



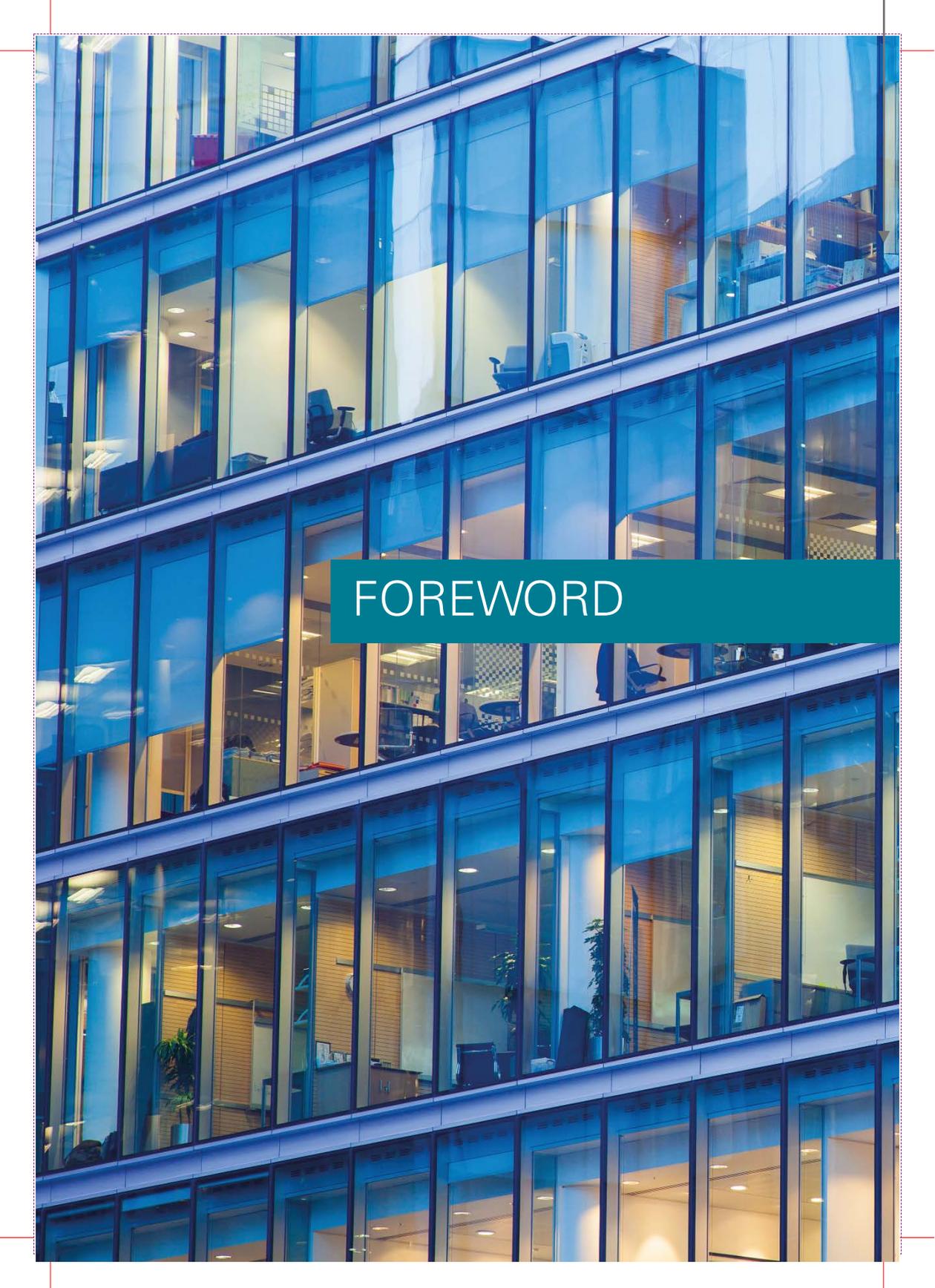
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The 100 Group

THE HUNDRED GROUP

OF FINANCE DIRECTORS

ANNUAL REVIEW FOR THE YEAR ENDED
30 SEPTEMBER 2015



FOREWORD



Welcome to the 2015 Annual Review of The 100 Group of Finance Directors, which provides an overview of the activities undertaken by the Group over the past twelve months.

