



A collective voice for the development of UK-based business

# THE HUNDRED GROUP OF FINANCE DIRECTORS

ANNUAL REVIEW FOR THE YEAR ENDED  
30 SEPTEMBER 2019



The 2019 Annual Review of The 100 Group provides an overview of the Group's activities over the past 12 months.

Due to the diverse nature of our membership the 100 Group is in a unique position to use this collective voice to provide informed views that draw on the experience of members to improve the UK's competitiveness and attractiveness for future investment.

The 100 Group represent approximately 90% of the market capitalisation of the UK FTSE 100 Index, collectively employing over 6% of the UK workforce and in 2019 paid, or generated taxes equivalent to approximately 12% of UK government receipts.

**Contact us:**

[info@the100group.co.uk](mailto:info@the100group.co.uk)  
[www.the100group.co.uk](http://www.the100group.co.uk)

# CONTENTS

|  |    |
|--|----|
| Chairman's Introduction  | 4  |
| How we operate   | 6  |
| The contribution of our members  | 8  |
| Financial Reporting Committee report                                   | 10 |
| Tax Committee report   | 11 |
| Investor Relations and Markets Committee report                        | 12 |
| Pensions Committee report  | 13 |
| Unaudited financial statements for the year ended<br>30 September 2019 | 14 |
| Appendices   | 21 |

# CHAIRMAN'S INTRODUCTION

---



As I said at the start of my Chairmanship, *this is arguably one of the most eventful and pivotal times for UK business*. Over the last year we have been heavily involved in several key debates on the role of large companies. Our involvement in these issues has had a positive impact on our wider engagement, and it is clear that stakeholders are, once again, actively listening to our voice. There are, however, clear challenges ahead and I fully expect the next year to be another important year for the 100 Group.

Against a backdrop of continued geopolitical and economic uncertainty, there continues to be increased focus and scrutiny on the role of business especially by wider society. The developments this year have caused a shift in focus for the 100 Group, from the core business agenda which our sub-committees continue to monitor and engage with, to emerging issues which require establishing new relationships and proactive engagement and which often have more uncertain scope, scale and timing, such as the review of the FRC, Audit Market Reform and the Green Finance Strategy. These are important projects, and opportunities for us to outline the significant contribution that large companies makes to the UK economy and society.

What enables us to contribute so substantively to these key topics is the connectivity of our membership, the diverse nature of which allows us to add value through our experience. It's crucial that we are able to help stakeholders navigate through these changing times to ensure the UK remains, not only at the forefront of change, but also an attractive and competitive place to do business.

Over the past 12 months we sought to do this through continuous engagement, seeking out opportunities to ensure our collective voice is heard. We now sit on BEIS's financial reporting and the Investment Association's distribution policy working groups and continue to be actively involved in Social Impacting Investing taskforce's future initiatives. Our involvement in these matters has been directly sought by the respective groups. This engagement has raised the profile of the 100 Group and other bodies are now seeking to engage with us, such as the Hampton-Alexander Review, the ACCIF, the CBI and GC100. While some of these new topics do not align with the 100 Group's traditional agenda, they are important in ensuring that the UK attracts the best talent and that boardrooms and teams better represent the societies in which they operate. Overall, it ensures that we contribute to the strengthening of the debate.

As set out in the individual committee reports, during the year our committees have expanded their contacts with other relevant organisations and used these networks to allow us to maximise our impact and ability to influence and shape key proposals.

In addition to the above, we have welcomed five new members to the Main Committee and also seen increases in the size of our sub-committees, through members proactively volunteering to participate. We have sought new ways to engage with members through surveys, polls and roundtables and it's pleasing to see the traction these have had. This engagement helps provide greater strength to our voice as a Group. Increasing member participation and strengthening relationships was one of our key goals when I took on the role of Chairman; good progress has been made so far, however as always there is still more to do.

The 100 Group believes business has an important part to play and as a result, this year we will be adding a fifth sub-committee to the 100 Group. The Public Policy Committee will be working with a number of key stakeholders to address wider business issues. It will provide members with a unique opportunity to get involved with subject matters which are new to the 100 Group and which will have a widespread impact for all.

The 2019 Total Tax Contribution Survey highlights the significant contribution our members continue to make, especially during a turbulent time for UK businesses. Despite market uncertainty, our members have increased the capital they have invested in the UK, maintained employment levels and once again the total tax contribution has increased.

