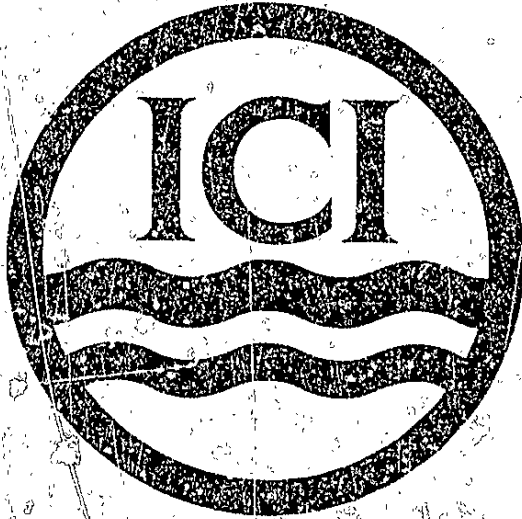


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## ICI Group financial highlights

'Group' means ICI and its subsidiaries '£m' means millions of pounds sterling

	1983 £m	1982 £m	1981 £m
Sales to customers outside the Group			
Chemicals-UK	2,184	2,030	1,899
-overseas	5,264	4,402	3,851
Oil	808	926	831
Total turnover	8,256	7,358	6,581
Trading profit	693	366	425
Profit before taxation	619	259	335
Net profit attributable to parent company, before extraordinary items	397	145	192
Earnings (before extraordinary items) per £1 Ordinary Stock	65.3p	24.2p	32.3p
Dividend per £1 Ordinary Stock	24.0p	19.0p	19.0p
	£m	£m	£m
Profit before taxation, on a current cost accounting basis, expressed in 1983 £'s	441	103	95

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## Foreword by the Chairman

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The 1983 results are the first fruits of our sustained drive to re-shape ICI and transform its cost structure. Yes, there has been help from a more favourable economic climate and from currency movements, but in the harsh competitive environment of today there are no automatic benefits to be had. The 1983 results are essentially a reflection of the way people in ICI have buckled down to achieving a dramatic turn-round. I thank each one of them.

These pages show where our profits were made. It is particularly good to report the excellent performances of our agriculture and pharmaceuticals businesses and also the return to profit by the end of last year of most of our commodity businesses after herculean efforts.

During the year we have pressed on with change. We have continued to divest activities which do not fit our new strategies. We have continued to make acquisitions in areas where we believe our future lies. Organizational changes have been made to add to the thrust of our business in speciality chemicals, to promote our entry into the electronic chemicals market and to enhance the international impact of our pharmaceuticals, agrochemicals and colours businesses. Another example of our determination to continue the process of change which will take us forward in the second half of the 80's, is our listing on the New York Stock Exchange - a response to growing interest by US investors and an underlining of our ambitions in the country with the world's largest chemicals market.

As we move into 1984 we have a new organization in place which puts a premium on delegation and release of talent, our basic businesses are in better shape and are better integrated to face the future, and our major profit earners continue to perform excellently. Our financial strength will allow us to sustain successful traditional businesses and be aggressive in developing new products and markets. In a strategic sense our diversity, technology and geographic strength will keep us fundamentally competitive with any of the world's greatest chemical companies.

Much has been achieved, but much remains to be achieved. We shall not be satisfied until each of our businesses is making good profits and is capable of riding out the many challenges of a volatile world economy. In today's uncertain world there is an unrelenting challenge to remain competitive. Having got an edge we are going to keep it, and so we must and shall continue our drive for profitability, efficiency and innovation.

Finally, in 1983, after several difficult years, we have been able to increase the dividend beyond the 1979 level. This increase demonstrates our confidence in the future and my earnest hope and endeavour is that there will be further increases to reward our shareholders in the years to come.



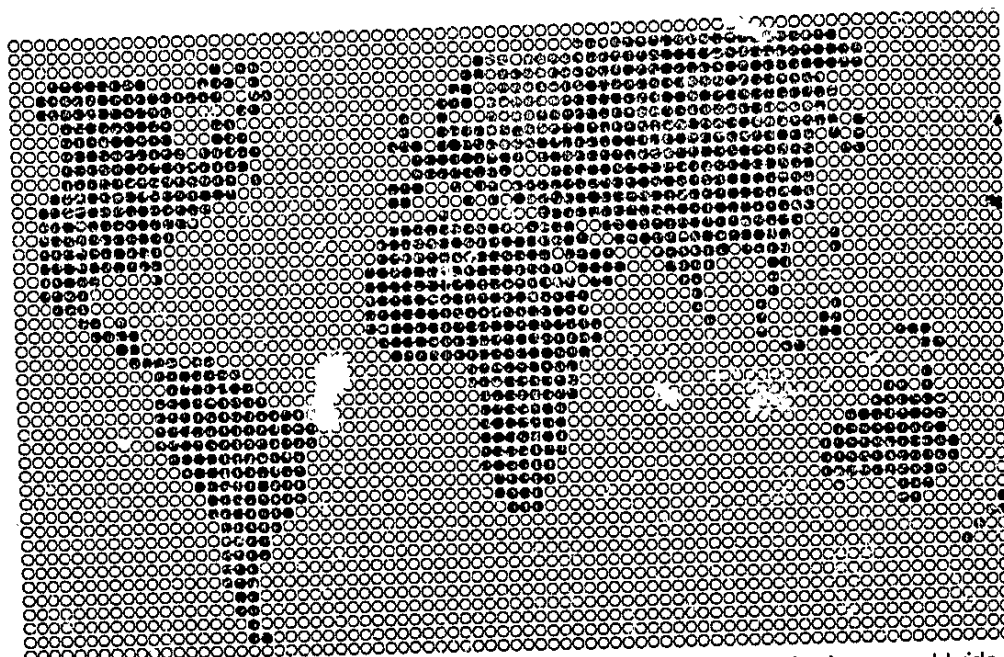
1 March 1984

John Moray - Chairman



# The ICI Group

- West European operations
- Wholly-owned major subsidiary
- Major subsidiaries and related companies
- Other substantial manufacturing operations
- Smaller manufacturing operations and sales offices in other countries



ICI is one of the world's largest chemical groups with a range of products which is as broad and varied as that of any chemical company. The parent company is British and the Group has a network of manufacturing subsidiaries and sales organizations throughout the world. With manufacture in more than forty countries and substantial sales organizations in more than sixty, the geographical diversity of the Group, as illustrated diagrammatically above, is the widest amongst the chemical majors. The headquarters of the Group and its main technological base are in the UK where there are nine operating units, each with its own wide range of products, making up one of Britain's largest manufacturing companies and leading exporters. The Group operates its businesses outside the UK through subsidiary and related companies. Where the market

requires it for a particular business, worldwide co-ordination and strategic direction are the responsibility of a designated senior executive. In determining strategies for these businesses full cognizance is taken of legal and other local requirements in each country involved.

The operations of the Group are divided for reporting purposes into nine business sectors. Separate consideration is given to each of these sectors in the Directors' Report, which also includes reviews of the Group's activities on a geographic basis. Sales and trading profit for each sector and geographic area are reported under segmental information in the accounts. An indication of the diversity of the Group's range of products is given in the pictures which illustrate end uses of some of those products.

## Board of Directors

*\*Non-Executive Directors*

J. H. Harvey-Jones MBE Chairman

A. W. Clements

Sir Arnold Hall FRS\*

P. G. Harvey

D. H. Henderson

Sir Robin Ibbs

Sir Alex Jarratt CB\*

W. G. L. L. Kiep\*

Sir Patrick Meaney\*

Sir Jeremy Morse KCMG\*

C. H. Reece

N. B. Smith CBE

The Rt Hon Lord Thomson of Monifieth KT\*

F. Whiteley

Further information about the Directors is given on page 22.  
A list of Senior Executives is given on page 25.

## Report of the Directors 1983

The Directors of Imperial Chemical Industries PLC present their fifty-seventh Annual Report, together with the Accounts of the Company for the year 1983. They will be laid before the stockholders at the fifty-seventh Annual General Meeting to be held on 18 April 1984, and copies are being provided for those employees of the Company who are not also stockholders.

### Group results

The year 1983 was one of notable achievement. The actions taken to improve competitiveness, particularly during the last three years, have put the Group in a position where it has been able to take full advantage of a more favourable economic environment. Profit before tax rose to £619m, well over twice the 1982 figure, and the dividend on Ordinary Stock was increased by 5p to 24p. Turnover increased by 12 per cent, with strong advances in the USA, Continental Western Europe and exports to the Far East. Profits rose in all regions except Australasia.

After the heavy losses of recent years, the petrochemicals and plastics and the fibres sectors were making profits again by the last quarter, although they still suffered small losses for the year as a whole. The colour, polyurethanes and speciality chemicals sector returned to profit. Other business sectors continued to prosper, especially pharmaceuticals. Products launched recently made significant contributions to the growth in profit, particularly in the USA.

The ICI share price rose steadily during the year and the Company's stock was launched successfully on the New York Stock Exchange.

#### Sales turnover

Group sales in 1983 were £8,256m compared with £7,358m in 1982. Chemical sales were up by 16 per cent at £7,448m but oil sales decreased. ICI achieved an 8 per cent volume increase in chemical sales, including a net 2 per cent from acquisitions and divestments. In the UK, ICI's chemical sales volume was 2 per cent higher, the same increase as in 1982; in Continental Western Europe the increase was 9 per cent excluding acquisitions (1982 6 per cent) and elsewhere overseas volume rose by 7 per cent (1982 2 per cent).

Overcapacity and fierce competition in many products, particularly commodity chemicals, limited price increases. Selling prices of chemicals were on average 2 per cent higher than in 1982 in terms of local currencies. However, sales turnover in sterling terms benefited from the depreciation in the value of the pound to the extent of a further 6 per cent although the effect varied considerably between currencies and business sectors.

#### Trading operations

Group trading profit improved by £327m to £693m. In pharmaceuticals a substantial increase in profit was achieved for the third successive year and good profits continued to

be made in the agriculture, oil and paint sectors. Trading conditions remained difficult in many of the commodity businesses but general chemicals profit improved considerably and the reduced loss in petrochemicals and plastics represented the greatest improvement in any sector. The improvements in fibres and in colours, polyurethanes and speciality chemicals have already been mentioned. Most businesses have undergone considerable internal restructuring and are well placed to continue to benefit from the improved economic environment.

The decline in the effective exchange rate for sterling compared with 1982 was of net benefit to ICI, as the advantage on product prices outweighed the disadvantage on costs, in particular for oil-related feedstocks which are priced in dollars.

Trading profit earned in the UK, including a higher contribution from exports, increased substantially from the depressed levels of 1982. The principal factor was the upturn in demand met from a leaner operational base, particularly in the commodity chemicals and bulk plastics areas. In Continental Western Europe profit was £49m compared with a small loss in 1982. Profit in the Americas increased substantially, with an upsurge in profit in the USA to a record level. The severe recession in the Australian economy depressed profit there although the second half year showed a considerable improvement as the economy began to recover. Trading profits elsewhere were marginally higher than in 1982.

#### Profits

Group profit before taxation was £619m compared with £259m in 1982. The contribution from related companies increased, and financing costs were lower because of reduced borrowings. The charge for taxation, excluding oil taxes, was £201m (1982 £92m), representing 33 per cent of profit before tax (1982 36 per cent). The charge comprised £114m of UK taxation, £75m of overseas taxation and £12m of taxation on principal related companies.

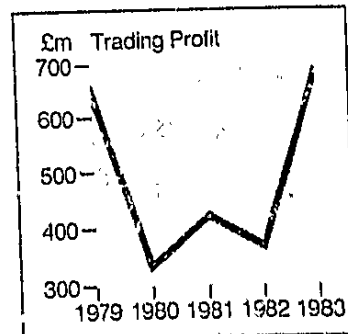
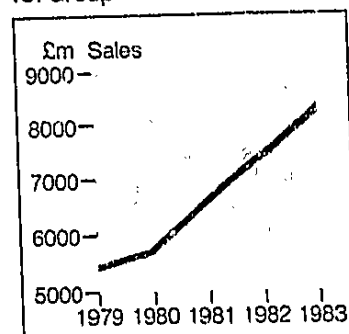
Earnings for Ordinary stockholders were £397m before extraordinary items, equivalent to 65.3p per £1 unit of Ordinary Stock, compared with £145m (24.2p per £1 unit) in 1982. The extraordinary items charge of £19m comprised a provision of £40m, representing the remaining book value of ICI's 37½ per cent equity share in the Corpus Christi Petrochemical Company and related facilities in the USA, partially offset by profit arising on divestments which included US oil and gas interests.



THE QUEEN'S AWARD FOR  
TECHNOLOGICAL ACHIEVEMENT  
TO AGRICULTURAL DIVISION 1983

This Award was won by the Division for its development of large scale production by continuous fermentation of 'Pruteen', a high value protein.

ICI Group



**Dividend**

A second interim Ordinary dividend of 14p per £1 unit, which the Annual General Meeting will be asked to confirm as a final dividend for 1983, is payable on 2 April 1984. This, together with the first interim dividend of 10p per £1 unit paid on 10 October 1983, makes a total Ordinary dividend of 24p for the year, an increase of 5p from 1982. The gross equivalent of this (including the related tax credit) is 34.29p. The payment of these dividends requires £147m (1982 £115m), leaving £231m (1982 £30m) retained in the business.

**Finance**

The Group financial position has strengthened further. Funds generated from operations totalled £1,158m (1982 £852m) and were more than sufficient to meet the Group's cash requirements. In addition, cash was raised from a number of divestments. The amount spent on new tangible fixed assets was increased for the first time since 1979 and several acquisitions, referred to in the section on capital investment on page 18, were made in strategic sectors. The higher level of trading activity required additional working capital although the increase was minimised by continued vigilance on stock levels and prudent credit control.

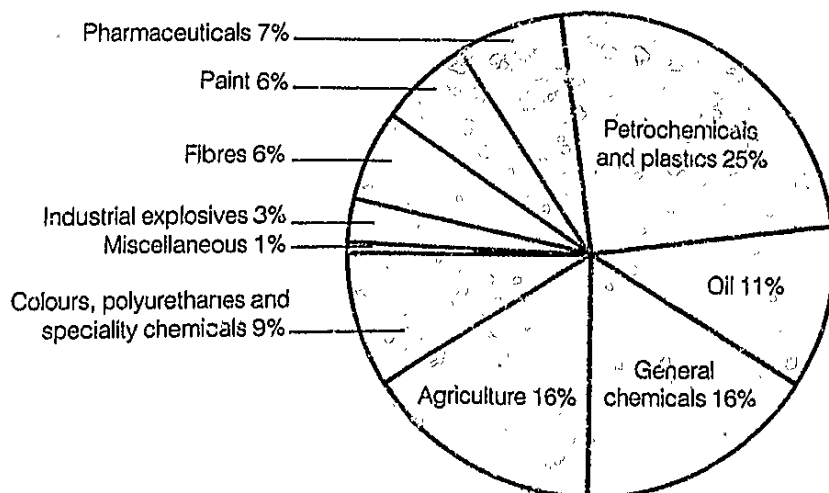
Overall, the Group has been able both to build up cash balances and to make loan repayments significantly greater than new borrowings. The major new borrowings comprised US\$100m 9% per cent bonds, issued by a finance subsidiary, and Can \$75m 12% per cent debentures issued by C-I-L Inc. The US\$ bonds, which mature in 1990, give holders an option to convert into sterling bonds, and were issued with warrants attached for the acquisition of ICI Ordinary Stock.