The voice of The 100 Group brand is strong because we act together. In doing so, we are more influential as the UK Government, regulators and other standard setters, including the European Commission, can see that our Committees genuinely represent the views of our members.

WHO WE ARE

- The membership represents the Finance Directors of the UK's largest companies
- Members are drawn from the boardrooms of the FTSE 100 and other large UK private companies
- Non-political and not-for-profit organisation

WHAT WE DO

- Promote the competitiveness of the UK for UK based global and domestic companies
- Contribute positively to the development of UK and International policy and practice
- Influence the business agenda for the benefit of our members, the UK economy and long-term growth of the UK

HOW WE OPERATE

- The Main Committee oversees the strategic direction of the membership
- The assessment of emerging issues and engagement with stakeholders is principally undertaken by members of our sub-committees
- Active participants on our committees include current CFOs supported by senior finance personnel from member organisations
- We maintain a dialogue with our members to ensure that our work is representative of our members' interests

Contact us: thehundredgroup@kpmg.co.uk
www.the100group.co.uk



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CHAIRMAN'S INTRODUCTION



The 100 Group's members continue to make a positive contribution to society, to the economy and to UK business. I firmly believe the 100 Group plays an important role in shaping the business landscape in Britain for the better. As big businesses and significant employers in the UK, we are in a unique position and well placed to give informed recommendations and insightful points of view on how to improve the UK's competitiveness and attractiveness to future investment.

At the start of my tenure as Chairman I set out some priorities in order to focus our efforts as a Group around:

- **Improving UK competitiveness** - We want the UK to be seen as an easy and attractive place to be based and do business, supported by efficient capital markets and long term equity ownership in large UK-based corporates. We will look to influence legislation and regulation to support these goals.
- **Enhancing the contribution of big business** - We want to increase and improve the profile of big business as a 'force for good', in particular highlighting the positive contribution made to the UK economy and challenging misinformed views when they occur.
- **Being better connected** - We want to be part of the key discussions relevant to big business. This involves understanding the agenda of our stakeholders, including government, regulators and investor groups, and then presenting a consistent and considered point of view.

Throughout the last year there have been many examples of how The 100 Group has been contributing around these priorities. We have pushed back on proposed regulation, unless it has a clearly explained, justified and has costed rationale. For example, we have engaged with:

- the Department for Business, Innovation & Skills in relation to their consultation on the disclosure of supplier payments highlighting the burden of the original proposals, suggesting a number of alternative approaches that would meet the desired transparency objectives, while making the disclosure requirements more manageable.
- ESMA around their guidelines on Alternative Performance Measures explaining their importance to a clearer understanding of

business performance and requesting greater flexibility for companies. Significant improvements were made to the final drafting.

- the FRC regarding the implementation of the changes in Auditing and Ethical standards, highlighting a number of concerns where the proposals go beyond the EU rules, creating significant additional burdens for UK companies. These proposals are still under consultation but we remain optimistic that the final proposals will be more practical for our members to implement.

As set out in the individual committee reports, during the year our principal 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.

I fully expect the coming year to be another important year for The 100 Group. Our principal committees will be concluding our responses in some key areas:

- **The Financial Reporting Committee** will be concluding on important IASB consultations, such as the Conceptual Framework.
- **The Tax Committee** will continue to be heavily involved in discussions on the implementation of the OECD's Base Erosion Profit Shifting project and large business tax compliance.
- **The Investor Relations and Markets Committee** will continue to monitor the regulatory impact of the EU Audit reform directives
- **The Pensions Committee** will be focused on the possible reforms to the pensions taxation system.

These are important projects, and opportunities for the voice of big business in the UK to be heard.

I believe The 100 Group can best maximise our impact by bringing together a genuinely collective view of our members on these and other issues that might arise. We represent the most significant companies in the UK and we are in a unique position to be able to highlight the views of big businesses, distinct from other broader business groupings in the UK.

During the last year I have been heavily involved in the debate on the role of large businesses in society. I took part in an ICAEW/Audit Quality Forum debate on "Can business ever get it right", which gave me an opportunity to lay out the case for the significant contribution big business makes to the UK economy.