With so much activity this year, let me express my thanks to the members of the Main Committee for their continued hard work and commitment. I'd also like to specifically thank the sub-committee chairs, who, in another busy and eventful year, have continued to play a crucial role, meeting with key stakeholders and responding to consultations, ensuring our views are heard. It gives me great pleasure to welcome two new members to our Main Committee – Graham Baker (Smith & Nephew) and Iain MacKay (GSK), who bring a range of experience and sector expertise.

Finally, I'd like to thank everyone who has contributed to the success of the 100 Group. I look forward to working with you all in 2020, which is already shaping up to be another eventful year and will bring further opportunities for us as a Group.

Yours,

A handwritten signature in black ink that reads "Brian Gilvary". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

**Brian Gilvary**

Chairman

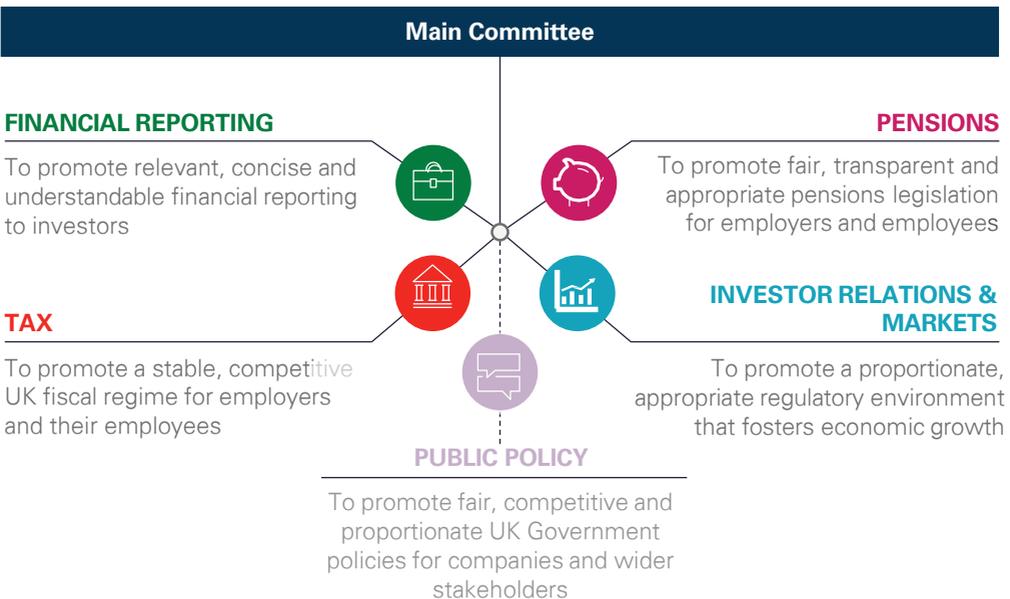
# HOW WE OPERATE

During 2018/19 the 100 Group consisted of the main committee and four sub-committees. Each sub-committee is chaired by a member of the main committee and they meet on a regular basis to debate current and emerging topics, respond to key consultations and engage with stakeholders who are often invited to attend. Summaries of each committee's activities from this year can be found on pages 10 to 13.

The main committee oversees the strategic direction of the Group and its sub-committees and ensures the wider membership remain engaged and informed of the Group's activities. The 100 Group relies upon the goodwill and active participation of a great number of people to support its activities and the committees, ensuring its continued success.

To better align the activities of the Group to the current business landscape, a new sub-committee, the Public Policy Committee, will be established in 2019/20.

# STRUCTURE



# MAIN COMMITTEE MEMBERS

Members of the Main Committee are appointed at the AGM for tenures of three years with the opportunity to be reappointed. A maximum of 15 members are permitted at any one time.



**Brian Gilvary**  
Chairman  
BP CFO



**Julia Wilson**  
Vice Chair  
Investor Relations & Markets Chair  
3i CFO



**Chris O'Shea**  
Tax Chairman  
Centrica CFO



**Russ Houlden**  
Financial Reporting Chairman  
United Utilities CFO



**Alan Stewart**  
Pensions Chairman  
Tesco CFO



**Graham Baker**  
Smith & Nephew CFO



**Margherita Della Valle**  
Vodafone CFO



**Mark FitzPatrick**  
Prudential CFO



**Iain MacKay**  
GSK CFO



**Kathy Mikells**  
Diageo CFO



**Tushar Morzaria**  
Barclays CFO



**Graeme Pitkethly**  
Unilever CFO



**Jessica Uhl**  
Royal Dutch Shell CFO



**Karen Witts**  
Compass CFO

# THE CONTRIBUTION OF OUR MEMBERS 2019

The 100 Group's members continue to make a substantial contribution to UK tax revenues and to the wider UK economy. The Total Tax Contribution survey, prepared by PricewaterhouseCoopers, demonstrates this substantial contribution.