Ordinary Stock issues by ICI totalled 9 million £1 units, including 8 million units in respect of employees' profit-sharing and share option schemes and 1 million units in connection with acquisitions. C-I-L Inc made an issue of new common shares which raised Can \$99m, of which ICI took up its 73 per cent share. ICI Australia Ltd made an A\$39m rights issue payable in November 1983 and March 1984, of which ICI took up its 62 per cent share.

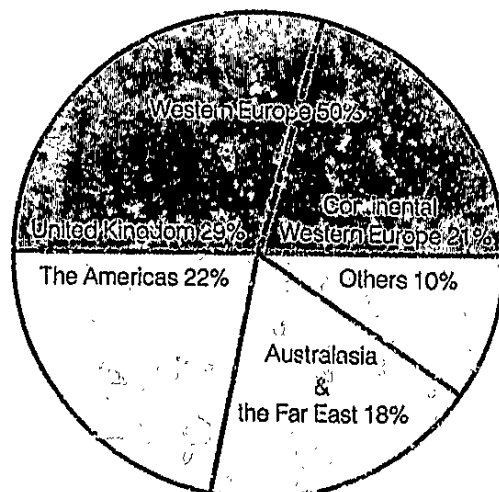
At 31 December 1983, Group net liquid resources (cash and short-term investments less short-term borrowings) were £445m compared with £34m at the end of 1982.

## Review of worldwide trading operations

The first part of this review on pages 5 to 12 deals on a worldwide basis with the results of each business sector in which the Group is engaged. The second part on pages 13 to 17 analyses the results in each of the main geographic areas of the Group's operations. Detailed figures are given on pages 30 and 31. The charts below show 1983 sales by business sectors and by markets.

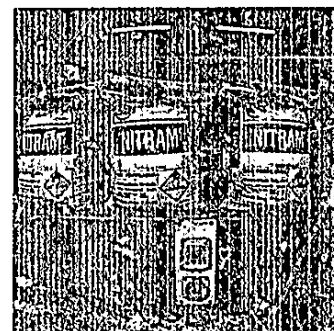


Sales by business sectors £9,324m  
(including inter-sector sales of £1,068m)



Chemical sales by markets £7,448m

# Agriculture



- 1 'Fusilade' herbicide helped this farmer in North Carolina to produce a bumper soya bean crop
- 2 Agrochemicals are one of ICI's major areas of research activity
- 3 Automatic packing line for 'Nitram' fertilizer which is the UK market leader

This business sector is primarily concerned with the supply of fertilizers and agrochemicals (in previous Annual Reports referred to as crop protection chemicals), to agriculture throughout the world. It also includes some industrial chemicals such as methanol, ammonia, liquid carbon dioxide and catalysts which are closely linked with fertilizer production technology.

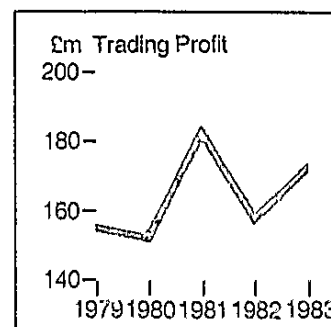
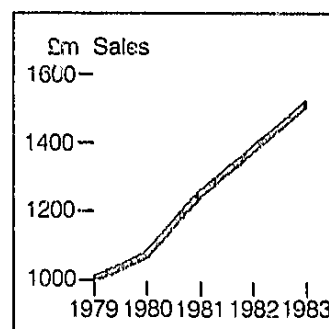
ICI is the market leader in fertilizers in the UK and through its subsidiary and related companies has a strong position in fertilizers in Canada, India, Malaysia, Australia and South Africa. The robust and efficient British farming industry provides a sound customer base for the profitable UK business. This was further strengthened in 1983 by acquisition of the 50 per cent of Hargreaves Fertilisers Ltd not already owned and of the UK fertilizer and agrochemicals businesses of Albright & Wilson Ltd.

In the UK, the fertilizer season started slowly but plants were run close to capacity for most of the year and sales were particularly strong in the fourth quarter. Demand for 'Nitram' fertilizer continues to grow strongly and expenditure of £30m on additional nitric acid capacity for this product was authorized in accordance with the intention to maintain ICI's leadership of the UK fertilizer market. Elsewhere in the world, market conditions were difficult with droughts in Australia and South Africa, whilst the reduced acreage sown in the USA affected operations in Canada. In India, sales volume of fertilizers was

maintained despite difficult trading conditions

Sales realizations for ammonia and methanol were limited by weakness of world markets. ICI continued to prosper in the international business of selling catalysts and licensing methanol and ammonia processes, in which it is amongst the world leaders.

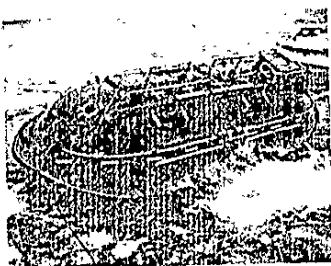
The ICI agrochemical business is ranked fifth by sales amongst the world's agrochemical companies. Sales are made throughout the world, with major research and production centres in the UK and USA and product testing, development and manufacturing facilities located in many markets. Sales and profits of the Group's range of herbicides, fungicides and insecticides advanced strongly in 1983, with most of the profits being earned in the first half of the year in accordance with the normal seasonal variation. Intensive efforts resulted in rapid growth, especially in the USA, of sales of the new herbicide 'Fusilade' which is particularly effective for soya and cotton crops. Sales also benefited from favourable weather conditions in Western Europe and from the effects of exchange rate movements. Sales in Latin America and in developing countries were affected by balance of payment problems.



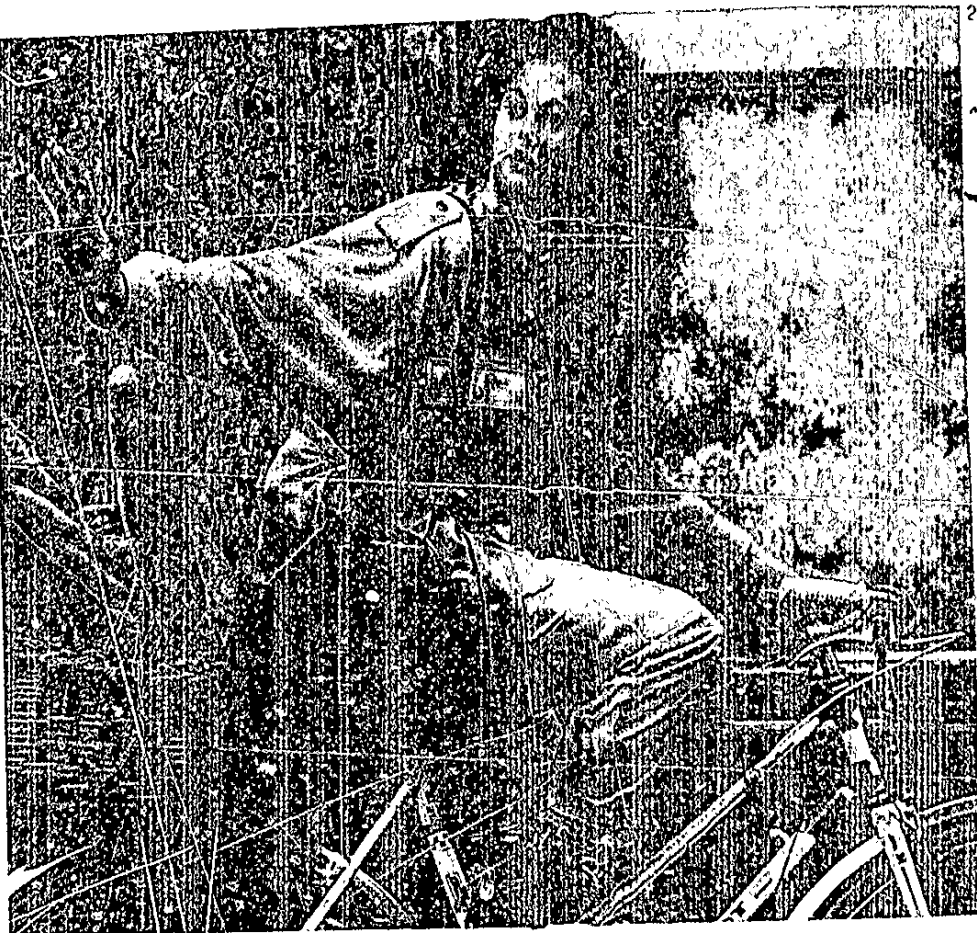




3



- 1 The ICI biocide 'Baquacil SA' is an effective and convenient sanitizer for home swimming pools.
- 2 Worldwide sales of ICI dyes for leather are serviced by a new centre at St Clair du Rhône, France.
- 3 ICI developed the polyurethane flotation system for this new Scandinavian-designed lifeboat.



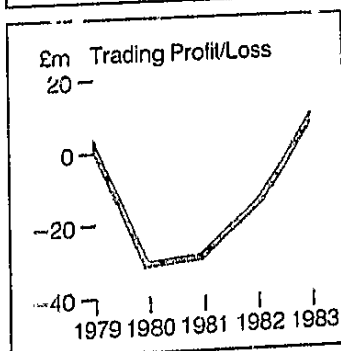
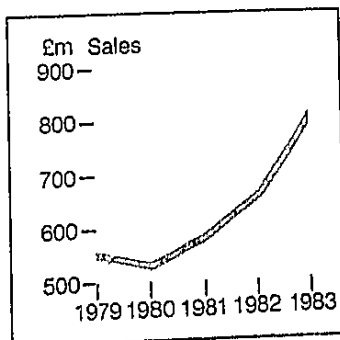
The composition of this business sector, formerly called Organic and Speciality Chemicals, has not changed but it has been renamed to give a better description of the products covered. The sector as a whole was brought from loss to profit in 1983 because of higher profits from polyurethanes and speciality chemicals, assisted by some improvement in colours.

ICI is one of the world's six major producers of colours, with a comprehensive range of dyes and pigments covering most of the requirements for colour in the textile, paper, leather, paint, printing inks and plastics industries. The product range was broadened and the strength of the Group's position in Western Europe and Latin America enhanced by the acquisition in 1982 of PCUK's colours operations in France, Brazil and the UK. Management effort in 1983 was concentrated on the integration of these operations into ICI's existing business. Demand for colours improved and there was significant growth in the volume of sales from all of ICI's European assets. This growth, combined with further reduction in the internal cost base and the benefit of more favourable exchange rates, gave rise to some improvement in trading.

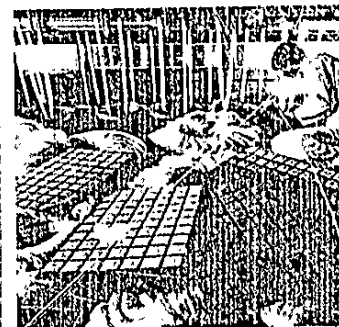
The ICI Group polyurethanes business has main manufacturing operations in the UK, the Netherlands, and the USA. Polyurethanes are

used to produce rigid foams for insulation and in a wide range of high efficiency applications in the automotive and seating industries as well as in the shoe-soles, carpet backing and adhesive fields. The business in Europe has been brought from a significant loss in 1979 to an acceptable trading profit in 1983. This has been achieved partly by reduction in fixed and overhead costs, but more significantly by a combination of the use of high quality technology to develop raw materials and formulated systems individually designed for superior performance in specific applications. In the USA, the business is operated by the subsidiary Rubicon Chemicals Inc which became wholly owned in 1982. This company traded profitably in 1983, showing a substantial improvement over 1982.

The speciality chemicals included in the business sector comprise activated carbon, biocides, dispersants, fibre processing chemicals, modified sugars, mining chemicals, plastic additives, some speciality resins, silicones and surfactants. The existing ICI interests in speciality chemicals were drawn together in 1983 to create a worldwide business. This will provide a base from which to expand by making optimum use of ICI's existing technology and marketing skills and by seeking new product opportunities. Sales are expected to increase from their current annual level of £150m to £500m by the end of the decade.







- 1 'Tactel' textile fibres are ideal for sports and leisure clothing.
- 2 The range of products packaged in 'Melinar' PET bottles and other containers is expanding rapidly.
- 3 ICI is a major European supplier of polyamide carpet yarns.

ICI was one of the pioneers in the development of both polyamide (nylon) and polyester fibres and is amongst the world's leading producers. There is manufacture in Western Europe, Australia, India and Pakistan, and by related companies in South Africa, Spain and Portugal. The business sector also includes 'Melinar' which leads the market in Western Europe for polyester polymer for bottles and other containers.

The fibres business made further progress in 1983 towards recovery as a result of rigorous cost reduction and restructuring measures undertaken continuously since the late seventies. The improvement in productivity has been such that in 1983 the volume of production in Western Europe was slightly higher than in 1979 with 40 per cent fewer people. In addition to the major efforts in cost reduction, ICI has followed a policy of improving the product portfolio by the development of novel branded products of higher added value. Examples are 'Mitrelle', a high quality polyester yarn with silk-like properties, and 'Tactel', a new family of polyamide fibres introduced in 1983 which combine a variety of natural aesthetics with the easy care properties and performance of polyamides.

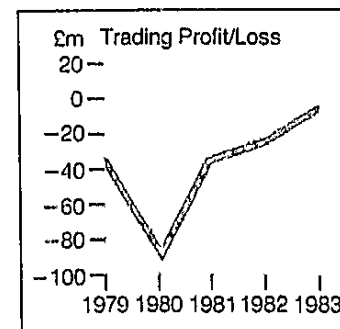
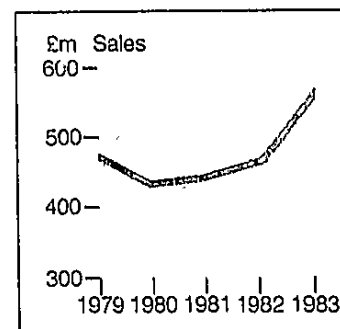
The West European market for fibres remained generally flat in 1983 except for carpet yarns, the demand for which increased by 20 per cent.

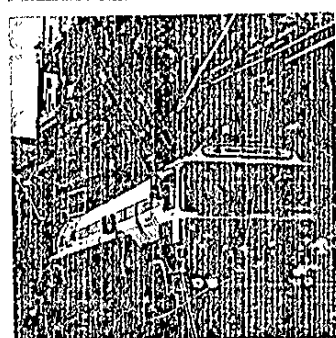
ICI increased its share of the total West European polyamide market and this, combined with a strong export performance, raised sales by 22 per cent. The competitive situation improved, with substantial closures and withdrawals raising plant utilization in the West European industry from less than 70 per cent to around 80 per cent. The FEC Commission's continuing determination to control low priced textile imports was demonstrated by the conclusion of further bilateral agreements within the context of the Multi Fibre Arrangement.

ICI's 37½ per cent interest in Fiber Industries, Inc in the USA was sold during the year, but the Group remains a significant supplier of carpet and high quality yarns to US customers from its European plants.

