample size	
Last revised	29 July 2015

2 . Executive summary

The purpose of the Mergers and Acquisitions (M&A) Survey is to collect and measure information and data on the timing, value, number and methods of funding of mergers, acquisitions and disposals involving UK businesses. This involves measuring three types of investment:

- inward investment – investment in the UK by foreign companies
- outward investment – investment in foreign companies by UK companies
- domestic investment – investment in the UK by UK companies

The M&A survey is a continuous daily survey conducted on a geographic basis and consists of three separate surveys:

Cross Border Acquisitions and Mergers (CBAM)

Inward M&A

1. Acquisitions of UK companies, shares and assets by foreign companies
2. Disposals of UK companies, shares and assets by foreign companies

Outward M&A

1. Acquisitions of foreign companies, shares and assets by UK companies survey
2. Disposals of foreign companies, shares and assets by UK companies survey

Domestic M&A

1. Acquisitions of UK companies, shares and assets by other UK companies survey

Collectively, all three surveys are referred to as the Mergers and Acquisitions Survey. The outputs for mergers and acquisitions transactions that result in change of ultimate control of the target company are published in a quarterly publication titled [Mergers and acquisitions involving UK companies](#).

The comprehensive M&A survey data estimates are considered to be essential for producing the UK Balance of Payments and the “rest of the world” sector of the National Economic and Financial Accounts.

This report contains the following sections:

- Output quality
- About the output
- How the output is created
- Validation and quality assurance
- Concepts and definitions
- Other information, relating to quality trade-offs and user needs
- Sources for further information or advice

3 . Output quality

This report provides a range of information that describes the quality of the output and details any points that should be noted when using the output.

We have developed [Guidelines for Measuring Statistical Quality](#); these are based upon the five European Statistical System (ESS) quality dimensions. This report addresses these quality dimensions and other important quality characteristics, which are:

- relevance
- timeliness and punctuality
- coherence and comparability
- accuracy
- output quality trade-offs
- assessment of user needs and perceptions
- accessibility and clarity

More information is provided about these quality dimensions in the following sections.

4 . About the output

Relevance

(The degree to which the statistical outputs meet users' needs.)

The Mergers and Acquisitions (M&A) Survey is comprised of statutory surveys, collecting information under the [Statistics of Trade Act 1947](#). Detailed [Standard Industrial Classification 2007 \(SIC 2007\)](#) information is also available.

Types of transactions covered by the Cross Border Acquisitions and Mergers (CBAM) Surveys:

- acquisitions of ordinary shares with ownership in excess of 10% of the issued share capital
- disposals of ordinary shares from maximum 100% ownership of the issued share capital to the minimum level of ownership of 10%
- mergers of companies shares with ownership in excess of 10% of the issued share capital
- demergers of companies from maximum 100% ownership of the issued share capital to the minimum level of ownership of 10%
- acquisitions and disposals of preference shares
- acquisitions and disposal of goodwill and assets

The CBAM data are also used in the compilation of the estimates and outputs for the quarterly and annual Foreign Direct Investment Surveys (FDI). The information is also used to update company profiles on the [Inter-Departmental Business Register \(IDBR\)](#).

Types of transactions covered by the Domestic Acquisitions and Mergers Survey:

- acquisitions of ordinary shares that result in ownership of 50.1% or more of the issued share capital
- Management Buy Outs (MBOs)

The data estimates for Domestic Acquisitions and Mergers are used to compile data for the UK Balance of Payments.

Mergers and acquisitions transactions by investors with less than 10% ownership of voting power and share capital are classified as "portfolio investment". Portfolio transactions are not collected by the M&A survey.

In addition, the current Domestic Acquisitions and Mergers Survey does not collect data relating to asset transactions or for disposal transactions, which involve ordinary shares.

Change in measurement

Survey history

- 1969 – Domestic Acquisitions and Mergers Survey commenced as a voluntary survey
- 1986 – Cross Border Acquisitions and Mergers Surveys commenced as voluntary surveys
- 1989 – surveys transferred from Department of Trade and Industry to Office for National Statistics
- 1994 – Cross Border Acquisitions and Mergers and Domestic Acquisitions and Mergers Surveys linked
- 1997 – new questions added to the M&A surveys to meet European System of Accounts 1995 requirements
- 1999 – M&A surveys became statutory
- 2010 – threshold for deal inclusion increased from £0.1 million to £1.0 million
- 2014 – new system platform introduced
- 2015 – full review of the M&A statutory questionnaires

Change to industrial classifications

Changes to the [SIC](#) were implemented to the 2010 survey period, changing SIC 2003 to SIC 2007.

Timeliness and punctuality

(Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the gap between planned and actual publication dates.)