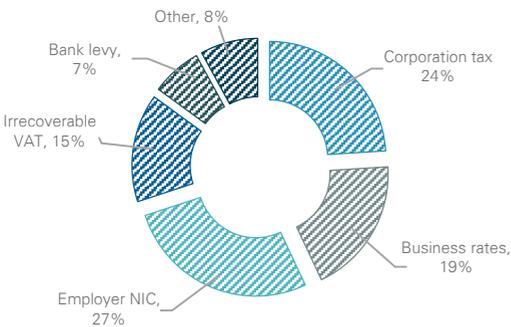
As the public and media continue to discuss the amount of corporation tax paid by large companies, this survey continues to be an important message. The 2019 results highlight several key aspects of the shift in tax revenues borne and collected by our members and the wider contribution they make to the UK economy.

**The 100 Group continues to make a substantial contribution to the UK public finances**

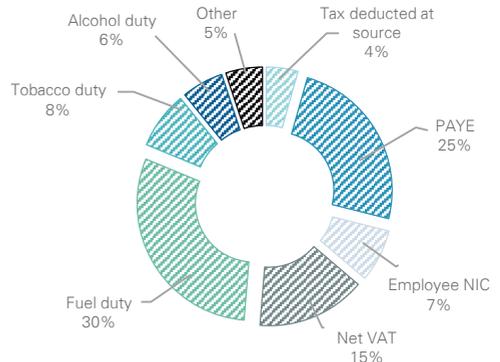
**£84.7bn**  
**The 100 Group's members Total Tax Contribution, which represents 11.7% of total Government receipts**



**TAXES BORNE BY PERCENTAGE**



**TAXES COLLECTED BY PERCENTAGE**



## Taxation

Approximately 12% of UK government tax receipts for the 2019 period were borne or collected by member companies. There was an increase in taxes collected (6%) primarily driven by excise duties which was offset by a decrease in taxes borne (-3%) driven by a combination of corporation tax and the bank levy. Overall, members' total tax contribution slightly increased from £84.1bn to £84.7bn.

The 2019 Total Tax Contribution survey highlighted that for every £1 in corporation tax paid by The 100 Group's members, £3.05 was paid in other taxes (2018: £2.77), highlighting the significant shift over time in the nature of UK taxes. This compares to a ratio of 1:1 in 2005 when the survey started.

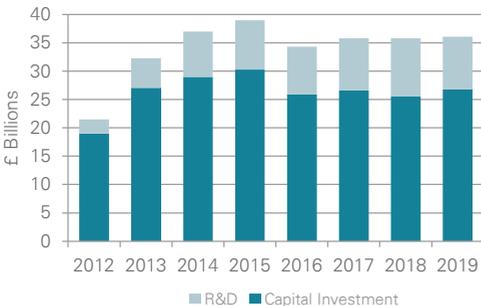
## Total Tax contribution by different industries

The 100 Group members represent a range of industries and sectors and the TTC survey shows how the impact of tax policy varies across these industries.

- On average 45% of taxes borne by retailers are business rates, making up £4.9 billion in total contribution. Since the survey began in 2005, the amount paid in business rates has increased by 94%.
- Banks paid a total of £2.6 billion in bank levy, making up 26% of their taxes borne. Despite the bank levy decreasing by 17% since 2018, on a like-for-like basis, the 2019 total is 140% higher compared to 2012 when the levy was introduced.
- Financial Services companies paid a total of £3.4 billion in irrecoverable VAT. On average, this makes up 27% of their taxes borne and has increased by 118% since the survey started in 2005.



## Capital Investment and Research & Development expenditure



Sustained growth for the UK economy requires investment for the future. The 100 Group's capital investment contribution is significant and growing.

- The £26.8 billion spent in 2019 on capital investment represented 13% of the total UK expenditure and a 10% increase compared to 2018 on a like-for-like basis.
- Over the last eight years, members have spent £210 billion on capital investment and £61 billion on R&D.

## Employment

The 100 Group's member companies are an important source of well paid jobs in the UK.