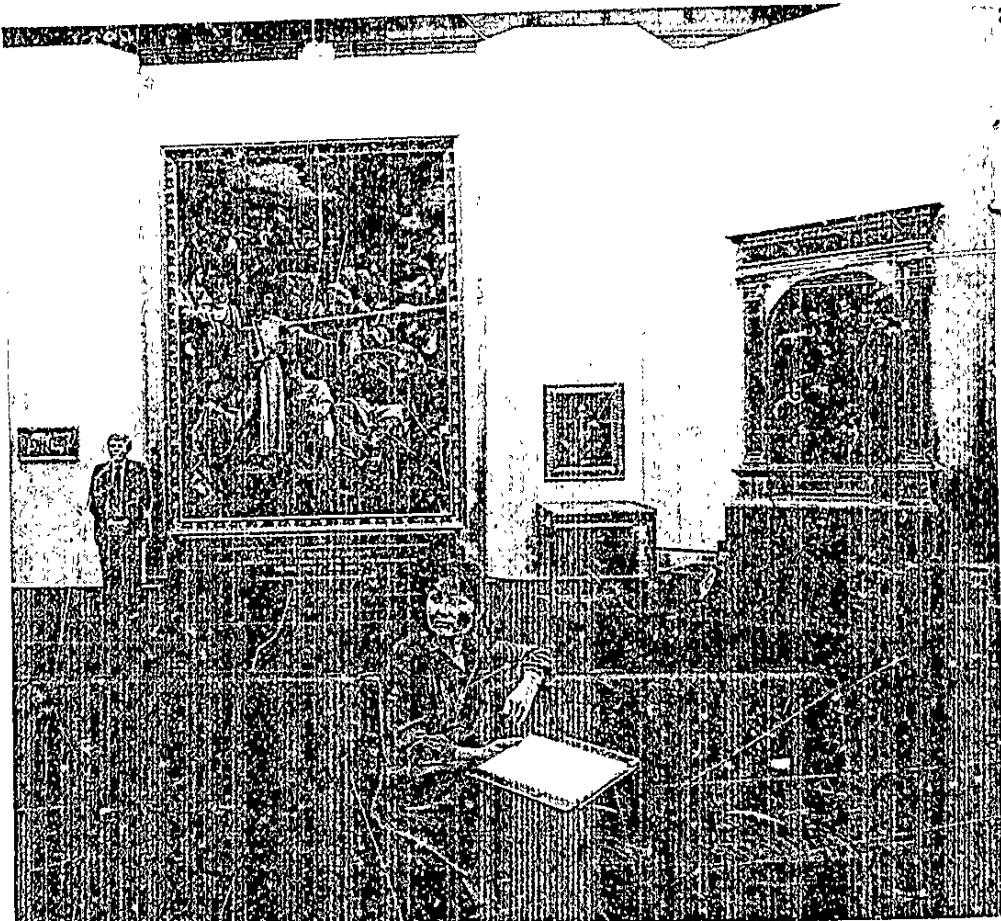
Sales of 'Melinar' almost doubled in 1983, helped by the successful commissioning of a new solid phase polymerisation plant at Wilton Works in the UK.

Fibres operations in Australia and India were depressed by low-cost imports in the first half of the year, but a combination of cost savings and Government action on imports has overcome the worst effects and further benefits are expected in 1984. In Pakistan, the polyester staple plant commissioned in 1982 came into full operation and supplied 40 per cent of the market.





1 'Monnex' is a highly effective dry powder fire-fighting agent.  
2 'Arcton' is used for refrigeration and air conditioning throughout the world, including protection of the art treasures in the National Gallery, London.  
3 Road tanker departure.



The main products of this business sector are alkalis, chlorine and the solvents, refrigerants and other major products derived from chlorine and fluorine. Other products are acids, methacrylates, lime, salt and a range of more specialized chemicals. The chief manufacturing location is based on the vast salt deposits in Cheshire, UK. There are also large operations in West Germany, Canada and Australia, with smaller plants elsewhere.

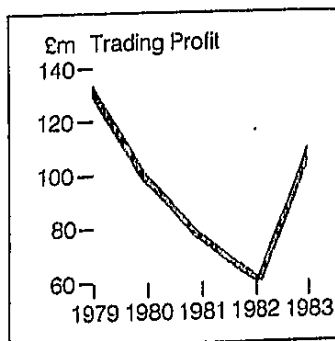
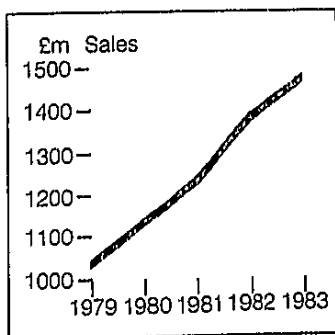
As most of the products are used in other manufacturing processes, sales and profits in this sector are heavily dependent on the overall state of manufacturing industry. In the UK, manufacturing lagged behind the general recovery of the economy, whilst in Continental Western Europe recovery was slower than in the UK. In Canada the chlor-alkali consuming resource industries were slow to recover and in Australia there was little improvement until the second half of the year. In consequence, sales volume, despite a strong export performance and increased penetration of Continental West European markets, was only slightly higher than in 1982 and below 1979 levels. Continuing excess world capacity kept price increases in sterling terms below UK inflation. Nevertheless, substantial and continuing cost reduction measures enabled profits to show a significant improvement.

The steps taken by the EEC Commission in

1982 have been effective in preventing soda ash from being dumped into Europe but worldwide excess capacity, particularly of US natural ash, will continue to limit export opportunities severely. This factor, combined with the difficulties facing the UK glass container industry, has restricted the market for UK production and measures to reduce and rationalize capacity at Northwich, Cheshire, were announced in July 1983. These measures will become fully effective in the second half of 1984. In addition, cost savings will accrue from conversion of boiler plants at the soda ash works from oil to coal firing. Conversion at one works is near to completion and partial conversion at another has been authorized.

In support of the profitable and expanding business in 'Arcton' fluorocarbons a new plant was authorized at a capital cost in excess of £20m for the production of hydrogen fluoride at Runcorn in the UK.

The ICI Group is one of the world leaders in chlor-alkali technology and announced the development of the FM21 cell in 1981. This cell uses membrane technology in a patented modular design which brings capital and operating cost reductions. It is now in commercial operation and further installations are being made around the world in chlorine plants of the ICI Group and other manufacturers.

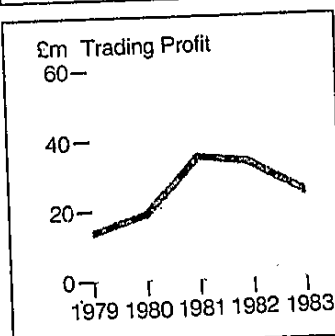
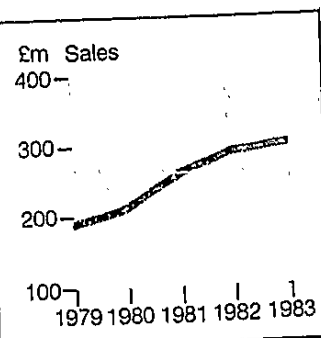
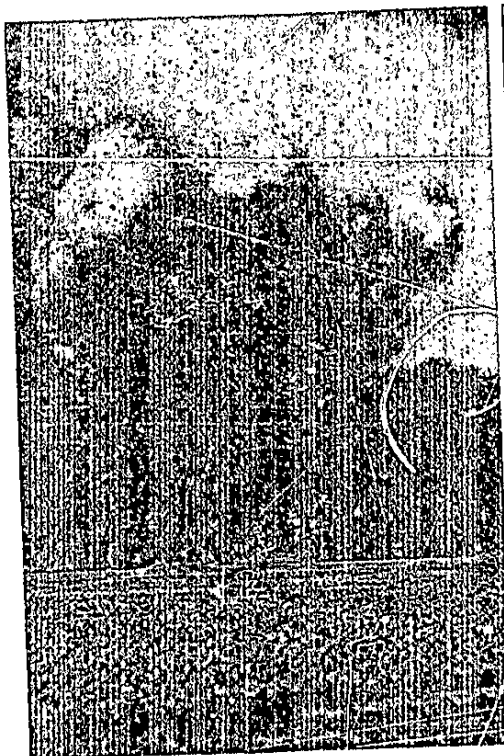


## Industrial explosives

The ICI Group, together with its related company in South Africa, AECI Ltd, is the largest manufacturer of industrial explosives in the western world, accounting for some 25 per cent of the total market. There are major manufacturing sites in the UK, Australia, Canada and India as well as in South Africa, and smaller operations in other countries.

The products are marketed throughout the world, the major customers being the construction and mining industries, especially the latter. Mining lagged behind the general rise in world economic activity in 1983, with coal, iron for steel, and other base metals in poor demand, affecting explosives sales in the main markets of the ICI Group. In consequence, sales improved only modestly and profit was lower despite cost reductions in all areas.

International research efforts are being concentrated on the introduction of a new generation of emulsion explosives, whilst maintaining the competitiveness of the existing product range.



Quarry blasting in the UK.

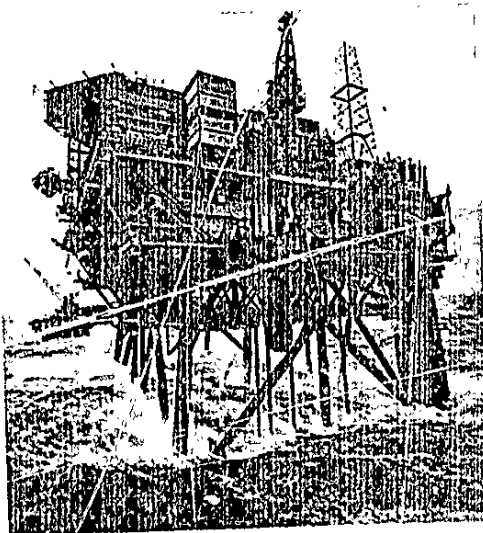
## Oil

Crude oil output from the North Sea Ninian field, having peaked in 1982, was some 10 per cent lower in 1983 at 280,000 barrels per day. ICI Petroleum Ltd's share of 1983 production was about 19.5 million barrels (20 million in 1982), the impact of lower field output being offset by a redetermination of ownership of the field under which ICI Petroleum's interest increased from 18 to 18.5 per cent. By the end of 1983 ICI Petroleum's share of remaining proved Ninian reserves was approximately 120 million barrels of crude oil and 6 million barrels of liquefied petroleum gases.

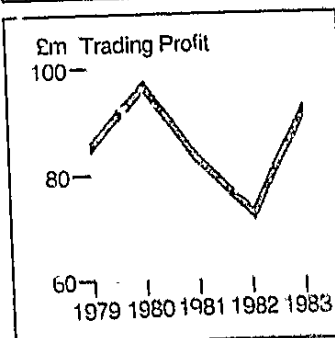
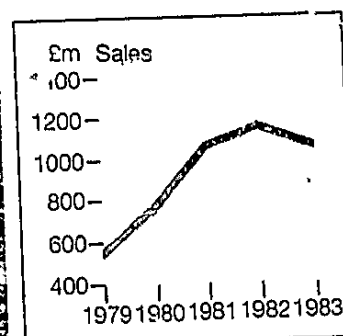
Exploration and appraisal activities on the UK continental shelf, including work on the Amethyst gas discovery and in the South Ninian (Columba) oil field, continued, together with a modest exploration programme in Alberta, Canada.

ICI's exploration and production interests in the Gulf of Mexico and its interest in the Point Arguello oil discovery off the coast of California, were sold during the year. The gain on the disposal of these interests has been included in the accounts as an extraordinary item.

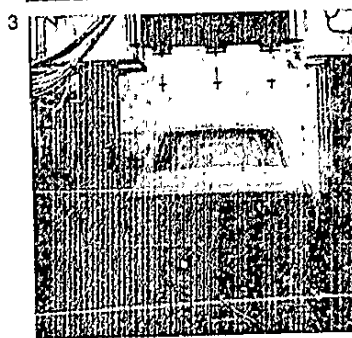
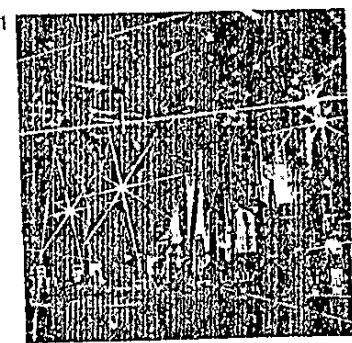
Trading profit was high, as in 1982, benefiting from a lower oil taxation provision (£148m compared with £183m in 1982).



The Ninian southern platform in the North Sea.



Selling prices were higher in sterling terms because the fall in world oil prices in US dollar terms was more than offset by the strength of the dollar.



1 The paint resin plant at Stowmarket, Suffolk, the largest and most modern in Europe.

2 'Dulux' Solid Emulsion paint can be applied without drips or spray from the roller.

3 ICI paint for the automotive industry

ICI is one of the world's leading paint manufacturers with plants in Western Europe, North America, Latin America, the Indian sub-continent, Australasia and the Far East. There is also manufacture in Africa by related companies of ICI.

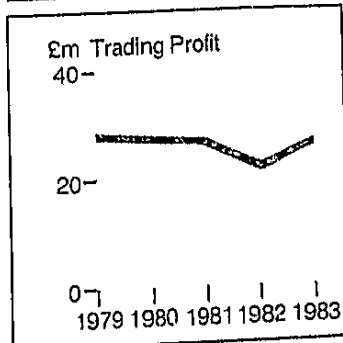
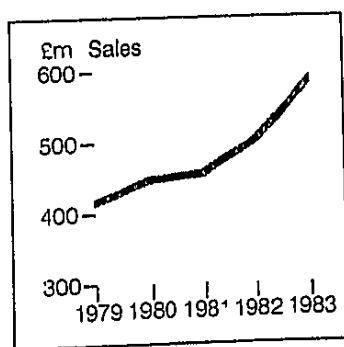
The business developed strongly in Europe during 1983 in a difficult and highly competitive market, showing a substantial volume increase. Particularly marked progress was made in the UK decorative and automotive markets. In the decorative sector, consolidation and extension of the success achieved in 1982 with the Natural Whites range of products has further enhanced 'Dulux' brand leadership. This success is being followed up by the introduction in the first quarter of 1984 of 'Dulux' Solid Emulsion, an ICI innovation developed during 1983. There are also interesting technological developments in other sectors which offer encouraging prospects for the introduction of new products to sustain the further growth of the business.

The acquisition in the can coating field of Arthur Holden & Sons PLC in 1982 has been successful, with the company trading at profit levels above those forecast at the time of purchase. In 1983 the wallcoverings, coated fabrics and PVC sheet business operated by the wholly-owned subsidiary, ICI Hyde Products Ltd, was restructured through merging that

operation with Wallington Weston & Co Ltd, a subsidiary of Marley plc. The new joint venture company, Weston Hyde Products Ltd, has subsequently traded profitably. ICI's 45 per cent interest in this company is now accounted for as a related company, but a charge of £5m incurred in restructuring has been made against the 1983 trading profit of this sector.

Plans to widen the European base of operation were extensively developed in 1983 and are expected to come to fruition in early 1984.

The Australian paint operations were adversely affected by recession during the year but are expected to show substantial improvement as consumer demand recovers. The paint businesses in the Far East and the Indian sub-continent continued to perform well, as did that of a related company in South Africa.





The Group manufactures petrochemicals in the UK, Australia and the USA and has plastics and other petrochemicals derivatives plants in these countries, on the continent of Europe, and in Canada, Latin America and India. Products include olefines, aromatics, intermediates for synthetic fibres, detergents and anti-freeze as well as a wide range of plastics materials. In addition to the bulk polymers – PVC, polyethylene and polypropylene – the range includes more specialized higher added value products such as 'Melinex', the ICI brand of polyester film for which outlets include the growing market for video and tape cassettes, 'Perspex' acrylic sheet and 'Diakon', 'Maranyl' and 'Fluon' moulding powders. A new family of high performance polyaromatic thermoplastics is being marketed under the name 'Victrex'.