The [Mergers and acquisitions statistical bulletin](#) is published in the third month after the end of the survey period (for example, June for Quarter 1 (Jan to Mar)) and 10 weeks after the end of the reference period. Revised data are also published in these releases where companies provide more up-to-date information or where we identify late transactions.

For more details on the [Mergers and acquisitions statistical bulletin](#), the [release calendar](#) is available online and provides 12 months advance notice of release dates. In the unlikely event of a change to the pre-announced release schedule, public attention will be drawn to the change and the reasons for the change will be explained fully at the same time, as set out in the [Code of Practice for Official Statistics](#).

5 . How the output is created

The Mergers and Acquisitions (M&A) Surveys collect data on an individual transaction basis when it is evident that the deal is legally completed and is classified as “wholly unconditional”. These M&A Survey data are published quarterly in the Mergers and acquisitions statistical bulletin.

Sample frame

Coverage includes all businesses and all industry sectors.

The M&A surveys are sampled on a continual daily basis. The population of transactions is identified through a process of scrutinising the financial press, specialised publications and the internet. The latter is employed by means of looking at websites specialising in information on mergers and acquisitions and also the websites of businesses regularly engaged in merger and acquisition activity.

The range of sources include:

- [The Financial Times](#)
- [Guardian Business News](#)
- internet sources, such as [InvestEgate](#) and [NewsNow](#)
- [Growth Business UK](#) individual company websites

Sample design

The M&A surveys are unique as they are not sample surveys. They are categorised as being ongoing census surveys with a threshold cut-off for each transaction of £1.0 million on current price basis.

Sample size

As the M&A populations and samples are based on current economic activity, they are highly variable. The sample for 2014 was approximately 1,000 transactions as follows:

- Cross Border Acquisitions and Mergers (CBAM) Inwards: 335
- CBAM Outwards: 320
- Domestic Acquisitions and Mergers (DAM): 345

Data collection

Statutory questionnaires are dispatched to businesses when there is initial evidence, from the press and media sources, of information that they have relevant transactions on which to report.

The paper questionnaires are dispatched on a daily basis and within 5 working days of a transaction being identified.

No account is taken of the number of approaches made to each business. The value of the transaction is taken into account, in that only transactions of £1 million or greater are selected for the surveys. Values are reported on a current price basis.

The business approached is usually the purchaser. However, in the case of an acquisition or disposal by a non-UK business of a UK business, an existing UK subsidiary of the non-UK parent will be approached where possible. Where no existing UK subsidiary of a non-UK purchaser is available, questionnaires are directed to the newly acquired UK company or, in exceptional circumstances, to the non-UK parent.

Response

Two written reminders are subsequently sent to non-responding groups and are followed by telephone or fax reminders to try to minimise non-response and thereby, any non-response bias.

There is also the possibility of using the legal powers of the [Statistics of Trade Act 1947](#) to force response, though we prefer to work together with businesses to produce the necessary information. If no reply can be sought from the purchasing business, for example, where the purchaser is an overseas company with no trading UK subsidiaries, the acquired business or parent business of the subsidiary being sold will be approached.

Response rates are analysed on a weekly basis. The number of questionnaires received and cleared after validation is documented. Response rates are also analysed by return of the questionnaires.

Response rate targets are as follows:

- Cross Border M&A (Inward): 75%
- Cross Border M&A (Outward): 80%
- Domestic M&A (DAM): 80%

Validation

Returned information is run through a series of checks to identify errors. These tests ensure that:

- all questions are completed
- responses to individual questions are consistent within the questionnaire as a whole
- the return is consistent with information given in the respective company press release

Data clearance

Any errors in M&A data are fully investigated and corrected to ensure that the data outputs are as accurate as possible before final results are produced.

This process is known as data “cleaning”. Therefore, realistic clearance target levels are set to achieve good quality data.

The clearance target levels for each survey are as follows:

- CBAM Inward: 98% of the response target
- CBAM Outward: 98% of the response target
- DAM: 98% of the response target

Outliers

There is no outlier detection applied. However, as part of general validation, atypical and extreme returns are likely to be identified and businesses contacted to verify accuracy.

Imputation

Statistical imputation is not used by the M&A Surveys for individual transactions where confirmed data for an acquisition or disposal transaction cannot be obtained by the survey deadline. In such cases, information about the transaction that is published in the press, and therefore within the public domain, is used as an interim estimate.

Construction

Where confirmed data for a disposal of a UK company or foreign company are received and the corresponding acquisition data for the same UK or foreign company are not received, then, effectively the actual disposal transaction data can be used to construct data for the acquisition.

Estimation

Statistical estimation cannot be applied to the M&A data because M&A deals are unique “one-off” transactions.

Disclosure

Statistical disclosure control methodology is applied to M&A data. This ensures that information attributable to an individual or individual organisation is not identifiable in any published outputs and is already in the public domain, or permission has been granted by the company.