- The Group provides employment to an estimated two million people, 6% of the UK workforce, and pays on average £13,492 in employment taxes for each employee.
- The average wage per employee is £37,167, which is 22% higher than the average national wage of £30,420.
- Gross Value Added (GVA)\* per 100 Group employee of £75,485 is 29% higher than the average UK employee GVA of £58,489. This has increased by 14%, and by twice as much as the UK average GVA increase, since 2017 when this data was first collected.
- Each 100 Group participant supported on average 5,947 UK suppliers.

\*GVA was calculated using the income approach, defined as the sum of profit before tax, wages and salaries, employers' social contributions, depreciation, amortisation and taxes incurred as a result of engaging in production.



# FINANCIAL REPORTING COMMITTEE



## KEY OBJECTIVE

To promote relevant, reliable, comparable and understandable financial reporting to investors.

*"We believe that financial reporting is fundamentally an exercise in clear and meaningful communication of financial performance and position by management to investors. We therefore encourage the development of principles-based accounting standards and support initiatives for clear and concise reporting in financial statements."*

*With no further major amendments to accounting standards in the pipeline, the emphasis is now on communicating with investors, the voice of the UK on the global stage relating to international accounting standards and the introduction of digital reporting."*

**Russ Houlden** (United Utilities), Financial Reporting Committee Chairman

## PRIORITIES

- Support the continued development of a **single accounting language** for international business.
- Support accounting standards that enable management to present clearly the results of its **stewardship** of the resources entrusted to it.
- Encourage the development of a disclosure framework to facilitate **meaningful financial statements** that are free of unnecessary clutter.
- Maintain close links with similar bodies with a view to **increasing The 100 Group and UK's influence** on the financial reporting debate at an international level.
- Work with regulators and government to ensure any reporting requirements of financial information are **proportionate, coherent and fit for purpose**.

## 2019 ACTIVITY SNAPSHOT

- The Committee has met with numerous stakeholders including the IASB, CRUF, CRAG, FRC's Financial Reporting Lab, the Small Business Commissioner and the Investor Coalition.
- Submitted a number of comment letters on significant topics, including to the IASB on leasing, financial instruments with characteristics of equity, the FRC on business reporting of intangible assets and HMT on the future of digital reporting for the UK post Brexit.
- Committee members are represented on a BEIS working group on financial reporting post Brexit, the Global Preparers Forum and the FRC's Corporate Reporting Council.

## FUTURE AGENDA

- Maintain and develop our relationships with key stakeholder bodies in the UK and internationally in order to best co-ordinate and focus efforts on areas of shared interest.
- Work closely with BEIS, FRC and IASB on the UK endorsement mechanism for international accounting standards following Brexit.
- Work with our other committees on cross-cutting issues, in particular on integrated and digital reporting initiatives.
- Continue to engage with the IASB on their research projects and post implementation reviews of recently introduced accounting standards.



# TAXATION COMMITTEE



## KEY OBJECTIVE

To promote a stable, competitive UK fiscal regime for employers and their employees.

*"Taxation remains at the forefront of debate globally and high on Boardroom agendas. The committee remains supportive of UK and international initiatives to increase tax transparency, to address aggressive tax avoidance and to modernise and simplify the tax system. We recognise the role that these play in increasing trust in business.*

*We also recognise the importance of an environment that allows UK business to compete on the international stage. We continue to engage on relevant tax developments with the aim of promoting good fiscal policy and enhancing the UK's competitiveness. This will become increasingly important in a post-Brexit world but also as tax codes evolve to accommodate developing business models and modern ways of working."*

**Chris O'Shea**, (Centrica), Tax Committee Chairman

## PRIORITIES

- Supporting and informing **good fiscal policy** that fosters growth and encourages investment in the UK.
- Encouraging **stability, simplicity and consistency** in the tax code.
- Promoting a broader focus that **considers all taxes**, not just corporate taxes.
- Encouraging **transparent policy** and law making processes.
- Monitoring current fiscal developments to **promote legislation that is effective and balanced.**

## 2019 ACTIVITY SNAPSHOT

- The 2019 Total Tax Contribution survey highlighted the contribution of our members in terms of tax, employment and capital investment.
- Responded to consultations on Corporate Capital Loss Restriction and to both HMT and OECD on Digital Services Tax.
- The committee has met with senior representatives from HMT, HMRC and the OTS to discuss strategy and engagement.
- Representation on committees and working groups with the CBI and HMRC in relation to UK and international business tax issues.