After three years of serious losses a striking recovery was achieved in 1983 to bring the worldwide business sector back into profit in the second half of the year. The recovery was most marked in Western Europe where there was improvement across the whole of the product range, brought about by a strong advance in both sales volume and margins, combined with accumulating benefits of extensive measures taken over several years to reduce costs and rationalize capacity.

Despite the improvement in 1983, trading conditions for commodity petrochemicals and

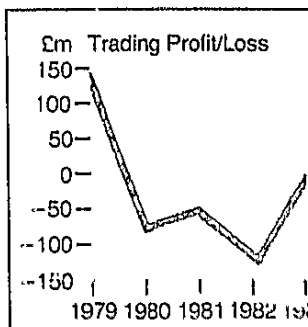
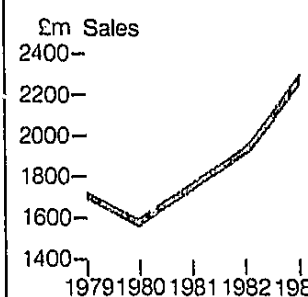
polymers remain unsatisfactory. ICI's ongoing strategy is to strengthen its position where the Group has technical and commercial advantages, to reduce its involvement in weaker businesses, and to seek further cost and efficiency improvements. The PVC businesses acquired from Lonza AG in Switzerland and West Germany and from BP Chemicals International Ltd in the UK have been successfully merged into ICI. The business has been further strengthened by purchasing a majority holding in Davinyl Fabriks AB, a major Swedish PVC pipe fabricator

The 'Melinex' business continued to be highly successful and a new plant at Dumfries in Scotland was authorized at a capital cost of £35m. This plant will maintain ICI's leadership of the West European market and is a further step in the global strategy for the product following the commissioning of extra capacity and authorization of further extensions in the USA announced in 1982.

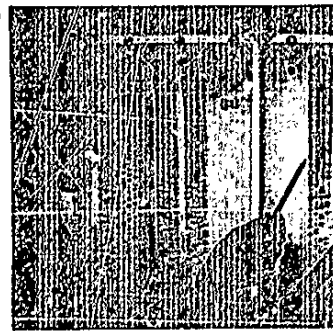
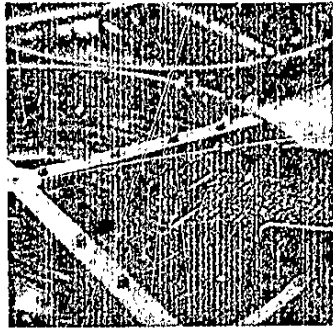
The ethylene oxide/ethylene glycol operation in the USA remained unprofitable due to market conditions. In Canada, increased demand for consumer products enabled plastics profits to be improved whilst in Australia there was a marked upward trend in the second half of the year. A new olefines plant was commissioned in Australia in December



1 A recording being made in a TV studio on tape made from 'Melinex' polyester film, a leading product for this purpose  
2 Polypropylene extrusion testing in the recently extended Wilton Technical Centre.  
3 Examining PVC test samples at Sins, Switzerland.







- 1 'Inderal' tablet filling line
- 2 This jogger in Central Park, New York, is able to lead an active life, despite a heart ailment, thanks to ICI beta-blocker drugs.
- 3 Auto radiography in pharmaceuticals research.

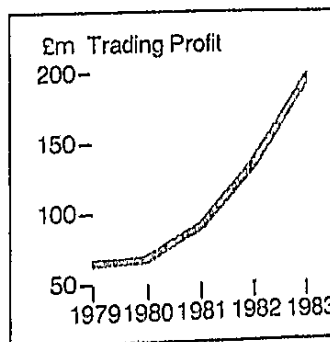
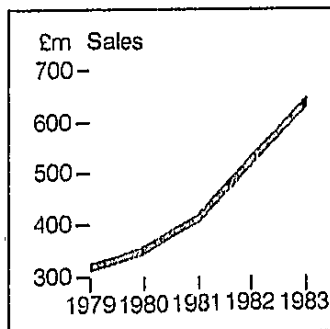
ICI's principal pharmaceutical products were invented within the Company. Major sales contributions are made by the beta-blocker heart drugs. 'Inderal' remains the most widely used product in this class and 'Tenormin' continues its successful progress in all markets, being now the leading beta-blocker in Europe and second only to 'Inderal' in the USA. 'Tenormin' has recently been approved for sale in Japan and its launch there in 1984 will mean that this product is available in virtually all markets. Other major pharmaceuticals are 'Nolvadex', a treatment for breast cancer, the 'Hibitane' range of antiseptics and the antacid 'Mylanta'. New products which will complement this range are under development, as referred to on page 19.

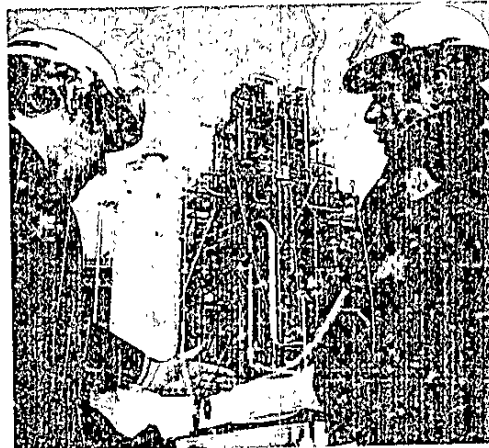
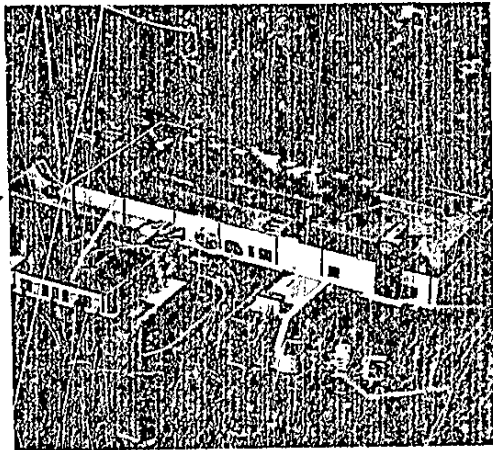
Worldwide sales of ICI's pharmaceuticals in 1983 increased by 23 per cent, with 86 per cent of the sales being made outside the UK. Exchange rate movements were responsible for a significant part of the increase in trading profit.

ICI spent £78m on pharmaceuticals research and development in 1983. The number of people employed in these activities at ICI's main pharmaceuticals research centres in the UK and USA, and in supporting roles in other countries, puts ICI amongst the world's ten leading pharmaceutical companies in terms of research and development effort.

A £10m project to provide new facilities for liquids processing and packaging at Macclesfield in the UK was authorized in 1983. This is part of a major investment programme to accommodate new products and modernize UK production and experimental facilities over the next few years. In Belgium a new £4m formulation and packing plant was opened by the Belgian Prime Minister. A new pharmaceutical development and quality control laboratory was brought into operation in West Germany to complete the manufacturing facility installed there in stages during the past ten years.

Pressure is increasing worldwide to contain medical and health care expenditure. The cost of pharmaceuticals is constantly under close scrutiny by Government authorities. As a major research based company, ICI is concerned that these pressures should not lead to arbitrary short-term savings which could jeopardise research and development. Such work is essential if new and improved pharmaceuticals are to be discovered and developed. It takes up to twelve years to bring a new product to the point where it can be made available on prescription, and by then most of its patent life will have expired. Sales thereafter not only have to fund the costs of servicing successful products and developing them further but must also pay for all other research and development work which may go unrewarded.





- 1 Aerial view of the new Belgian pharmaceuticals factory at Ghent.
- 2 Supervision of plant construction in the UK.
- 3 Storage spheres at Runcorn, Cheshire.
- 4 ICI is the leading supplier of fertilizers for British grassland farmers.

## Europe

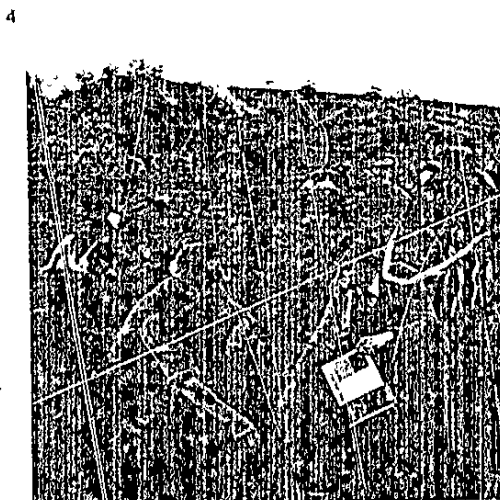
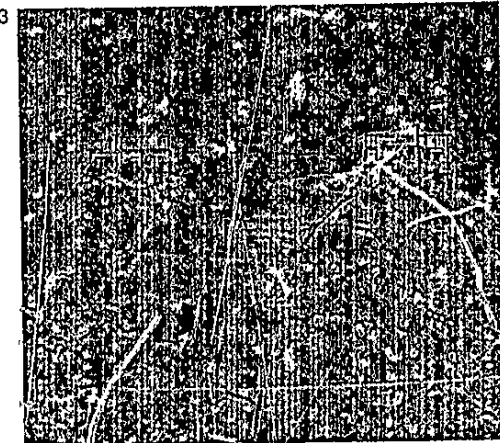
Economic recovery in Western Europe was slower than in the USA, with growth of about 5 per cent in chemical production compared with 10 per cent in the USA. ICI increased its share of the total West European market because of higher sales penetration on the Continent. The overall volume of sales to customers throughout Western Europe was 9 per cent higher than in 1982, including the effect of acquisitions. There was a strong performance in exports from Western Europe supplied mainly from the UK. Profits from operations in Western Europe increased sharply from £172m in 1982 to £439m in 1983; a major factor in this improvement was the performance of the petrochemicals and plastics operations which earned a profit for the year, eliminating the substantial losses of 1982.

## The United Kingdom

Manufacturing production recovered only slowly despite a marked increase in consumer spending. ICI businesses not closely linked to manufacturing, such as paint, pharmaceuticals and agrochemicals, advanced strongly. The demand for fertilizers was reduced by a wet spring and hot summer and the buying pattern was affected by market conditions, causing delay in the placing of orders; late in the year, however, sales recovered strongly. Demand for commodity plastics improved sharply from the second quarter. Better conditions in the textile industry led to increased demand for colours and fibres, but sales of general chemicals to heavy industry only began to recover significantly in the fourth quarter.

In general, price increases were in line with inflation but in some areas, particularly commodity chemicals and plastics, world conditions kept prices at unsatisfactory levels.

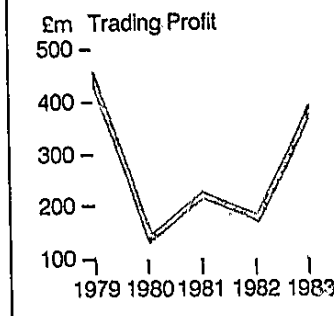
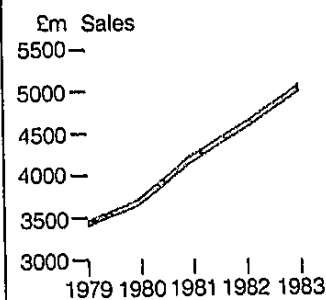
The drive to improve cost effectiveness throughout UK operations continued with unabated vigour. Although trading margins increased, they still remained well below the 1979 levels.



## Exports from the UK

The improving tone of world economic activity, combined with increased penetration of Continental West European markets, enabled the volume of Group direct exports of chemicals from the UK to be increased by 10 per cent compared with 1982. Prices were generally firmer than in 1982 and exchange rate movements were mainly beneficial, but not those against certain European currencies. Overall, the value of exports (including oil) rose by 18 per cent.

## United Kingdom (including exports)



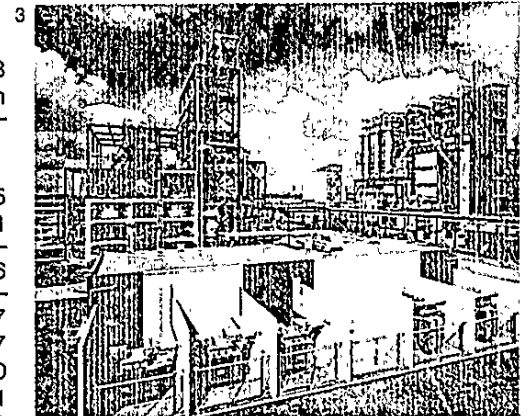




1 Delivery of PVC from ICI's plant in Switzerland.

2 Polyurethane chemicals supplied by ICI were used to insulate this pipeline in Italy.

3 Plant for the production of 'Propathene' at Rozenburg in the Netherlands.



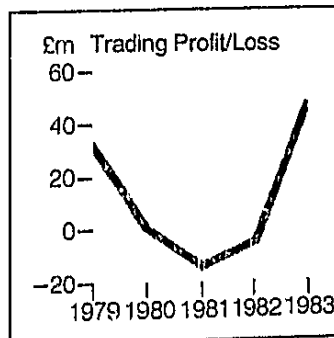
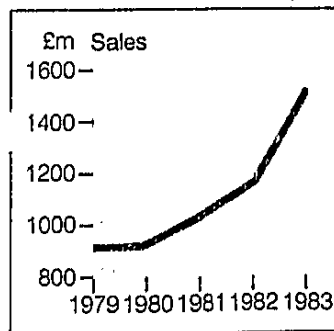
Eastern Europe

The ICI business in Eastern Europe continued to expand strongly although trading conditions remained difficult in many countries. Prospects are improving, particularly in the USSR.

The values of exports from the UK, in f.o.b. terms, in each of the last three years were:

	1981 £m	1982 £m	1983 £m
<b>Chemicals</b>			
Western Europe			
EEC	565	626	725
Rest of Western Europe	127	147	161
	692	773	886
Far East	111	138	207
North America	100	134	177
Africa	151	154	150
Middle East	61	70	81
Eastern Europe and USSR	53	57	69
Australasia	58	52	63
Central and South America	63	58	58
Indian sub-continent	11	13	24
<b>Total (chemicals)</b>	<b>1,300</b>	<b>1,449</b>	<b>1,715</b>
<b>Oil</b>	<b>153</b>	<b>103</b>	<b>120</b>
<b>Total exports</b>	<b>1,453</b>	<b>1,552</b>	<b>1,835</b>

#### Continental Western Europe



#### Continental Western Europe

The Group produces a wide range of plastics, fibres, paint, pharmaceuticals, colours, polyurethanes, and speciality chemicals in Continental Western Europe. There are major operations in West Germany, the Netherlands and France, with smaller facilities in other countries. Continental Western Europe and the UK are regarded as a single market in the development of business strategies and customers on the Continent account for a steadily increasing proportion of Group chemical sales.