The 100 Group Total Tax Contribution Survey, which completed its tenth year, is another example of how we contribute collectively. As our survey illustrates, the contribution of big business to the economy has been growing. The Total Tax Contribution of our members in 2014 increased by £2 billion (2.1%) compared to the 2013 survey results. Importantly, now that the survey has built up a track record of robust data, it is becoming much more widely used and recognised including within Government and other advising bodies.

I was also pleased to see so many of our members respond to the debates that really matter, such as our surveys on:

- **Investors' interactions**, which provided members with valuable insight into the approach our membership takes to interactions with investors.
- The **UK's relationship with Europe**, where we received strong feedback but also a clear view that we should reserve our position until after the Government has laid out more clearly the basis on which our membership of the EU might be amended.

Part of what allows us to contribute so substantively to these key debates is the connectivity of our membership. Strengthening this has been a key priority for me, including adding to the opportunities for us to meet and share experience and know-how.

I was encouraged to see so many of our membership at the fascinating and thought-provoking event with Sir John Sawers, the former Chief of MI6, on global security threats and their impact on business. We also had very positive feedback on the well attended shared event with the GC100 (the group of General Counsels and Company Secretaries of FTSE 100 Companies) on the practical implications of changes to the Corporate Governance Code.

Another great way for members to stay connected and network is through guest events and breakfast

meetings. I fully encourage members to attend these events, because it's only with an active membership that our voice will be heard.

Lastly, and most importantly, The 100 Group continues to rely upon the goodwill of the individuals who serve on our committees and those who support our activities, and I would like to extend my thanks to everyone who has contributed so actively over the past year.

I would also like to thank Robin Freestone, Deirdre Mahlan, José Leo, Andy Halford and Simon Lowth who have stepped down from the Main Committee during the year or will be stepping down at the Annual General Meeting. We will miss their active participation and many contributions. Particular thanks are due to Robin and Andy, both former Chairmen, and to José for his leadership of the Pensions Committee.

I was also delighted to welcome some new members to the Main Committee during the year. Alan Stewart has taken on the Chairmanship of the Pensions Committee and Brian Gilvary also brings great experience to the group.

I look forward to another busy year for The 100 Group and your continued participation and support.

Thank you.



Simon Dingemans

MEMBERS OF THE MAIN COMMITTEE DURING THE YEAR

- Simon Dingemans**, Chairman (GSK)
- Robin Freestone**, Deputy Chairman (ex-Pearson)
- Simon Henry** (Shell)
- Andrew Bonfield** (National Grid)
- Matthew Lester** (Royal Mail)
- Andy Halford** (Standard Chartered)
- Brian Gilvary** (BP)
- Alan Stewart** (Tesco)
- Deirdre Mahlan** (Diageo)
- Simon Lowth** (BG)
- Russ Houlden** (United Utilities)
- Jose Leo** (ex-Heathrow)

FINANCIAL REPORTING

To promote relevant, concise and understandable financial reporting to investors

TAXATION

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



PENSIONS

To promote fair, transparent and appropriate pensions legislation for employers and employees

INVESTOR RELATIONS & MARKETS

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

THE CONTRIBUTION OF OUR MEMBERS

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.

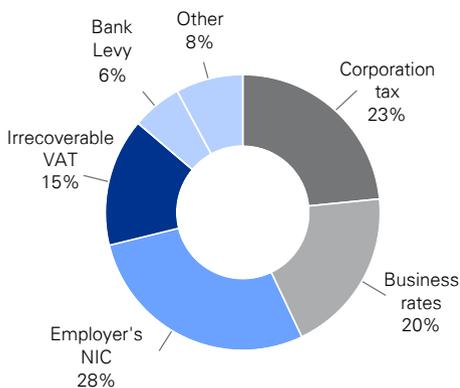
The 2014 survey, highlighted several key aspects of the shift in tax revenues borne and collected by our members.