## FUTURE AGENDA

- Help the UK government shape policy by contributing to the discussion on areas of business taxation that are collectively important with a view to enhancing the UK's competitiveness and encourage future investment.
- Promote the contribution of The 100 Group's members to the UK Exchequer, the economy and wider society through the Total Tax Contribution survey and and explore using the survey to generate longer term engagement with key stakeholders.
- Engage with groups such as the CBI as well as HMRC and HMT to contribute to ongoing developments in tax policy and administration with the aim of contributing positively to the development of a strong and effective fiscal environment in the UK. Future areas of focus are anticipated to include taxation of the digital economy, the taxation of labour as new ways of working develop and tax governance initiatives.



## INVESTOR RELATIONS AND MARKETS COMMITTEE



### KEY OBJECTIVE

To promote a proportionate, appropriate regulatory environment that fosters economic growth.

*"There continues to be increased focus by government and investors alike on the role of business in society, on the environment and on wider corporate governance and stewardship. We engaged in discussion with the FRC to provide views on their Stewardship Code review and continue to work with the now formalised, Impact Investing Institute.*

*It remains vitally important that business is given a constructive environment in which to grow and that the UK continues to be a competitive and well regulated market. We engage with a wide variety of stakeholders to ensure we voice our opinions and proactively feed into the debates."*

**Julia Wilson** (3i) Investor Relations and Markets Committee Chair

### PRIORITIES

- To contribute to the development of **investor relations and market related regulation**.
- Promotion of long termism to good governance and stewardship (**principles approach**).
- Ensure that there is appropriate and effective shareholder **communication** between businesses and shareholder groups.
- Voice business views on **regulatory oversight** of narrative reporting in financial reports.
- Discourage regulations that do not **streamline reporting**.
- Promotion of **efficient capital markets**, that underpin businesses.

### 2019 ACTIVITY SNAPSHOT

- Submitted a comment letter to the FRC's consultation on revisions to the UK Stewardship Code.
- The committee has signed up to be a member of the Impact Investing Institute and a member of the Investment Associations working group on building a distribution policy.
- Each meeting the committee is joined by an external guest. Recent guests have included members of the Social Impact Investing working group, the Investor Forum and representation from Liberum Investors.

### FUTURE AGENDA

- Engage with a range of investor bodies to see if there are areas where coordinating our responses to regulatory enquiries could have a materially greater impact.
- Discuss the quality engagement between investors and businesses and identify ways to improve this given the current reviews on the wider audit market and role of business and investors.
- Focus on the implementation of changes to regulations that have passed, and consider activities to promote the priorities of the Committee.
- Continue to welcome the work of the Financial Reporting Lab and engage with the FRC, and new members of the regulator, to ensure corporate governance and regulation is appropriately managed.
- Continue to work with the Impact Investing Institute and share our views on the reporting elements of their proposals.



## PENSIONS COMMITTEE



### KEY OBJECTIVE

To promote fair, transparent and appropriate pensions regulation for employers and employees.

*“2019 has essentially been a waiting game for UK defined benefit (DB) pensions. For much of the year, we have been awaiting a Pension Schemes Bill to set out additional powers for the Pensions Regulator (TPR), especially in the context of commercial transactions. Whilst the Bill was finally introduced to Parliament in October 2019, the calling of the General Election shortly afterwards has effectively put the legislation back on hold. We are also expecting a consultation from the Pensions Regulator on a significant review of the DB funding code, but this also now appears to have stalled. It is to be hoped that, once the outcome of the General Election is known, the new Government will have time to give proper balanced consideration to pensions issues.”*

**Alan Stewart** (Tesco), Pensions Committee Chairman

### PRIORITIES

- Arguing that any significant changes to **pensions legislation** affecting DB or DC pensions should be made proportionately and after appropriate consultation.
- Ensuring that the **funding regime for DB** pension schemes maintains an appropriate balance between trustees and employers.
- Continuing to make the case that major reforms to the **taxation of pensions** would be damaging and that the employer contribution has a key role in incentivising pension scheme membership.
- Identifying any areas of pensions legislation where changes can usefully be made following **withdrawal from the EU**.

### 2019 ACTIVITY SNAPSHOT

- Responded to a consultation from TPR on the future of trusteeship and governance. Its main concern was that, in order to seek to raise standards in small schemes, TPR might be too prescriptive in respect of larger, well-governed schemes.
- Mouna Turnbull and Andrew Dodd of TPR attended a committee meeting to discuss their plans for a revised DB funding regime. Whilst welcoming the proposed overall focus on long-term funding objectives, the Committee had some concerns with some of TPR's detailed proposals, which were raised both at this meeting and by members at other TPR stakeholder forums.
- The Committee was represented at a meeting held by the Pension Protection Fund to discuss plans for its next levy triennium.