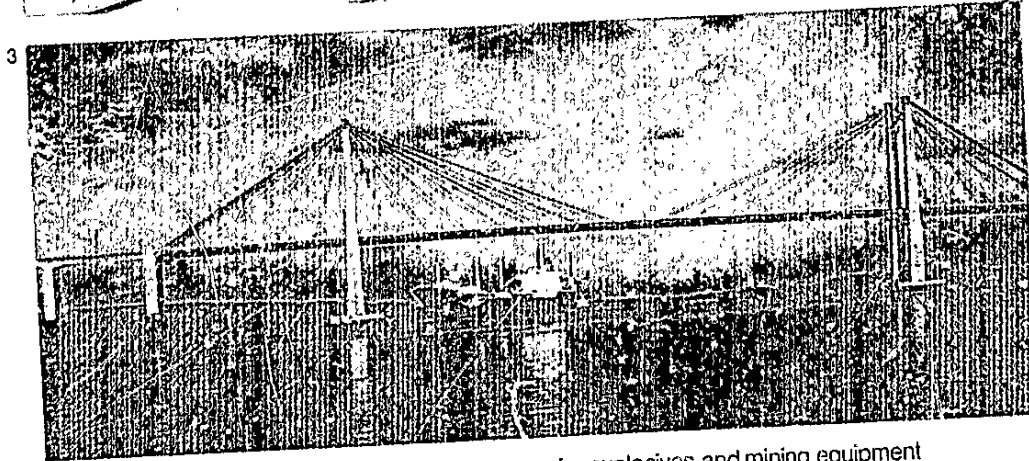
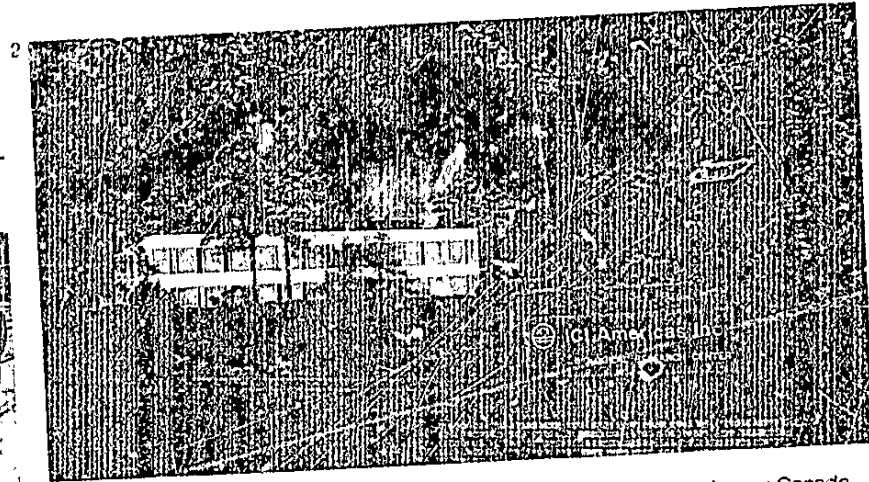
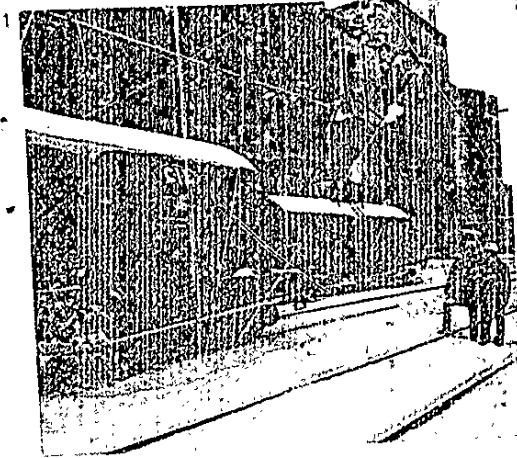
Industrial production on the Continent was flat, with little change compared with 1982 until the last quarter. Nevertheless ICI sales grew strongly in 1983, assisted by enhanced market positions arising from recent acquisitions in the colours and PVC areas. Prices in local currencies rose by 2 per cent, with most of the increase coming in the second half of the year.

#### The Americas

##### USA

ICI's operations in the USA are conducted by a wholly-owned subsidiary, ICI Americas Inc, for which 1983 was a year of significant growth and record profits. Sales were particularly strong in pharmaceuticals where the heart drug 'Tenormin' made further progress in market penetration. The selective herbicide 'Fusilade', introduced in 1982, continued its promise with an outstandingly successful sales campaign. Good results were also achieved by the 'Melinex' polyester film business, while the rest of ICI Americas' businesses were favourably influenced by improved economic conditions.

In May ICI sold its 37.1 per cent interest in Fiber Industries, Inc, a manufacturer of polyester fibre now wholly owned by Celanese Corporation. Later in the year most of ICI's interests in oil and gas off the coast of California and in the Gulf of Mexico were also sold. These disposals, which realised \$180m, were in line with ICI's strategy of concentrating in the USA on higher added value materials such as



- 1 Chlorine rail tankers in Canada.
- 2 Goldsboro Research Center, North Carolina, USA.
- 3 'Fluon' (polytetrafluoroethylene) supplied by Duperial S A C was used to coat the expansion rollers for this bridge in Argentina

pharmaceuticals, agrochemicals, surfactants, biocides, speciality resins and polyester film. Further examples of this strategy were the acquisition of Arbco Electronics Inc and the assignment to the USA of responsibility for leading the development of ICI's worldwide business in speciality chemicals.

Throughout 1983 substantial interest was shown in ICI by US investors and the successful outcome of the listing on the New York Stock Exchange is reported on page 21.

#### Canada

In Canada ICI operates through its 73 per cent owned subsidiary C-I-L Inc, producing fertilizers, explosives, industrial and speciality chemicals, plastics and paint, and selling chemical process technology and mining equipment.

The Canadian economy performed unevenly during 1983. There was an upturn in consumer consumption but recovery in the agricultural and natural resource industries was delayed, with mining being particularly depressed. The agricultural sector was affected by reduced plantings in the USA and adverse weather. Overall, sales by C-I-L were marginally higher than in 1982 and profits rose. Improved performances in paint, industrial chemicals and plastics offset a decline in explosives and poor fertilizer prices. Significant progress was made in improving productivity and reducing operating costs. Rationalization programmes

for explosives and mining equipment manufacture were implemented and the decorative paint business was merged with the Canadian operation of Sherwin-Williams Company of Cleveland, Ohio.

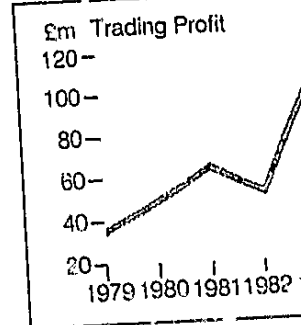
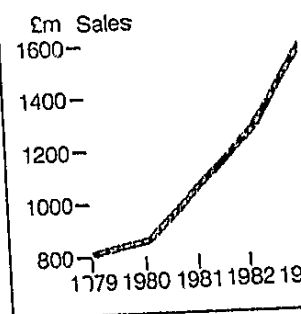
Construction of a plant to double ammonia production capacity at Sarnia, Ontario, delayed because of the recession, is now scheduled for completion in 1985. It will be the first plant to use ICI's new energy-efficient AMV process.

#### Latin America

Despite difficult trading conditions profits in Latin America were higher than in 1982. Duperial S A I C in Argentina again performed well, as did ICI de Centroamerica S A in Nicaragua. ICI's operations in Mexico recovered from a loss in 1982 to a modest profit. The severe recession in Brazil, coupled with price controls and massive devaluation of the cruzeiro, depressed sales margins and ICI Brasil SA suffered a trading loss. Vigorous steps were taken during the year to cut costs and to strengthen ICI's business base in Brazil by divestment of peripheral or loss-making assets.

Overall turnover of ICI's selling and merchanting operations, principally in Colombia, Peru, Guatemala and Uruguay, rose in 1983 despite adverse economic conditions. Sales of agrochemicals in Central America were particularly strong.

#### The Americas



## Geographic areas (continued)

- 1 Animal health products in Australasia.  
2 Rice screening tests in South East Asia for agrochemical development.



### Australasia and the Far East

**Australasia**  
ICI Group operations in Australasia are conducted by ICI Australia Ltd (62 per cent owned by ICI) and its subsidiaries, including ICI New Zealand Ltd. In Australia a broad range of products is manufactured, including industrial chemicals and explosives, fertilizers, agrochemicals, pharmaceuticals, plastics, fibres and paint. ICI New Zealand manufactures animal health vaccines, paint, formaldehyde resins, slide fasteners and slurry explosives, and also trades in other ICI products.

Trading conditions in Australia were difficult in the first half of the year, but there was some improvement in the second half as competitive import pressures eased. This was mainly due to increased domestic demand in the USA and tighter anti-dumping measures. The severe drought conditions of 1982 persisted in Eastern Australia depressing sales of fertilizers and agrochemicals. The autumn break in the drought came too late to benefit 1983 sales materially. A rigorous cost cutting programme, including a 10 per cent reduction in the number of employees and the closure of several plants, contributed to some recovery in profit as the year progressed. An olefines plant to produce 250,000 tonnes per annum of ethylene was commissioned at Botany Bay in December 1983. The plant will replace a smaller one, eliminate the need for purchases and provide substantial energy savings.

Restructuring of the ICI New Zealand operations in recent years, involving withdrawal from fibres, sporting ammunition and plastics fabrication, continued to show benefits. Profit was again higher even though the economy remained depressed and activity in most business areas was lower than in 1982.

#### Far East

Sales and trading profit for the region as a whole benefited from higher world economic activity and reduction in competitive pressures due to higher demand in the USA.

In Japan, home demand showed only a slow recovery from recession. Sales and profits of ICI

products were little changed from 1982, except for pharmaceuticals where there was strong growth. Close contact was maintained with Japanese companies in the pharmaceutical, agrochemical and electronics industries as part of ICI's policy of collaborating in research and seeking opportunities to participate in high technology developments. Asahi Fluoropolymers Company Ltd – the joint venture formed with Asahi Glass Company Ltd to manufacture 'Fluon' (polytetrafluoroethylene) in Japan – had a difficult first year but progress is being made.

ICI (China) Ltd, based in Hong Kong, and the ICI Malaysia Group had successful years with greatly improved results. The Indonesian economy which relies heavily on exports of oil was depressed, affecting the results of ICI manufacturing operations there. An extension of capacity for the manufacture of agrochemicals in Indonesia was opened, as was the plant of ICI Asiatic (Agriculture) Co Ltd, a joint venture in Thailand with East Asiatic Company (Thailand) Ltd to manufacture and market agrochemicals.

### Middle East

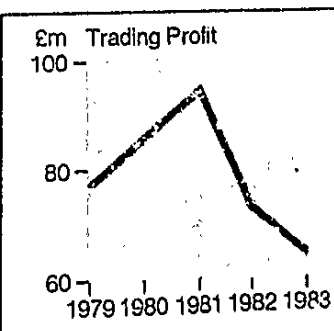
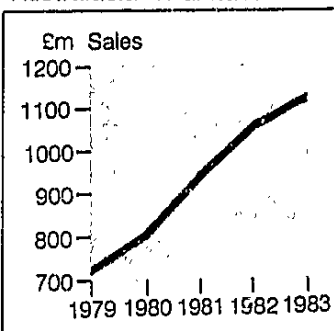
Sales in the Middle East again expanded despite continuing political and economic difficulties. The exports from the UK valued at £81m were 16 per cent higher than in 1982.

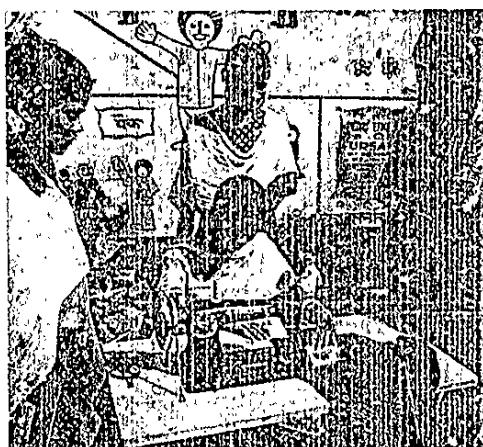
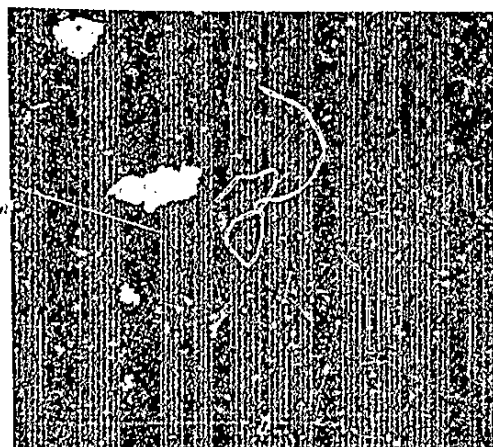
### Africa

Exports from the UK to Africa were £150m (£154m in 1982). The principal exports were petrochemicals, agrochemicals, colours, pharmaceuticals and general chemicals. Sales to Nigeria in 1983 totalled £37m. Sales to this important market are continuing and strenuous efforts are being made to recover outstanding debts of £18m.

ICI continued to pay particular attention to the employment conditions and welfare of its employees in South Africa. Copies of the Company's latest report to the UK Government on progress in implementing the provisions of the EEC Code of Conduct are available on request.

### Australasia & Far East





1 Fertilizer plant, Kanpur, India.  
2 Instruction in the use of sewing machines under a project sponsored by Indian Explosives Ltd to help villagers raise their income.

## Indian sub-continent

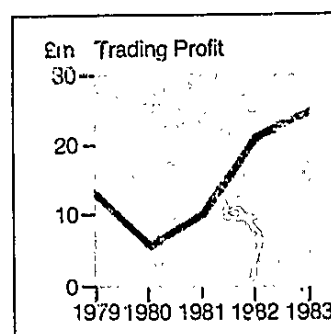
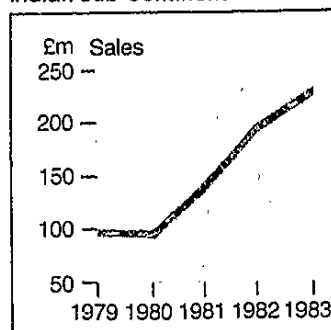
The ICI Group in India manufactures industrial explosives, fertilizers, polyester fibre, polyethylene, rubber chemicals, paint, agrochemicals and pharmaceuticals; related companies make dyestuffs and textile auxiliaries. The shareholders have approved the merger proposed in 1982 of three subsidiary companies (Indian Explosives Ltd, The Alkali and Chemical Corporation of India, Ltd and Chemicals and Fibres of India Ltd) and one related company (Crescent Dyes & Chemicals Ltd) into a single company in which ICI will retain a majority shareholding. Subject to outstanding Government authorizations being

received, it is expected that the merger will be completed by mid-1984, thereby strengthening the existing business and facilitating future growth through the provision of greater financial flexibility.

ICI Group sales in India increased by some 10 per cent in local currency but profit was little changed. Markets for fertilizer, the Group's most significant profit earner in India, were over-supplied for most of the year but improved towards the end.

Sales and profits advanced strongly in Pakistan, helped by the coming into full production of the polyester staple fibre plant which was commissioned in 1982.

### Indian sub-continent



## Related companies

Details of ICI's investments in its principal related companies are given on page 47.

During the year the ICI shareholding of 19.9 per cent in Vantona Viyella Plc was sold for £10m. This holding was obtained in exchange for ICI's 49 per cent interest in Carrington Viyella Plc when that company was acquired by the Vantona Group in February 1983. Losses arising from the investment in Carrington Viyella were fully provided for in earlier years. The 37½ per cent interest of ICI in Fiber Industries, Inc was also sold, as reported on page 14.