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

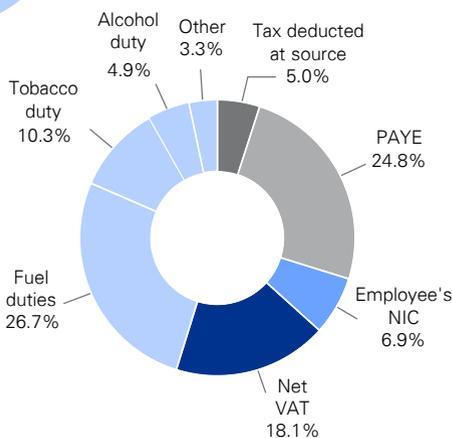
£80bn
The 100 Group's members Total Tax Contribution, which represents 14.1% of total Government receipts



TAXES BORNE BY PERCENTAGE



TAXES COLLECTED BY PERCENTAGE



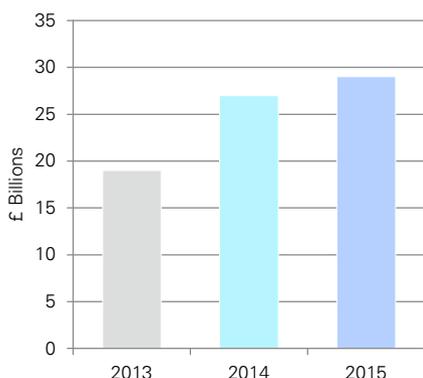
Taxation

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.

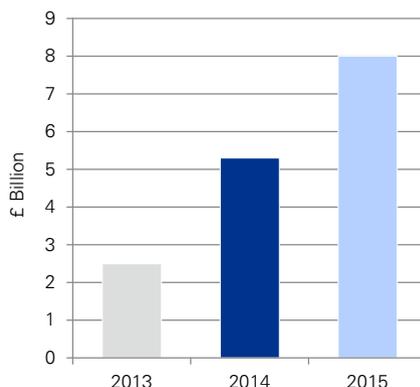
Over 14% of UK government tax receipts for the 2014 period were borne or collected by member companies. There was a lower UK statutory corporation tax rate in 2014 compared to 2013; however, the total taxes borne by members increased by £2bn.

The 2014 Total Tax Contribution survey highlighted that for every £1 in corporation tax paid by The 100 Group's members, £3.27 was paid in other taxes (£2.86 in 2013). This compares to a ratio of 1:1 in 2005.

Capital investment by 100 Group members



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 £29 billion spent in 2014 represented 23.2% of the total UK expenditure on capital investment. This was an increase from 2013 where £27 billion was spent, representing 21.4%.

The 100 Group's members also invested an estimated £8 billion on research and development expenditure in 2014, an increase of 62.1% compared to 2013. This reflects, in part, the introduction of the patent box regime.

Contribution to employment



2.2
million people

7.1%
of the UK workforce

Employment

The 100 Group's members are an important source of well paid jobs in the UK. The group provides employment to an estimated 2.2 million people, 7.1% of the UK workforce, and pays on average £11,214 in employment taxes for each employee. The average employment taxes paid by The 100 Group's members is slightly less than 2013, which can be linked to the increase in the employee personal allowance from £8,105 in 2013 to £9,440 in 2014. In addition, the activities of member companies support many jobs throughout their supply chains.

2015 Survey

The results of the 2015 survey will be published on 15 December 2015.



KEY OBJECTIVE

To promote relevant, concise 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 will continue to resist measures that add unnecessary complexity. We support IFRS as a set of global standards, but will always voice concern over any measures that add unnecessarily to the burden on our finance teams or which detract from clear and meaningful communication. The Committee will continue to focus on influencing the IASB's major projects"

Russ Houlden (United Utilities), Financial Reporting Committee Chairman

PRIORITIES

- Support the continued development of a single accounting language for international business.
- Encourage the development of a conceptual framework on which to build principles-based accounting standards.
- 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, free of unnecessary or boilerplate disclosures.
- Establish closer links with similar groups in other countries with a view to increasing The 100 Group's influence on the financial reporting debate at an international level.

2015 ACTIVITY SNAPSHOT

- We submitted six comment letters in the period on a range of topics, including responses to the IASB on ED relating to IFRS 15 and IAS 7, and their discussion paper on the financial effects of rate regulation.
- We have been drafting our response to the IASB's consultation on the Conceptual Framework.
- The Committee now has members on Business Europe's accounting committee and the FRC's Accounting Council, and a direct report of the Committee Chairman sits on EFRAG TEG.
- The Committee Chairman has regular meetings with the IASB and investor groups including CRAG and the Investment Association. Bodies which attend meetings of the Committee for specific agenda items include CRUF, the FRC, the IASB and the Financial Reporting Lab.