### FUTURE AGENDA

- Continuing to respond to the DWP's programme for DB schemes emerging from the White Paper, in particular engaging with the Pension Schemes Bill (when reintroduced to Parliament) and TPR's forthcoming consultation on its revised code of practice on DB funding. The Committee has argued the case on a number of occasions that arbitrary restrictions on dividend payments by sponsors with underfunded DB pension schemes could be counter-productive and difficult to implement.
- Monitoring developments in the DC pensions regulatory landscape and ensuring that any further changes to DC pensions legislation are not unduly onerous.
- Ensuring (as far as possible) that any changes to pensions taxation which may be announced in the Budget that will follow the General Election are consulted on properly and are implemented with the minimum of disruption to existing schemes, in particular DB schemes.

# UNAUDITED FINANCIAL STATEMENTS

for the year ended 30 September 2019



# INDEPENDENT EXAMINER'S REPORT TO THE MAIN COMMITTEE OF THE HUNDRED GROUP OF FINANCE DIRECTORS

We report on the financial statements of The Hundred Group of Finance Directors ("the Group") for the year ended 30 September 2019, which are set out on pages 16 to 18.

## RESPECTIVE RESPONSIBILITIES OF MEMBERS OF THE MAIN COMMITTEE AND EXAMINER

As the members of the Main Committee of The Hundred Group of Finance Directors, you are responsible for the preparation of the financial statements. You have asked that we carry out an examination and report to you on the Group's financial statements for the year ended on 30 September 2019 on the basis set out in the Letter of Engagement dated 9 November 2016.

## BASIS OF INDEPENDENT EXAMINER'S REPORT

An examination includes a review of the accounting records kept by the Group and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as members of the Main Committee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

## INDEPENDENT EXAMINER'S STATEMENT

In connection with our examination, no matter has come to our attention:

1. which gives us reasonable cause to believe that in any material respect the requirements
  - a) to keep accounting records in accordance with the Rules of the Group and comply with the accounting requirements of the Group;
  - b) to prepare financial statements which accord with the accounting records;have not been met; or
2. to which, in our opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants  
Third Floor, One London Square  
Cross Lanes  
Guildford  
Surrey, GU1 1UN

4 December 2019

# INCOME AND EXPENDITURE ACCOUNT

Year ended 30 September 2019

|                                 | 2019    |               | 2018    |               |
|---------------------------------|---------|---------------|---------|---------------|
|                                 | £       | £             | £       | £             |
| INCOME                          |         |               |         |               |
| Subscriptions                   | 3,750   |               | -       |               |
| Bank interest                   | 38      |               | 21      |               |
|                                 |         | 3,788         |         | 21            |
| EXPENDITURE                     |         |               |         |               |
| Travel                          | (110)   |               | (167)   |               |
| Sundries                        | (2,413) |               | (2,102) |               |
| Bank charges                    | (313)   |               | (243)   |               |
|                                 |         | (2,836)       |         | (2,512)       |
| SURPLUS/(DEFICIT) FOR THE YEAR  |         | 952           |         | (2,491)       |
| ACCUMULATED FUND                |         |               |         |               |
| Balance brought forward         |         | 12,428        |         | 14,919        |
| Surplus/ (Deficit) for the year |         | 952           |         | (2,491)       |
| <b>BALANCE CARRIED FORWARD</b>  |         | <b>13,380</b> |         | <b>12,428</b> |

# BALANCE SHEET

**30 September 2019**

|                            | <b>2019</b>   | <b>2018</b>   |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| <b>CURRENT ASSETS</b>      |               |               |
| Cash at bank               | 13,527        | 15,193        |
| Sundry debtors             | 836           | 1,013         |
|                            | <b>14,363</b> | <b>16,206</b> |
| <b>CURRENT LIABILITIES</b> |               |               |
| Creditors and accruals     | (983)         | (3,778)       |
|                            |               |               |
| Net assets                 | 13,380        | 12,428        |
| <b>ACCUMULATED FUND</b>    | <b>13,380</b> | <b>12,428</b> |

These financial statements were approved and authorised for issue by the Main Committee on 4 December 2019.