### AECI Ltd

AECI Ltd, the South African Group in which ICI has a 38 per cent interest, manufactures and sells a wide range of industrial explosives for mining and other commercial uses, general chemicals, plastics, vinyl products, paint, fibres and fertilizers.

Sales by AECI increased to R1,621m in 1983. Net trading income at R232m showed a 5 per cent increase. The Group's results were adversely affected by the continuing recessionary conditions in South Africa, aggravated by drought. However, mainly as a result of major cost savings, profit

margins improved during the later months of the year. Earnings per share fell by 6 per cent, primarily as a result of a substantially increased interest charge.

### Corpus Christi Petrochemical Company

ICI owns a 37½ per cent interest in this partnership – the other partners being Solvay et Cie SA and Union Pacific Corporation – which operates an ethylene, propylene and related petrochemicals plant at Corpus Christi, Texas, USA. Because of continuing adverse market conditions in 1983 the operation again incurred a loss. Full provision has been made against the book value of the investment.

### Tioxide Group PLC

Tioxide Group PLC, in which ICI has a 50 per cent interest, is a leading international company in titanium dioxide pigments.

A pre-tax profit of £10m in the first six months of 1983, compared with £7m in the first half of 1982 and £16m for the full year, reflected steady improvement in trading conditions, combined with the benefits of full ownership of Tioxide Espana S.A. (formerly Titanio S.A.), in which the Tioxide Group interest was increased in 1982 from 45 per cent.

Although demand throughout the chemical industry was somewhat firmer in 1983 than for some years, there was no indication of a return to former rates of growth for commodity chemicals and plastics, and a highly selective investment policy was maintained. Nevertheless, a number of substantial capital projects for the expansion of businesses in which ICI has a strong position were authorized and acquisitions which would complement such businesses were actively pursued. Notable examples were new plants for 'Melinex' polyester film, nitric acid for 'Nitram' fertilizer production, and hydrogen fluoride for 'Arcton' fluorocarbons. In the agriculture sector, the fertilizer and agrochemical businesses of Albright & Wilson Ltd were purchased and an opportunity to acquire full ownership of Hargreaves Fertilisers Ltd was taken.

Relatively small sums were invested to increase ICI's involvement with the electronics industry in accordance with the strategy to develop a significant business supplying products to this industry. Examples were a joint venture with TRE Corporation in photomask manufacturing

in the UK and the acquisition of Arbc Electronics Inc of Los Angeles, a specialist supplier of printed circuit boards.

A number of divestments of businesses which are no longer important to Group strategy were made during the year. The ICI interests in Fiber Industries, Inc and in US offshore oil and gas reserves were sold in accordance with the strategy of concentrating in the USA on effect chemicals and higher added value products. Disposal of the major part of ICI's remaining investment in the textile industry was completed by the sale of the ICI holding in Vantona Viyella Plc. The merger of ICI Hyde Products Ltd with a subsidiary of Marley plc to form Weston Hyde Products Ltd in which ICI has a 45 per cent interest took the wall-coverings, coated fabrics and PVC sheet business out of the Group's paint business sector.

Expenditure to modernize and reduce operating costs of existing plants rose modestly from the low levels of recent years, but a policy of restricting authorizations to essential projects and cost reduction measures showing a rapid pay-back was maintained.

The following table summarizes Group authorizations and expenditure on tangible fixed assets for each of the past three years. Expenditure on acquisitions and other new investment and the proceeds from divestments are also shown.

	Authorized			Expenditure		
	1981 £m	1982 £m	1983 £m	1981 £m	1982 £m	1983 £m
<b>Tangible fixed assets</b>						
United Kingdom	71	113	282	168	129	192
Continental Western Europe	25	13	19	39	17	21
The Americas	164	90	80	118	79	104
Other countries	67	30	42	86	67	44
	327	246	423	411	292	361
Total authorized but unspent at end of year				381	335	397
Expenditure on acquisitions and other new investment				37	94	70
Proceeds from disposal of tangible fixed assets and investments in subsidiaries and related companies				(27)	(54)	(167)

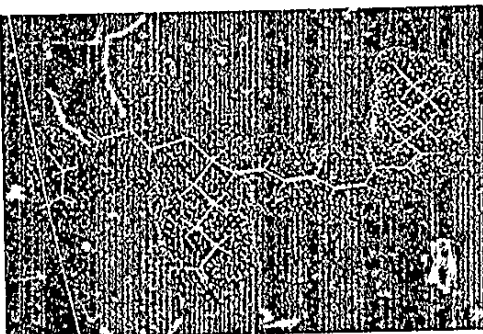


The Group's development expenditure of £276m (1982: £270m) was used to concentrate on sustaining and developing products in the pharmaceutical and industrial sectors. The Group's commercial

ICI's pharmaceutical business is based on its own research and development, maintaining a sophisticated and comprehensive technical staff stemming from its beta-blocker business, which has a presence in the market.

an... treatment... also control... arthritis, gastro-intestinal

In agrochemicals, ICI has achieved a leading position which includes the USA, where it has outstanding success with fungicides, herbicides, and insecticides for cereals, and in France with its members under development.



1 Using a rotary evaporator to prepare laboratory test samples.  
2 Computer simulation of a molecular structure for pharmaceuticals research.

The Group's expenditure on research, development and technical service in 1983 was £276m (1982 £244m), of which £86m (1982 £70m) was spent outside the UK. ICI continues to concentrate effort on selected areas of technology, on new business development and on sustaining the competitiveness of its products and processes. Increasingly important is the need for collaboration with other research and industrial organizations to ensure that the Group's technology is applied with greatest commercial effect throughout world markets.

ICI's pharmaceuticals business continues to be based on new and improved products from its own research. This research effort is maintained at a high level, is increasingly sophisticated, and is linked with a comprehensive medical information and technical servicing network. Recent successes stemming from this ongoing strategy include the beta-blocker products 'Inderal' and 'Tenormin' which have contributed greatly to ICI's major presence in world medicine. New products in the development pipeline include five in the later stages of clinical trials – an injectable antibiotic, an intravenous anaesthetic, a new treatment for heart failure, a new beta-blocker, and a treatment for certain forms of cancer. Work also continues in other key areas, including arthritis, metabolic dysfunction, and gastro-intestinal and nervous disorders.

In agrochemicals, the first registration has been achieved for a soya-selective herbicide of which initial sales have been made in Latin America under the trade mark 'Flex'. The outstanding achievement of the year has been the successful development of a novel triazole fungicide for control of foliar diseases of cereals, and its registration and launch in France under the trade mark 'Impact'. Related members of the same chemical group are under development for control of fungal

diseases on a wide range of other crops. First sales of a growth regulator are expected to be made for use in non-food crops during 1984. Further success in exploratory research has led to the addition of several new products to an already extensive development portfolio.

Speciality chemicals and high value products for the electronics industry are areas which exemplify the Group's approach to generating new businesses. The existing ICI interests in speciality chemicals have been drawn together (as reported on page 6) and the ICI Electronics Group was set up in May 1983. These changes have concentrated ICI's drive for growth in both areas, with research being commissioned in Group laboratories in Western Europe, the USA and Japan. In speciality chemicals, widespread uses are being sought for ICI's technology and knowledge of science, particularly surface and colloid science. In the rapidly growing electronics industry, ICI's strengths in materials science and chemistry are relevant in the manufacture of micro-circuits, in the production of printed circuit boards, in data storage manipulation and display, and in other applications. A base is being established in this high technology industry from which to launch new products worldwide.

Similar initiatives are being taken in the field of high performance materials for aerospace and other specialized uses. These are based on the Group's outstanding new fibre-reinforced thermoplastics made from 'Viclrex' resins and on its inorganic materials such as 'Saffil' fibre and the 'Fortress' range of coatings.

Technology and large-scale continuous fermentation equipment developed for the production of 'Pruteen' single cell protein are being explored as the possible basis for the manufacture of other products.

In other fields, agreements to explore new business opportunities have been made with several organizations. These include agreements with Calor Group Ltd on heat storage, with General Electric Company of the USA on applications of gas turbine technology and on engineering services for chemical plant operation, and with the United Kingdom Atomic Energy Authority on process energy savings.



An employee consultation meeting at workplace level is shown in the picture.

The average number of people employed by the Group in 1983 was 117,900 (1982 123,800), of whom 61,800 were located in the UK. Further information is given on page 31.

At the end of 1983 the number of UK nationals working abroad was 340. A further 200 employees of other nationalities were serving away from their own countries. These relatively small numbers reflect ICI's policy of staffing its operations as far as possible with nationals of the country involved, whilst at the same time providing specialist or technical support where needed and ensuring international experience for senior managers.

#### The United Kingdom

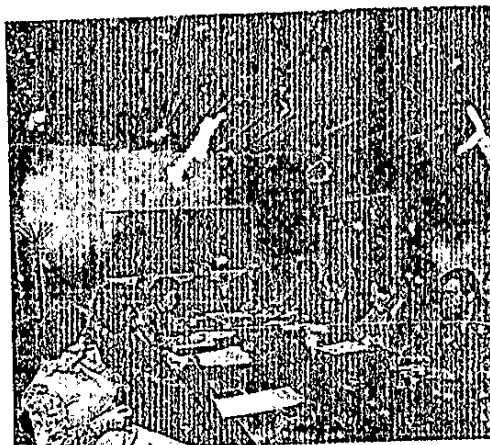
In a year of continuing adaptation to business change there was a further reduction in the number of employees, achieved essentially by voluntary means and supported by a considerable investment in re-deployment and early retirement. The Company is providing 1,300 places under the Youth Training Scheme and continues to second a number of managers to help with job creation and new business development activities.

**Employee Involvement** Since the Company's earliest days employee involvement has been characteristic of ICI. The first central meeting of Works Councils was held in 1929. This brought together 800 representatives from all parts of the newly-formed Company to hear about the progress of the business, to discuss schemes for employee welfare and to establish the principle of direct consultation between the Board and employees. In the 54 succeeding years there has been a continuous development of informal consultation as well as formal arrangements to deal with matters affecting employees as a whole. Over the years there has been an increasing focus on the performance and prospects of the business.

ICI has a three-tier system for formal consultation. It is based on workplace representation and is led by the senior manager responsible at Works or Department level, the Chief Executive at Division level and, in the case of Central Committee and Central Staff Conference, the Chairman of the Board.

Meetings take place at regular intervals, usually once a month at the workplace, twice a year at Division level, and once a year at Central level where about 350 representatives and managers are involved. The agenda for these meetings cover a wide range of business matters and other topics of concern to employees such as safety, pensions and profit-sharing.

There are also two representative Central Business and Investment Committees which are chaired by an Executive Director and meet at least twice a year. These smaller committees are supported by similar committees in Divisions. Their aim is to discuss business



prospects and plans in confidence and in greater depth than is possible in bigger meetings.

The Company places great emphasis on informal consultation at work group level where its policy is to encourage an open management style with frequent informal discussion about day-to-day operations and the technical, financial and economic factors affecting each unit's business.

The Company has operated an Employees' Profit-Sharing Scheme since 1954 and a Savings-Related Share Option Scheme since 1980.

**Employment of the Disabled** The Company's policy is that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates. Depending on their skills and abilities, the disabled have the same career prospects and opportunities for promotion as other employees and the same scope for realising their full potential within the working structure of the Company.

**Pensions** Pensions were increased by 6 per cent with effect from 1 November 1983. Against the background of a sharp fall in the rate of inflation, it was considered that there should be an increase of 4½ per cent together with an increase of 1½ per cent to take into account the move of the annual review date from July to November. It is a long-standing ICI policy that the deferred pensions of early leavers should be increased at the same time and by the same amount as pensions already in payment.

The funding of pensions is explained on page 29. The last actuarial valuations of the Pension Funds showed that they were in a satisfactory state of solvency. Actuarial valuations of the Funds as at 31 March 1983 are now in progress. On the advice of the Actuaries, the Company agreed to pay special contributions to the Funds totalling £16m a year over three years commencing November 1983 in connection with the pension increase made from that date.





**Employees' Profit-Sharing Scheme** The rate of bonus is determined by reference to a published scale based on the ratio of added value to employee costs. The rate for 1983 is 7.4p per £1 of remuneration (at a total cost of £41m) compared with 4.2p (£23m) for 1982.

### Safety and health

The manufacture and use of chemicals requires proper care to be taken to protect the safety and health of all persons involved. It is ICI's

policy to manage its activities so as to avoid causing any unnecessary or unacceptable risk to the safety and health of employees, customers and members of the public who may be affected by its operations.

### Environment

ICI recognizes that all industrial activity has an impact on the environment and that it is therefore necessary to manage its activities so that they are acceptable to the community and adverse effects are reduced to the practicable minimum. In order that it may be in a position to do this and to contribute in an informed way to the complex continuing debate about the manufacture, storage, use and disposal of chemicals, ICI has for many years invested significantly in resources to ensure that it has a good understanding of the relevant aspects of environmental science. Such resources are typified by the Company's environmental laboratory at Brixham, Devon.

The Company believes that decisions concerning the production, handling and disposal of chemicals should be based, to the fullest extent possible, on the facts of each situation and on the best available scientific assessment of the evidence.

The picture shows samples being taken from an estuary. Access is made easier by a specially developed hovercraft of the Brixham Laboratory.

## Stockholders

At the end of 1983 the register of stockholders consisted of 365,786 Ordinary Stock accounts, 678 Preference Stock accounts and 174,369 accounts in respect of all classes of Loan Stock. The following table analyses the holdings of Ordinary Stock:

Size of holding £	Number of stockholders' accounts	Amount £m
1-250	158,105	19
251-500	92,551	34
501-1,000	73,014	52
1,001-5,000	39,516	68
5,001-10,000	1,154	8
10,001-50,000	793	18
50,001-1,000,000	583	133
Over 1,000,000	70	280
<b>All holdings</b>	<b>365,786</b>	<b>612</b>

In response to increased interest in the Company shown by US investors, arrangements were made for American Depositary Receipts (ADRs), representing ICI

Ordinary Stock, to be listed on the New York Stock Exchange on a sponsored basis; trading began on 1 November. Some ADR arrangements had existed since 1928, but ICI stock had not previously been listed on the New York Stock Exchange and the earlier arrangements had not been sponsored by the Company. The new ADRs, each equivalent to four £1 Ordinary Stock units, are issued by Morgan Guaranty Trust Company of New York and are held by approximately 25,000 US investors who are additional to the number of registered stockholders shown in the table.

As at 7 February 1984 (one month prior to the date of the Notice of Meeting on page 51) Morgan Guaranty Trust Company of New York had a non-beneficial interest in £101,510,726 Ordinary Stock of the Company (being approximately 16.6 per cent of the issued Ordinary share capital), of which £100,840,263 was registered in the name of their nominee company, Guaranty Nominees Limited. At that date no other person held an interest in stock comprising 5 per cent or more of the issued Ordinary share capital of the Company.

## Board of Directors

With the Board as a whole providing overall direction and control of the ICI Group, the eight Executive Directors work as a team in carrying out strategic planning for the Group and in monitoring progress. Particular responsibilities in relation to the work of the Executive Team are assigned to individual Directors which they exercise in respect of businesses, territories and functional matters as shown below.



**John Harvey-Jones**

A Director since 1973 and Chairman since April 1982. He has particular responsibility for planning and public affairs.