FUTURE AGENDA

- Comment on the IASB's proposals on the conceptual framework, their Agenda consultation and other forthcoming proposals that are of importance to the wider business community.
- Support initiatives to develop the disclosure framework with a view to reducing clutter in financial statements.
- Work with our other committees on cross-cutting issues, in particular on integrated reporting initiatives and regulations around alternative performance measures.
- Consider issues arising from the process of planning the implementation of major new standards.
- Maintain and to develop our relationships with other stakeholder bodies in the UK and internationally in order to best co-ordinate and focus efforts on areas of shared interest.



KEY OBJECTIVE

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

"Taxation remains at the forefront of international debate. In the UK, we have seen progress in improving the taxation regime in recent years, and with the OECD having released their final papers on the Base Erosion Profit Shifting project the debate in the area of fair taxation and transparency is likely to continue. The Committee continues to be active in the debate and will continue to engage on these topics as we await to see how individual jurisdictions will apply the OECD recommendations."

We have continued to work with PwC on assessing the total tax contribution of our members which in 2014 showed that the 100 Group's members paid or generated taxes of £80 billion, equivalent to 14% of the UK Exchequer's overall tax take. We look forward to the launch of the 2015 survey in December."

Andrew Bonfield (National Grid), Tax Committee Chairman

PRIORITIES

- Policy that engenders investment in the UK, i.e. is internationally competitive.
- Stability in tax legislation.
- Promote a wider focus on the tax regime to include all taxes, not just corporate taxes.
- Transparent fiscal policies and consistent consultation process.
- Monitoring current fiscal developments to promote balanced legislation.

2015 ACTIVITY SNAPSHOT

- 2014 Total Tax Contribution survey highlighting the contribution our members make to the wider UK economy.
- Committee members worked closely with the CBI in exploring views and responses to the OECD BEPS actions.
- Issued comment letters expressing views on topics from the OECD BEPS project, specifically around PE status and Interest Deductions.
- Meetings with senior representatives from HMT and HMRC to discuss strategy and engagement.

FUTURE AGENDA

- With the OECD Base Erosion Profit Shifting project continuing in 2016, we will continue to monitor progress and be firmly involved in the debate.
- Promote the contribution of The 100 Group's members to the UK Exchequer and the wider economy through the Total Tax Contribution Survey and other initiatives. With so many sensationalist headlines claiming big business is not meeting its moral obligations regarding tax payments, it is vital that there is a greater understanding of our members' contribution and their potential to drive the UK growth agenda.
- Engage with HMRC and HMT, in conjunction with the CBI, and look to influence developments in reporting with the aim of contributing positively to the development of any legislation affecting the UK.



KEY OBJECTIVE

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

"As expected 2015 saw less major change in the regulatory landscape than previous years. This gave the committee an opportunity to focus on other areas of investor relations and engage with investor groups to gain a broader understanding of issues and consider alignment of approach with other related parties. The jointly held breakfast meeting with the GC100 on Viability Statements and other changes to the Corporate Governance Code was a great success. The event brought together CFOs, General Counsels, Company Secretaries and members of their teams from around thirty companies for an interesting discussion and to share thoughts on the changes to the Code. We also surveyed the Group's membership on investor interactions and shared the interesting results."

Matthew Lester (Royal Mail) Investor Relations and Markets Committee Chairman

PRIORITIES

- Promotion of long termism to good governance and stewardship (principles approach).
- Shareholder communication.
- Regulatory oversight of narrative reporting.
- Discourage regulations that do not streamline reporting.
- Promotion of efficient capital markets.

2015 ACTIVITY SNAPSHOT

- Hosted a joint roundtable discussion with the GC100 on Viability Statements and other changes to the Corporate Governance Code.
- Hosted a joint breakfast meeting with the Audit Committee Institute, to discuss with the FRRP the process to financial statement reviews and views on Clear & Concise Reporting.
- Surveyed the Group's membership on investor interactions.
- Submitted various comment letters, most notably responding to the Implementation of the EU Audit Directive and Audit Regulation.
- Guests are invited to speak at each quarterly Committee meeting. Recent guests have included the GC100, Business Innovation and Skills, and the Investment Association.