Brian Gilvary  
Chairman

# ACCOUNTING POLICIES

## Year ended 30 September 2019

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### SUBSCRIPTION INCOME

An annual subscription is levied on all current members at a level determined in advance by the Main Committee. Subscription receipts are recorded as income in the period to which the subscription relates. Subscriptions not taken up are charged as an expense within sundry expenditure. Subscriptions for 2018/19 were re-introduced at £50 (2017/18: nil).

### TAXATION

The Hundred Group of Finance Directors is a mutual entity with an identifiable fund for the common purpose with complete identity between contributions to, and participations in, the fund. Therefore taxation would be calculated on investment income only. Owing to the very small annual amounts of such income chargeable to corporation tax, the Main Committee members have self assessed that there is no need to complete a Corporation tax return, as a consequence of which no tax charge is included in these accounts.





# APPENDICES

---

|   |    |
|---|----|
| Appendix 1 - The contribution of our members 2018 | 22 |
| Appendix 2 – Consultation responses submitted     | 24 |

---

# APPENDIX 1

## THE CONTRIBUTION OF OUR MEMBERS 2018

The 100 Group's members continue to make a substantial contribution to UK tax revenues and to the wider UK economy. The annual Total Tax Contribution survey, prepared by PricewaterhouseCoopers for The 100 Group, demonstrates this substantial contribution

As the public and media continue to discuss the amount of corporation tax paid by large companies, this survey and The 100 Group's members total contribution continues to be an important message.

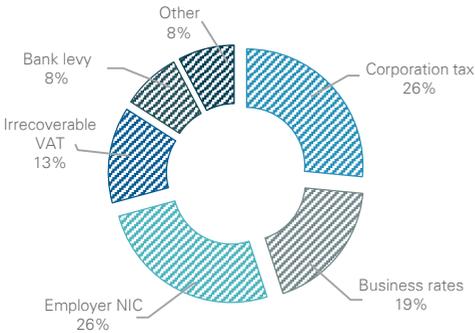
The 2018 survey continued to highlight several key aspects of the shift in tax revenues borne and collected by our members. A copy of the 2017 report can be found in appendix one on page 19.

**The 100 Group continues to make a substantial contribution to the UK public finances**

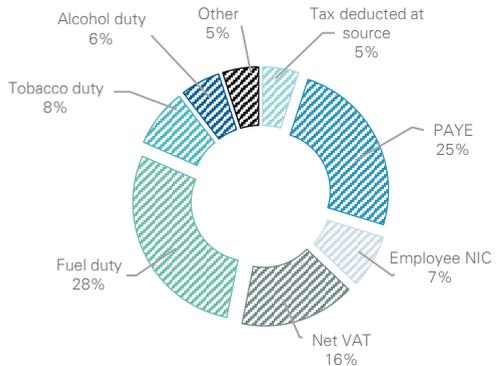
**£84.1bn**  
**The 100 Group's members Total Tax Contribution, which represents 12.3% of total Government receipts**



**TAXES BORNE BY PERCENTAGE**



**TAXES COLLECTED BY PERCENTAGE**



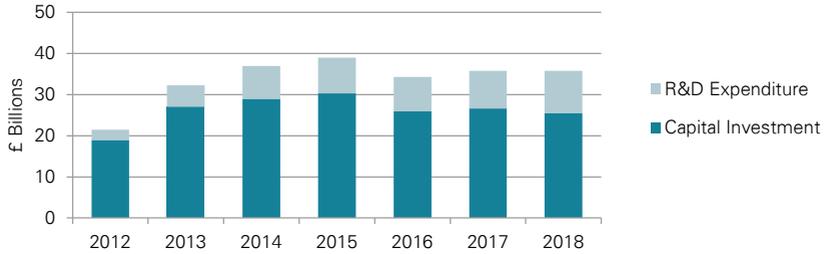
### Taxation

At a time when the UK Government is seeking to make the UK globally competitive in corporation tax, it is important to understand the wider contribution that companies make to the UK economy through other taxes, employment, investment and other means.

Over 12% of UK government tax receipts for the 2018 period were borne or collected by member companies. There was an increase in taxes borne (+3.6%) driven by a combination of corporation tax and the bank levy. Overall, members' total tax contribution increased by £1.8 billion.

The 2018 Total Tax Contribution survey highlighted that for every £1 in corporation tax paid by The 100 Group's members, £2.77 was paid in other taxes (£2.91 in 2017). This compares to a ratio of 1:1 in 2005 when the survey was started.