**Sir Robin Ibbs**

A Director since 1976, apart from two years of secondment to the Cabinet Office. He is currently Business Director for the agricultural business and also Territorial Director for the Pacific and Far East.



**Alan Clements**

A Director since 1979. He is currently Finance Director, and also Territorial Director for Africa, the Middle East and Pakistan.



**Charles Reece**

A Director since 1979. He is currently Technology Director and Management Services Director, and also Territorial Director for India.



**Philip Harvey**

A Director since 1977. He is currently Business Director for the petrochemicals and plastics business, and for oil, ICI Europe and Eastern Europe.



**Brian Smith**

A Director since 1978. He is currently Business Director for the polyurethanes and speciality chemicals businesses, and also Territorial Director for the Americas.



**Denys Henderson**

A Director since 1980. He is currently Business Director for the agrochemicals, colours, explosives, paint and pharmaceuticals businesses.



**Frank Whiteley**

A Director since 1979. He is currently Personnel Director, and also Business Director for the fibres and general chemicals businesses.

## Non-Executive Directors

**Sir Arnold Hall**

A Director since 1970. Chairman of Hawker Siddoley Group PLC.

**Sir Patrick Meaney**

A Director since 1981. Chairman of The Rank Organisation Plc.

**Sir Alex Jarratt**

A Director since 1975. Chairman of Reed International P L C.

**Sir Jeremy Morse**

A Director since 1981. Chairman of Lloyds Bank Plc.

**Walther Kiep**

A Director since 1982. Managing Partner of Gradmann & Holler, the West German insurance group.

**Lord Thomson**

A Director since 1977. Chairman of the Independent Broadcasting Authority.

It is with deep regret that the Board records the deaths during 1983 of four former Directors, Viscount Boyd of Merton, who died on 8 March, was a Director from 1967 to 1975. Mr J C Brown, a Director from 1970 to 1973, died on 15 May. Lord Glenconner, who was a Director for twenty-five years until 1967, died on 4 October. Dr J E Sisson, a Director from 1965 to 1970, died on 21 October.

The names of the Directors of the Company at the date of this Report are set out on page 2. They all served as Directors for the whole of 1983. In addition, Sir William Duncan, Mr R Haslam and Sir Francis Sandilands, to whom reference was made in the Report for 1982, were Directors for part of the year.

**Directors recommended for re-election**  
Mr J H Harvey-Jones (aged 59 years), Sir Patrick Meaney (aged 58 years), Dr C H Reece (aged 57 years) and Lord Thomson (aged 63

years) retire under Article 98 and are recommended for re-election. Further information about them is on the opposite page.

Mr Harvey-Jones' service contract as Chairman is for a period of five years from 1 April 1982, terminable by the Company after three or four years. Dr Reece has a service contract with the Company which is subject to termination by either party upon giving not less than three years' notice at any time; the contract also terminates when the age of 62 is attained, unless it is extended by agreement at the request of the Company.

#### **Directors' interests**

At no time during the year has any Director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business. A statement of Directors' interests in stocks, shares and debentures of the Company and its subsidiaries is set out on page 43.

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## **Future developments in the business**

The policy of maintaining and increasing the strength of the Group's position in its leading businesses throughout the world will be vigorously pursued, with emphasis on supporting those which have good track records and sound future prospects. This will mean continuing investment in businesses which have performed well throughout the recession and taking up profitable opportunities to increase the proportion of the Group's business in products of high added value. The improvements in productivity and efficiency resulting from the extensive cost cutting and rationalization measures of recent years have put the Group in a good position to take advantage of the upturn in world demand which is now occurring. Further reductions in the fixed cost base of the Group will be made, complementing efficiency improvements, to ensure that competitiveness is maintained.

The strength of the Group's technological base and its earning power in the UK will be sustained whilst seeking to extend its share of growth markets around the world. It is expected that the Group's share of the overall West European market for chemicals will continue to grow. Ways of increasing ICI's presence in its selected fields of activity in the USA and in the high growth areas of South East Asia will be sought. Suitable opportunities for growth by acquisition will be pursued and divestments will be made where appropriate. The overall intention is to ensure that the Group's business and geographic portfolios are prudently balanced between robust cash generating activities on the one hand and attractive growth opportunities on the other, with maintenance of a competitive cost base and continuing leadership in technology as essential elements.

## Report of the Directors (continued)

### Issue of share capital

A special resolution will be proposed at the Annual General Meeting of the Company on 18 April 1984 to enable the Directors to continue to exercise their existing power under the Company's Articles of Association to allot unissued shares in the capital of the Company and to allow the Directors, in certain limited circumstances described below, to allot shares for cash otherwise than pro rata to existing Ordinary stockholders; the resolution is set out in item 4 of the Notice of Meeting on page 51. The resolution is in very similar form to that passed at last year's Annual General Meeting; it is expressed to run until 31 December 1985, but the intention, as before, is to seek to renew it and to roll it forward by one year at each future Annual General Meeting.

Paragraphs (b) and (c) of the resolution impose conditions on the Directors as to the extent to which they may allot equity shares for cash otherwise than pro rata to existing Ordinary stockholders. Paragraph (b) is required so that, in the event of it being illegal or unduly burdensome or impracticable to offer to certain overseas stockholders the equity securities to which they would be entitled in a rights issue, the Directors can sell these securities for the benefit of those stockholders; it also allows fractions of shares arising in a rights issue to be sold, as in the past, for the benefit of the Company. Paragraph (c) is, in effect, a renewal of the authority given at each Annual General Meeting since 1973. The intention is that this authority would be used by the Directors if they wished to issue further Ordinary shares of the Company (or to issue or guarantee the issue of securities convertible into, or carrying the right to subscribe for, Ordinary shares of the Company) in the following circumstances:

- 1 to take advantage of favourable opportunities to raise funds in international markets;
- 2 if placings of Ordinary Stock prove necessary or desirable in connection with or consequent upon any further listings of the Company's Ordinary Stock which it may be thought appropriate to arrange on stock exchanges in major financial centres; this could involve issuing stock at below the respective market rate at the time and every endeavour would be made to keep any such discount to a minimum; and

- 3 in other circumstances, subject to the prior consent of the Company in general meeting being given to each specific issue if so required by the London Stock Exchange in implementation of the Company's Listing Agreement.

### Donations

Donations made by the Group in 1983 for charitable purposes in the UK amounted to £865,000 (£800,000 in 1982), of which more than half was given for higher education, particularly in the sciences and engineering at British universities. The remainder was given to a wide variety of causes, including medical research, management training, learned and scientific societies, the arts, and organizations serving the young, the unemployed, the elderly and the handicapped. The Company continued its policy of not making donations for political purposes.

### Auditors

The Auditors, Thomson McIntock & Co and Price Waterhouse, are willing to continue in office, and a resolution re-appointing them and authorizing the Directors to fix their remuneration will be submitted to the Annual General Meeting. The remuneration and expenses of the Auditors in respect of the statutory report to the members of the Company for the year 1983, provided for in the Group accounts, amount to £577,000 (1982 £550,000). The total figure for the Group was £3.2m (1982 £2.9m), which includes charges for audits of subsidiary companies in the UK and overseas, both for the purposes of consolidation into the Group accounts and to meet statutory requirements of the countries in which the subsidiaries operate.

### Thanks to employees

The employees of the ICI Group throughout the world have responded with great skill and determination to the challenges and opportunities of 1983. The Directors wish to thank them all most sincerely for their hard work and for the results which have been achieved during the year.

P. S. G. Flint

On behalf of the Board  
P. S. G. Flint  
Secretary

## Division Chairmen

Agricultural	B. Appleton
Fibres	J. Ister
Mond	R. I. Lindsell
Organics	A. T. G. Rodgers
Paints	J. D. F. Barnes
Petrochemicals and Plastics	T. O. Hutchison
Pharmaceuticals	P. W. Cunliffe, CBE
Plant Protection	R. C. Hampel

## General managers

Secretary	P. S. G. Flint
Treasurer	C. J. Crowe
Solicitor	V. O. White
Group Chief Planner	A. Hayes
Commercial	D. S. Hay
Personnel	R. N. Hodge
Europa	J. York

## Chief executives of major subsidiary companies

ICI Australia Ltd	Chairman and Managing Director	M. D. Bridgland
ICI Americas Inc	President and Chief Executive Officer	H. Corless
C-IL Inc	President and Chief Executive Officer	C. H. Hantho
ICI Group of Companies in India	Chairman	S. S. Bajjal
ICI Japan Ltd	President	S. A. Ridgwell, CBE
Nobel's Explosives Co Ltd	Chief Executive	E. Innes
Scottish Agricultural Industries PLC	Managing Director	Q. Brown

## Financial calendar

### Dividend and interest payments

A second interim dividend for the year 1983, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 2 April 1984 to Ordinary stockholders registered in the books of the Company on 23 February 1984.

Dividend and interest payments are normally made as follows:

First Interim Ordinary Dividend:  
Second week of October (announced last Thursday in July)

Second Interim Ordinary Dividend:  
First week of April (announced fourth Thursday in February)

Preference Dividends: 1 February, 1 August

### Unsecured Loan Stocks:

5½ per cent	1 February, 1 August
7¼ per cent	31 May, 30 November
8 per cent	10 January, 10 July
10¼ per cent	6 February, 6 August

### Quarterly results

Unaudited trading results of the ICI Group for 1984 are expected to be announced as follows:

First quarter	26 April 1984
Half year	26 July 1984
Nine months	25 October 1984
Full year	28 February 1985

### Taxation

In certain circumstances, when a stockholder sells stock his liability to tax in respect of capital gains is computed by reference to the market value of the stock on 6 April 1965. The market values of ICI stocks at that date, for the purpose of the capital gains tax, were:

Ordinary Stock 234½p  
(The adjusted value, for a stockholder who subscribed in full for his share of the 1976 rights issue, is 245p)

Preference Stock 72½p

The Company is not, and has not been, a close company within the meaning of the Income and Corporation Taxes Act 1970 (as amended)

## 26 Accounts for the year 1983

### Group profit and loss account (historical cost)

For the year ended 31 December 1983

	Notes	1983 £m	1982 £m
Turnover		8,256	7,358
Operating costs	3	(7,718)	(7,116)
Other operating income	3	155	124
Trading profit (after providing for depreciation 1983 £436m, 1982 £400m)		693	366
Share of profits less losses of related companies and amounts written off investments	4	61	39
Net interest payable	5	(135)	(146)
Profit on ordinary activities before taxation		619	259
Tax on profit on ordinary activities	6	(201)	(92)
Profit on ordinary activities after taxation		418	167
Attributable to minorities		(21)	(22)
Net profit attributable to parent company		397	145
Extraordinary items	7	(19)	-
Net profit for the financial year		378	145
Dividends	8	(147)	(115)
Profit retained for year		231	30
Earnings before extraordinary items per £1 Ordinary Stock	9	65.3p	24.2p

### Reserves attributable to parent company

	Note	1983 £m	1982 £m
At beginning of year		2,443	2,352
Profit retained for year		90	(54)
Company		139	83
Subsidiaries		2	1
Related companies		231	30
Amounts taken direct to reserves		47	61
At end of year	10	2,721	2,443

Figures in brackets represent deductions; £m means millions of pounds sterling.

# Balance sheets (historical cost)

At 31 December 1983

		Group		Company	
	Notes	1983 £m	1982 £m	1983 £m	1982 £m
<b>Assets employed</b>					
Fixed assets					
Tangible assets	11	3,376	3,422	1,297	1,346
Investments	12			2,323	2,252
Subsidiaries	13	348	403	33	45
Related and other companies					
		3,724	3,825	3,653	3,643
<b>Current assets</b>					
Stocks	14	1,462	1,377	636	577
Debtors	15	1,661	1,499	327	265
Investments and short-term deposits	16	688	523	155	112
Cash		86	72	2	1
		3,897	3,471	1,120	955
<b>Total assets</b>		<b>7,621</b>	<b>7,296</b>	<b>4,773</b>	<b>4,598</b>
<b>Liabilities</b>					
Creditors due within one year					
Short-term borrowings	17	(329)	(531)	(153)	(196)
Current instalments of loans	19	(209)	(119)	(12)	(3)
Other creditors	20	(1,542)	(1,283)	(1,186)	(1,095)
		(2,080)	(1,933)	(1,351)	(1,294)
<b>Net current assets (liabilities)</b>		<b>1,817</b>	<b>1,538</b>	<b>(231)</b>	<b>(339)</b>
<b>Total assets less current liabilities</b>		<b>5,541</b>	<b>5,363</b>	<b>3,422</b>	<b>3,304</b>
<b>Financed by</b>					
Creditors due after more than one year					
Loans	19	1,268	1,417	224	236
Other creditors	20	123	87	650	664
		1,407	1,504	874	900
Provision for liabilities and charges	18	202	239	35	76
Deferred income: grants not yet credited to profit		198	203	134	139
Minority interests		392	362		
Capital and reserves attributable to parent company					
Called-up share capital	21	621	612	621	612
Reserves	10				
Share premium account		386	366	386	366
Revaluation reserve		108	108	5	5
Other reserves		238	222	291	220
Profit and loss account		1,925	1,620	1,076	986
Related companies' reserves		64	11		
		2,721	2,443	1,758	1,577
<b>Total capital and reserves attributable to parent company</b>		<b>3,342</b>	<b>3,055</b>	<b>2,379</b>	<b>2,189</b>
		<b>5,541</b>	<b>5,363</b>	<b>3,422</b>	<b>3,304</b>

The accounts on pages 26 to 47 were approved by the Board of Directors on 1 March 1984 and were signed on its behalf by:

John Harvey-Jones *Director*  
 Alan Clements *Director*  
 John Crowe *Treasurer*



## 28 Statement of sources and applications of funds

For the year ended 31 December 1983

	Notes	1983 £m	Group 1982 £m
<b>Sources</b>			
Funds generated from operations		693	366
Trading profit		436	400
Depreciation		(33)	58
Petroleum revenue tax provided (less paid)		(8)	(6)
Government grants credited to profit, less received		41	39
Dividends and interest from related companies		29	(5)
Miscellaneous items, including exchange			
		1,158	852
Less: interest and taxation paid during year		(137)	(146)
Interest (net)		(100)	(99)
Taxation			
		921	607
<b>Sources net of interest and taxation</b>			
<b>Applications</b>			
Dividends paid during year		122	113
Parent company		18	22
Subsidiaries to minority shareholders			
		140	135
<b>Fixed assets</b>		361	292
Tangible assets		(59)	(25)
Disposals of tangible assets	22	70	94
Acquisitions and new investment	22	(108)	(29)
Disposals of subsidiaries and investments			
		264	332
<b>Additional working capital</b>		66	26
Stocks		112	39
Debtors			
Creditors and provisions (excluding dividends, taxation, petroleum revenue tax and advance proceeds from oil sales)		(143)	46
		35	111
<b>Total applications</b>		439	578
<b>Surplus</b>		482	29
<b>Represented by</b>			
Increased investment of minorities in subsidiaries		15	5
Issues of ICI Ordinary Stock		29	26
Issue of warrants to subscribe for ICI Ordinary Stock		15	—
Reduction in advance proceeds from oil sales		(23)	(23)
Net repayment of loans		(137)	(103)
Decrease in short-term borrowings		(202)	(58)
Increase in cash and short-term investments (1982 decrease)		(179)	124
		(482)	(29)

\* Movements in these items represent the differences between amounts shown in the opening and closing balance sheets. Movements in other items do not correspond to the change in balance sheet amounts, due to effects of acquisitions and disposals of subsidiaries and effects of retranslating opening currency balances of overseas subsidiaries at closing exchange rates.