FUTURE AGENDA

- Engage with effective investor bodies to see if there are areas where coordinating our responses to regulatory enquiries could have a materially greater impact.
- Focus on the implementation of changes to regulations that have passed, and will consider activities to promote the priorities of the Committee.
- Continue to welcome the FRC's Clear and Concise Reporting Initiative, and the work of the Financial Reporting Lab, and engage with the FRC, and with the Financial Reporting Lab putting forward the perspectives of our members.



KEY OBJECTIVE

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

“In recent years, pensions policy has appeared increasingly Treasury-led, with the introduction of the new pension freedoms and the consultation on possible sweeping changes to pensions taxation. The Committee has been engaging with the Treasury on these developments. Whilst it now looks unlikely that Europe will introduce solvency funding for pensions in the term of this Commission, we are also monitoring developments in Europe, in particular EIOPA’s continuing work on the holistic balance sheet. and the progress of the revised IORP directive.”

Alan Stewart (Tesco), Pensions Committee Chairman

PRIORITIES

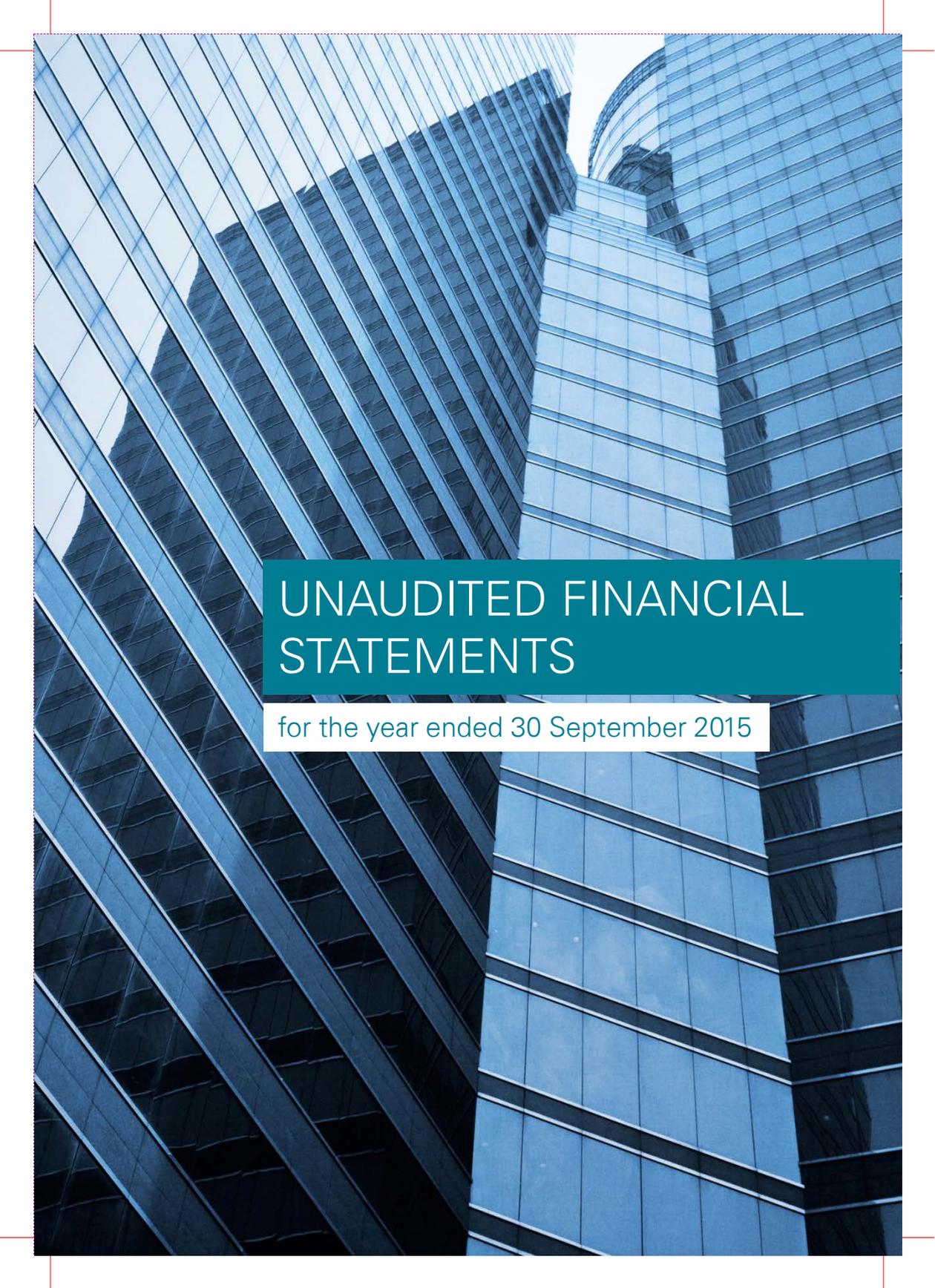
- **Pensions taxation:** Making the case that major reforms to the taxation of pensions would be damaging and ensuring that the key role of the employer contribution in incentivising pension scheme membership is recognised.
- **Europe:** Monitoring European developments that may impact on UK pension schemes and their sponsoring employers.
- **Defined benefit funding:** Ensuring that the funding regime for DB pension schemes maintains an appropriate balance between trustees and employers.