The [Code of Practice for Official Statistics](#), and specifically the Principle on Confidentiality, set out practices for how we protect data from being disclosed. The Principle includes the statement that all Office for National Statistics (ONS) outputs should “ensure that official statistics do not reveal the identity of an individual or organisation, or any private information relating to them, taking into account other information sources.”

More information can be found in [National Statistician’s Guidance: Confidentiality of Official Statistics](#) and also on the [Statistical Disclosure Control page](#).

6 . Validation and quality assurance

Accuracy

(The degree of closeness between an estimate and the true value.)

Sampling error

Every effort is made to ensure that the data are as accurate as possible, but there are limitations in that the sample is based on publicly available information. However, transactions may not always be reported in the press, so there is some risk that some smaller transactions could be absent from the population. The Mergers and Acquisitions (M&A) Surveys are an ongoing census of this population and as such are not subject to sampling error in the statistical sense.

Non-sampling error

In addition to sampling errors, there is the potential for non-sampling error that cannot be easily quantified. One potential source of non-sampling error is non-response, which relates to the failure to obtain data from some businesses selected in the sample. Another source of non-sampling error may be as a result of undetected deficiencies that may occur in the survey register, and errors may be made by the contributors when completing the survey questionnaires.

Non-response bias occurs in statistical surveys if the answers of respondents differ from the potential answers of those who did not answer. However, it is not felt likely that non-response bias presents a particular issue for the M&A Surveys. This is partly because for non-respondents there is typically a publicly-reported value for a transaction that can be imputed. For the majority of cases, this publicly-reported value is very close to the one received, which minimises the effect of non-response on the quality of the data. In particular, quoted companies legally have to report any mergers and acquisitions publicly. Therefore, it is possible to be confident regarding the values reported for these transactions.

Another aspect of accuracy is reliability. This refers to the closeness of the initial estimated value(s) to the revised estimated value(s). Revisions to the aggregates used in M&A principally occur for a number of reasons listed in this section.

Completion of transactions

On announcement of a proposed transaction, an expected completion date is usually given. The publicly-reported values will be allocated to the quarter of expected completion. If the transaction is ultimately completed in an earlier or later quarter, the recorded values will be reallocated to the new quarter.

Publicly-reported values

Publicly-reported values are initially used to compile the aggregates. These can vary considerably from the values ultimately supplied by the respondents because the value of debt may have been included in the publicly-reported value. A nominal value is applied if no publicly-reported value is available. The final values used to create the aggregates are those supplied by the respondent.

Non-completion of transactions

On announcement of a proposed transaction, the publicly-reported value of the transaction is recorded. If the transaction does not subsequently take place, the recorded value will be removed or deleted.

Non-share transactions

On announcement of a proposed transaction, it may appear that there will be transactions in the share capital of the companies involved and the publicly reported values will be recorded. If subsequent information contradicts this, the recorded values will be amended or removed/ deleted.

Control or majority ownership

On announcement of a proposed transaction, it may appear that the transaction will give the purchasing company control of the purchased company, for example, an issued share capital ownership of 50.1% or more. If subsequent information contradicts this, the recorded values will be amended or deleted.

Revisions from respondents

Very occasionally respondents revise the values that they have previously supplied to us. The revised values are used to create the aggregates.

The M&A revisions, response rates and estimated standard errors are available in the [Mergers and acquisitions statistical bulletin](#).

Comparability and coherence

(Coherence is the degree to which data, which are derived from different sources or methods but refer to the same topic, are similar. Comparability is the degree to which data can be compared over time and domain, for example, geographic level.)

Coherence

No other surveys are conducted by Office for National Statistics (ONS) or other government departments that provide sufficiently comprehensive information on the level of merger and acquisition activity to serve the [national accounts](#).

There are publications that record international and domestic mergers and acquisitions, such as [MergerMarket](#), [Newsnow](#) and [Growth Business UK](#). These sources are based mainly on scrutiny of the world's financial press, performed in a similar way to that undertaken by ONS, and information received from merchant bankers acting as advisors. These publications and databases usually record the announcement date of the transaction and the announced value, plus other associated facts, such as the identity of the financial legal advisors.

While ONS uses these sources for the initial information, data on the completion date of the transactions, when money changed hands, how the money was raised, and the percentage of shares bought and sold, are not usually available from these publications and must be collected through the M&A Surveys. The published value in the press for the transaction, in total, is also sometimes very different from the real value of the deal.

The annual and quarterly Foreign Direct Investment (FDI) Surveys (Inward and Outward) collect share and loan data values. Consequently, there is a level of coherence expected between the Cross Border Acquisitions and Mergers datasets and the FDI datasets.

