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By e-mail: [cashflows@frc.org.uk](mailto:cashflows@frc.org.uk)

Dear Mr Lennard

### **Discussion Paper: Improving the Statement of Cash Flows**


We welcome the opportunity to comment on the above Discussion Paper. Whilst we have not answered the individual questions in the discussion paper, as this is best left to individual companies, in general we found the proposals supportable and pragmatic. However, we do not agree with the proposal that capital expenditure should be split between 'replacement' and 'expansion' as, in our experience, the two often go hand-in-hand; accordingly any split would, in many cases, be arbitrary. As such, the proposals, in their current form, are likely to lead to divergences in practice and diminish the usefulness of the statement in this respect.

### **Who we are**

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers

Please feel free to contact us through the 100 Group's website, [www.the100group.co.uk](http://www.the100group.co.uk), should you wish to discuss our comments.

Yours sincerely,



**Russ Houlden**  
*Chairman*  
*Financial Reporting Committee*