2015 ACTIVITY SNAPSHOT

- A number of consultation responses were submitted on issues relevant to the Committee, most recently on HM Treasury’s ‘Strengthening the Incentive to Save’.
- We responded to EIOPA consultations on the solvency of IORPs and on good practices in pension transfers and the Independent Review of Retirement Income.
- The Committee Chairman met the pensions lead at the CBI to discuss matters of mutual interest, in particular the European agenda.
- The Committee continues to maintain connections with other interested stakeholders.

FUTURE AGENDA

- Make representations to mitigate any damaging consequences in the event that HM Treasury decides to pursue major reforms of the pensions taxation system.
- Monitor the European IORP directive to ensure that the proposed changes to governance and disclosure requirements are proportionate and that there is no ‘gold-plating’ when the provisions of the directive are implemented in the UK.
- Continue to lobby for the dropping of proposals to introduce solvency funding for pensions.
- Meet the new Chief Executive of the Pensions Regulator to discuss (amongst other topics) how much difference its new objective to minimise the adverse impact on an employer’s sustainable growth is making in practice.
- Keep a close eye on developments in the regulation of defined contribution schemes, in particular to ensure that they do not find themselves facing similar regulatory burdens to those faced by defined benefit schemes.
- Meet Baroness Altmann, the new Pensions Minister, in November.



UNAUDITED FINANCIAL STATEMENTS

for the year ended 30 September 2015

We report on the financial statements of The Hundred Group of Finance Directors ("the Group") for the year ended 30 September 2015, which are set out on pages 15 to 17.

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 2015 on the basis set out in the Letter of Engagement dated 26 September 2012.

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 we do not express an audit opinion on the view given by the financial statements.

INDEPENDENT EXAMINER'S STATEMENTS

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
 - b) to prepare financial statements which accord with the accounting recordshave 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.

JONATHAN DA COSTA

On behalf of RSM UK TAX AND ACCOUNTING LIMITED

Chartered Accountants
3rd Floor, One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN

10 November 2015

INCOME AND EXPENDITURE ACCOUNT

Year ended 30 September 2015

	2015		2014	
	£	£	£	£
INCOME				
Subscriptions		-		4,900
Bank interest		76		69
		76		4,969
EXPENDITURE				
Travel	(847)		(1,170)	
Sundries including subscriptions not taken up	(620)		(586)	
Bank charges	(318)		(321)	
		(1,785)		(2,077)
(DEFICIT)/ SURPLUS FOR THE YEAR		(1,709)		2,892

ACCUMULATED FUND		
Balance brought forward	30,343	27,451
(Deficit)/ surplus for the year	(1,709)	2,892
BALANCE CARRIED FORWARD	28,634	30,343

BALANCE SHEET

30 September 2015

	2015	2014
	£	£
CURRENT ASSETS		
Cash at bank	30,407	30,623
Sundry debtors	400	1,700
	30,807	32,323
CURRENT LIABILITIES		
Creditors and accruals	(2,173)	(1,980)
Net assets	28,634	30,343
ACCUMULATED FUND	28,634	30,343

These financial statements were approved and authorised for issue by the Main Committee on 10 November 2015.



Simon Dingemans
Chairman

ACCOUNTING POLICIES

Year ended 30 September 2015

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.

TAXATION

The Hundred Group of Financial 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.