In Quarter 1 (Jan to Mar) 2010, there was a change in the reporting threshold for transactions from £0.1 million to £1.0 million, a change that was agreed with users. This resulted in a discontinuity in the data relating to the number of M&A Inward, Outward and Domestic transactions. To highlight the effect of this discontinuity in these series, the charts presented in the statistical bulletin split out the number of transactions below the new thresholds for those periods prior to 2010.

The [Mergers and acquisitions statistical bulletin](#) provides cross border equity transaction data for the respondents selected on the annual and quarterly FDI Surveys. Both M&A and FDI Surveys collect equity data, which includes transactions above a 10% ordinary share ownership threshold. The FDI Surveys report those deals, or parts of deals, funded directly by immediate parent companies and exclude any deals, or parts of deals, funded by locally-raised funds (either in the UK for Inward FDI or abroad for Outward FDI).

Comparability

M&A time series data are available from 1969 for Domestic Mergers and Acquisitions and 1987 for Cross Border Mergers and Acquisitions Surveys.

7 . Concepts and definitions

(Concepts and definitions describe the legislation governing the output and a description of the classifications used in the output.)

Quarterly Mergers and Acquisitions (M&A) Survey data are published in aggregate totals for inward, outward and domestic transactions. The domestic data are further broken down into acquisitions of independent companies and transactions between company groups involving their subsidiaries.

The annual M&A survey data, produced at the same time as Quarter 4 (Oct to Dec) results, are published with some additional detail, including a geographic breakdown and details of the application of funds to effect mergers and acquisitions and the proceeds raised from disinvestments and demergers.

This section presents a list of important definitions for the M&A Surveys.

Mergers are acquisitions in which all or part of the payment is made in shares, such that the shareholders of the two companies become shareholders of a new, combined company group.

Demergers are disposals where a company group divides into two or more separate companies, in such a way that the shareholders of the restructured companies remain the same, or retain the equivalent value shareholding in one of the newly independent companies. Demergers are included in the statistics within disposals.

Cross-border acquisitions are transactions where a company in one country acquires, either directly or indirectly, a controlling interest in a company in another country.

Direct transactions are those where a company in one country acquires a controlling interest in a company incorporated in another country.

Indirect transactions are those where a company uses an existing non-UK subsidiary to acquire a controlling interest in a company incorporated in another country. The acquiring non-UK intermediate company may be located in the same country in which the acquisition is being made or in a different country.

Domestic mergers and acquisitions are mergers and acquisitions involving only UK-registered companies.

Portfolio investments are purchases and/or sales of shares by an investor with less than 10% ownership of voting power and issued share capital. Portfolio investment is collected by Office for National Statistics (ONS) within the National Accounts Department and is one component of the financial account under Balance of Payment Statistics.

8 . Other information

Assessment of user needs and perceptions

(The processes for finding out about uses and users, and their views on the statistical products.)

Data from the Mergers and Acquisitions (M&A) Surveys are used by a wide range of users. Some of the main users are:

- [Balance of Payments](#)
- [National Accounts](#)
- [Department for Business, Innovation and Skills](#)
- [Department of UK Trade and Investment](#)
- [Foreign and Commonwealth Office](#)
- [Department for International Development](#)
- [Her Majesty's Revenue and Customs](#)
- [Eurostat](#)
- [Organisation for Economic Co-operation and Development](#)
- [United Nations Committee on Trade and Development](#)
- [HM Treasury](#)
- [International Monetary Fund](#)
- [European Central Bank](#)
- [Bank of England](#)

No.10 Downing Street also use the data as part of their briefing for the preparation of VIP visits to and from the UK.

Within Office for National Statistics (ONS) the data and information collected are also used:

- for updating business structures and country ownership codes on the Inter-Departmental Business Register (IDBR)
- by the Foreign Direct Investment and International Trade In Services Surveys to enhance their sample selections

Other users include academics and students, UK and foreign embassies, businesses, the media, and the general public.

9 . Sources for further information or advice

Accessibility and clarity

(Accessibility is the ease with which users are able to access the data, also reflecting the format in which the data are available and the availability of supporting information. Clarity refers to the quality and sufficiency of the release details, illustrations and accompanying advice.)

Our recommended format for accessible content is a combination of HTML web pages for commentary narrative, charts and graphs, with data being provided in usable formats such as CSV and Excel. We also offer users the option to download the commentary narrative in PDF format. In some instances other software may be used, or may be available on request.

Available formats for content published on our website but not produced by us, or referenced on our website but stored elsewhere, may vary. For further information please contact us via email at <m&a@ons.gsi.gov.uk>.

More information regarding conditions of access to data is available:

- [Terms and conditions \(for data on the website\)](#)
- [Accessibility](#)

Further queries can be addressed to the mergers and acquisitions public enquiry team via email at <m&a@ons.gsi.gov.uk>.