## Capital investment and R&D expenditure by 100 Group members



### Investment

Sustained growth for the UK economy requires investment for the future. The investment contribution from The 100 Group's members is significant and growing.

- The £25.5 billion spent in 2018 on capital investment represented 13.3% of the total UK expenditure on capital investment.
- An estimated £10.3 billion was spent on research and development expenditure in 2018, an increase of 13.7% compared to 2017.
- Over the last seven years, our members have spent £183.3 billion on capital investment and £52.4 billion on research and development.

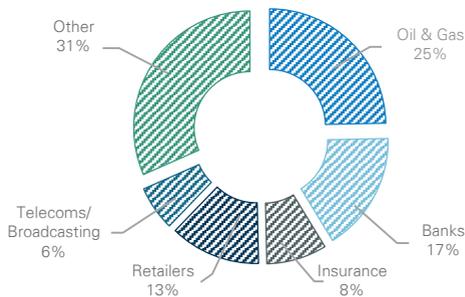
### Employment

The 100 Group's members are an important source of well paid jobs in the UK. The group provides employment to an estimated 2.0 million people, 6.3% of the UK workforce, and pays on average £12,855 (2017: 12,374) in employment taxes for each employee.

The average wage per employee is £37,425, which is 26% higher than the average national wage of £29,588.

Gross Value Added (GVA)\* per employee of £80,000 which is 40% higher than the average GVA of £57,268 in the wider UK economy and on average, each 100 Group participant supported 5,112 UK suppliers, including SMEs.

## Total Tax contribution by different industries



Retailers paid a total of £2.2 billion in business rates. On average 47% of taxes borne by retailers are business rates. The amount paid in business rates has increased by 91% since 2005. Banks paid a total of £2.1 billion in bank levy. On average, bank levy makes up 31% of the taxes borne by banks. Survey data shows that the bank levy increased by 2.5% since 2017 despite a reduction in rates, but has increased 188.7% since 2012. Financial services companies paid a total of £3.1 billion in irrecoverable VAT. On average, irrecoverable VAT makes up 27.1% of the taxes borne by FS companies.

\*GVA was calculated using the income approach, defined as the sum of profit before tax, wages and salaries, employers' social contributions, depreciation, amortisation and taxes incurred as a result of engaging in production.

## APPENDIX 2

# RESPONSES SUBMITTED DURING 2018/19

Below is a complete list of responses submitted by The 100 Group during the year.. Copies of consultation responses can be found on the 100 Group website – [www.the100group.co.uk](http://www.the100group.co.uk).

| Month     | Committee                              | Response  |
|-----------|--|---|
| October   | Main Committee                         | CMA: Statutory audit market – invitation to comment   |
| January   | Main Committee                         | CMA: Statutory audit services market study - update paper   |
| June      | Main Committee                         | BEIS: Independent Review of the Financial Reporting Council – Initial consultation on the recommendations |
| June      | Main Committee                         | <i>Joint letter with ACCIF</i><br>BEIS: Independent Review of the Financial Reporting Council             |
| June      | Main Committee                         | Brydon Review: Independent review into the quality and effectiveness of audit                             |
| September | Main Committee                         | BEIS: consultation on initial CMA recommendations   |
| April     | Financial Reporting Committee          | FRC: discussion paper - Business Reporting of Intangibles: Realistic proposals                            |
| June      | Financial Reporting Committee          | HMT: letter on European single electronic format post Brexit  |
| August    | Financial Reporting Committee          | IASB: IFRS 16 tentative agenda decision   |
| September | Financial Reporting Committee          | FRC: Ethical and Auditing Standards   |
| March     | Investor Relations & Markets Committee | FRC: consultation on the revisions to the UK Stewardship Code   |
| September | Pensions Committee                     | TPR: The future of trusteeship and governance   |
| February  | Tax Committee                          | HMRC: Corporate Capital Loss Restriction: Consultation on delivery  |
| February  | Tax Committee                          | HMT: consultation on Digital Services Tax   |
| March     | Tax Committee                          | OECD: consultation addressing the tax challenges of the Digitalisation of the Economy                     |





## **WHO WE ARE**

The 100 Group represents the Finance Directors of the UK's largest companies. Members are drawn from the FTSE 100 and other large UK private companies.

## **WHAT WE DO**

Provide a collective voice during, particularly during periods of change, to shape a business environment that continues to encourage investment in the UK.

Enhance the profile of large companies through better communication of our wider contribution to society.

Influence the business agenda to highlight unnecessary bureaucracy and regulation which hinders efficient operation.