The accounts have been prepared under the historical cost convention and in accordance with Sections 149 and 152 of, and Schedule 8 to, the Companies Act 1948. Group accounting policies conform with UK Accounting Standards; the following paragraphs describe the main policies. The accounting policies of some overseas subsidiaries do not conform with UK Accounting Standards and, where appropriate, adjustments are made on consolidation in order to present the Group accounts on a consistent basis.

The accounts for 1983 and the comparatives for 1982 are presented in a new format to comply with the requirements of the Companies Act 1981. The new presentation in the main consists of a reclassification of costs, assets and liabilities and does not affect the amount of profit or reserves attributable to the parent company.

#### Related companies

A related company is a company, not being a subsidiary, in which the Group has an interest of between 20 per cent and 50 per cent and on whose commercial and financial policy decisions the Group exercises significant influence. The Group's share of the profits less losses of the principal related companies is included in the Group profit and loss account on the equity accounting basis. The results are calculated from the latest available audited accounts adjusted to incorporate unaudited results for more recent periods. The results of other related companies are included only to the extent of dividends received or provisions for losses.

The holding value of principal related companies in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such companies, as shown by the most recent accounts available, adjusted where appropriate. Other related companies are included at cost plus the nominal value of any scrip issues capitalized since acquisition less any amounts provided.

#### Depreciation

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

Estimates of asset lives cannot be made with precision and in practice there is a range of possible lives. Recognizing to some extent the problem of continuing inflation, the Group has, in its historical cost accounts, adopted lives at the lower end of this range. Under the Group's policy of reviewing the remaining lives of individual assets, it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 13 years for plant and equipment.

Depreciation of assets qualifying for grants is calculated on their full cost.

#### Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at the average rates applicable to the respective accounting periods. Assets and liabilities are translated into sterling at the rates of exchange ruling at the date of the Group balance sheet. Exchange differences arising on consolidation are taken to reserves. Other exchange differences are taken to profit where they relate to items of a trading nature and to reserves where they relate to loans and investments, including, in the Company balance sheet, adjustments to the book values of overseas subsidiaries.

#### Government grants

Grants related to expenditure on fixed assets are credited to profit over a period approximating to the lives of qualifying assets. The grants shown in the balance sheets consist of the total grants receivable to date less the amounts so far credited to profit.

#### Oil accounting

**(a) Production assets including concessions and exploration**  
Expenditure on acquiring oil concessions, exploring for oil and construction of production assets is, in general, capitalized and depreciated over the life of the wells on the basis of the rate of production. Immediate write-offs are made in the following circumstances:

Expenditure on concessions – to the extent that the value is considered to have been impaired by the absence of successful drilling results;

Exploration expenditure – if unsuccessful or if oil reserves are not determined to be commercially viable within one year of completion of drilling.

**(b) Oil taxation**  
Petroleum revenue tax, which is levied on profits from oil produced under UK licences, is charged against trading profit. Provision is made for deferred tax on the difference between the 100 per cent tax allowances for capital expenditure and the amount of depreciation charged in the accounts. For the purpose of calculating the charge for petroleum revenue tax, the uplift allowance on capital expenditure, the oil allowance exemption and the safeguard limitation are being taken into account in the period in which they are effective in affording relief from tax.

#### Pensions funding

The Company and most of its subsidiaries operate pension schemes which cover the majority of employees (including directors) in the Group. The amounts charged against profit are calculated with actuarial advice in accordance with local practice, and represent a proper charge to cover the accruing liabilities on a continuing basis. With minor exceptions these schemes are financed through separate trustee administered funds.

#### Plant closures and staff reductions

Full provision for closure costs, including reduction of asset values to recoverable amounts and operating losses up to the date of closure, is made in the accounting period in which closure of a plant is decided. Losses are charged to trading profit unless the circumstances justify treatment as an extraordinary item. Payments arising from staff reductions which are not associated with plant closures or major restructuring of a business are charged to trading profit in the period in which terms are agreed with employees for the termination of their employment.

#### Research and development

Research and development expenditure is charged to profit in the year in which it is incurred.

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Research and development expenditure is charged to profit in the year in which it is incurred.

#### Stock valuation

Finished goods are stated at the lower of cost or net realisable value, raw materials and other stocks at the lower of cost or replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses (principally central administration costs) are excluded.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on UK capital expenditure, if there is reasonable evidence that such deferred taxation will not be payable in the future. Credit for deferred corporation tax is taken in respect of the provision for deferred petroleum revenue tax.

Advance corporation tax payable on dividends paid and provided for the year is not written off if UK corporation and oil tax liabilities for the year would be sufficient to absorb this tax. To the extent that further UK corporation and oil tax liabilities exist, any unrelieved advance corporation tax written off in earlier periods is credited. This is a modification of the policy adopted in previous years but has no prior year effect on the profit and loss account. The effect on the current year is given in Note 6.

# Notes relating to the accounts

Figures in brackets represent deductions; £m means millions of pounds sterling.

## Composition of the Group

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiaries, of which there were 341 at 31 December 1983. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 120 subsidiaries made up their accounts to dates earlier than 31 December, but not earlier than 30 September.

The trading results have not been materially affected by acquisitions or disposals of subsidiaries.

The accounts of certain subsidiary and related companies, representing approximately 15 per cent of Group sales and net assets, have been audited by firms other than the Group joint auditors.

	Sales turnover		Profit	
	1983	1982	1983	1982
	£m	£m	£m	£m

## 2 Segmental information

### Business sectors

Sales turnover and profit on ordinary activities before taxation are set out in the table below on a worldwide basis for each business sector in which the Group operates.

	1,507	1,369	174	158
Agriculture	803	649	10	(18)
Colours, polyurethanes and speciality chemicals	565	464	(7)	(25)
Fibres	1,472	1,386	107	60
General chemicals	301	286	26	33
Industrial explosives	1,040	1,160	93	73
Oil (see note 3)	592	500	26	22
Paint	2,296	1,910	(7)	(139)
Petrochemicals and plastics	637	516	199	138
Pharmaceuticals	111	94	5	—
Miscellaneous	9,324	8,334	626	302
	(1,068)	(976)	(3)	4
Inter-sector eliminations	8,256	7,358	623	306
			70	60
Royalty income and government grants (see note 3)			693	366
Trading profit			61	39
Share of profits less losses of related companies and amounts written off investments			(135)	(146)
Net interest payable			619	259

Profit on ordinary activities before taxation

The Group's policy is to transfer products internally at prevailing external market prices. The above figures for sales turnover and trading profit are re-analysed below by geographic area.

### Geographic areas

The figures in the table below for each geographic area show the sales turnover and profit made by companies located in that area; export sales and related profits are included in the areas from which those sales were made.

United Kingdom	2,849	2,839		
Home sales	2,169	1,792		
Export sales	5,018	4,631	390	176
	1,527	1,172	49	(4)
Continental Western Europe	1,561	1,273	114	53
The Americas	1,131	1,055	64	72
Australasia and the Far East	228	189	25	21
Indian sub-continent	106	105	2	(1)
Other countries	9,571	8,425	644	317
	(1,315)	(1,067)	(21)	(11)
Inter-area eliminations	8,256	7,358	623	306
			70	60
Royalty income and government grants (see note 3)			693	366
Trading profit				

## 2 Segmental information (continued)

Sales turnover in each geographic market in which customers are located was:

	1983 £m	1982 £m
Chemicals	2,184	2,030
United Kingdom	1,592	1,263
Continental Western Europe	1,639	1,340
The Americas	1,309	1,168
Australasia and the Far East	250	203
Indian sub-continent	474	428
Other countries		

	7,448	6,432
	808	926
Oil	8,256	7,358

	1983	1982
Employees		
The average number of people employed by the Group was:		
United Kingdom	61,800	67,300
Continental Western Europe	12,500	10,400
The Americas	16,900	18,000
Australasia and the Far East	14,100	15,300
Indian sub-continent	11,000	11,100
Other countries	1,600	1,700
	117,900	123,800

## 3 Trading profit

Trading profit comprised:

Turnover	8,256	7,358
Operating costs	(5,761)	(5,405)
Cost of sales	(576)	(529)
Distribution costs	(276)	(244)
Research and development (including technical service)	(1,064)	(915)
Administrative and other expenses	(41)	(23)
Employees' profit-sharing bonus	(7,718)	(7,116)
Other operating income	28	25
Government grants	42	35
Royalties	85	64
Other income	155	124
	693	360
Trading profit		

The total charge for depreciation included above was £436m (1982 £400m).  
 Cost of sales included £148m for petroleum revenue tax (1982, including supplementary petroleum duty, £183m).  
 Gross profit, as defined by the Companies Act 1981, was £2,495m (1982 £1,953m).

#### 4 Share of profits less losses of related companies and amounts written off investments

	1983 £m	1982 £m
Share of profits less losses of related companies		
Companies accounted for on the equity basis	32	26*
Dividend income from shares in related companies	14	10
Share of remaining profits less losses		
Share of profits less losses before tax	46	36
Dividend income from shares in other related companies	8	14
	54	50
	7	13
Gains on disposals of investments		
Amounts written off investments (including provisions raised £2m (1982 £32m) and the release of provisions no longer required £2m (£12m))	—	(24)
	61	39

Total dividend income from shares in related companies comprised £19m (1982 £18m) from listed companies and £21m (£22m) from unlisted companies.

#### 5 Net interest payable

Interest payable and similar charges	132	135
Loan interest	62	92
Interest on short-term borrowings and other financing costs		
	194	227
Interest receivable and similar income from current asset investments	(7)	(7)
Listed redeemable securities	(52)	(74)
Short-term deposits		
	(59)	(81)
	135	146
Net interest payable		

Loan interest includes £80m (1982 £89m) on loans not wholly repayable within 5 years.

#### 6 Tax on profit on ordinary activities

ICI Group		
United Kingdom taxation	198	105
Corporation tax	(25)	(30)
Double taxation relief	(16)	7
Deferred taxation adjustment	(43)	(58)
Advance corporation tax (net)		
	114	24
Overseas taxation	72	54
Overseas taxes	3	5
Deferred taxation adjustment		
	75	59
Total ICI Group	189	83
Principal related companies	12	9
Total tax on profit on ordinary activities	201	92

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 52 per cent. The assumption has been made that the UK systems of capital allowances and stock relief will continue in their present form.

The Group tax charge has been influenced by a number of factors, including the utilisation of prior year tax losses. In addition the modification of the accounting policy for advance corporation tax has had the effect of reducing the 1983 tax charge by £36m (1982 - nil).

## 6 Tax on profit on ordinary activities (continued)

The amounts of deferred taxation accounted for and the potential amounts of deferred taxation are:

	Group 1983 £m	1982 £m	Company 1983 £m	1982 £m
Accounted for at balance sheet date (note 18)				
Timing differences on UK capital allowances and depreciation in future years	13	35	—	22
Miscellaneous timing differences	(4)	(3)	—	—
Corporation tax effect of deferred petroleum revenue tax provision	9	32	—	22
	(61)	(71)	—	—
	(52)	(39)	—	22
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged, less losses	696	646	586	513
Advance corporation tax	—	(43)	—	(43)
Miscellaneous timing differences	8	7	(13)	(24)
	704	610	573	446
Total	652	571	573	468

## 7 Extraordinary items

The figure of £19m comprises a provision of £40m representing the remaining book value of ICI's 37½ per cent equity share in Corpus Christi Petrochemical Company and related facilities, reduced by the profit arising on various divestments including US oil and gas interests. These extraordinary items had no effect on the tax charge. There were no extraordinary items in 1982; a provision of £25m (included in £32m shown in note 4) in respect of holdings in principal related companies was charged in 1982 and this has been applied specifically against Corpus Christi Petrochemical Company.

## 8 Dividends

	1983 Pence per £1 Stock unit	1982	1983 £m	1982 £m
Ordinary				
Interim, paid 10 October 1983	10p	9p	61	54
Second interim, to be confirmed as final, payable 2 April 1984	14p	10p	86	61
	24p	19p	147	115

Preference  
Dividends on 5 per cent (now 3.5 per cent plus tax credit) Cumulative Preference Stock were £0.3m (1982 £0.3m).

## 9 Earnings per £1 Ordinary Stock

	1983 £m	1982 £m
Earnings for Ordinary Stockholders, before extraordinary items	397	145
Average Ordinary Stock in issue during year, weighted on a time basis	608	598
Earnings before extraordinary items per £1 Ordinary Stock	65.3p	24.2p

The effect on earnings per £1 Ordinary Stock of (a) full conversion of outstanding convertible bonds of a subsidiary and (b) issue of shares under option (see note 21) would not be material.

## 10 Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Related companies' reserves £m	1983 Total £m	1982 Total £m
<b>Group reserves attributable to parent company</b>							
At beginning of year	366	108	222	1,630	117	2,443	2,352
Profit retained for year				229	2	231	30
Amounts taken direct to reserves							
Share premiums	20					20	17
Revaluations		2				2	—
Exchange adjustments		1	(17)	25	(11)	(2)	83
Other movements			20		7	27	(39)
Movements between reserves		(3)	13	41	(51)		
At end of year	386	108	238	1,925	64	2,721	2,443
<b>Parent company reserves</b>							
At beginning of year	366	5	220	986		1,577	1,481
Profit/(loss) retained for year				90		90	(54)
Amounts taken direct to reserves							
Share premiums	20					20	17
Exchange adjustments							
Investments in overseas subsidiaries and related companies			67			67	136
Currency loans and other items			(12)			(12)	(3)
			55			55	133
Other movements			16			16	—
At end of year	386	5	291	1,076		1,758	1,577

By virtue of S149(5) of the Companies Act 1948, the Company is exempt from presenting a profit and loss account.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiaries or principal related companies; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. The undistributed profits of Group companies overseas may be liable to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends. No provision has been made in respect of potential taxation liabilities on realisation of assets at restated or revalued amounts or on realisation of related companies at equity value.



# 11 Tangible fixed assets

Group	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued	1,054	4,786	245	6,085
At beginning of year	26	67	9	102
Exchange adjustments	8	1		9
Revaluations	4	9		13
New subsidiaries			361	361
Capital expenditure	40	278	(318)	
Transfers	(26)	(189)		(215)
Disposals				
At end of year	1,106	4,952	297	6,355
Depreciation	365	2,298		2,663
At beginning of year	9	20		29
Exchange adjustments	5	2		7
Revaluations	(9)	(147)		(156)
Disposals	42	394		436
Charge for year				
At end of year	412	2,567		2,979
Net book value at end of year 1983	694	2,385	297	3,376
Net book value at end of year 1982	689	2,488	245	3,422

The net book value of Group tangible fixed assets at the end of the year included expenditure on oil production assets, including concessions and exploration, totalling £196m (1982 £244m). See accounting policy on page 29.

## Company

Cost or as revalued	338	2,399	93	2,830
At beginning of year			152	152
Capital expenditure	10	93	(103)	
Transfers	(3)	(76)		(79)
Disposals				
At end of year	345	2,416	142	2,903
Depreciation	156	1,328		1,484
At beginning of year	(2)	(71)		(73)
Disposals	14	181		195
Charge for year				
At end of year	168	1,438		1,606
Net book value at end of year 1983	177	978	142	1,297
Net book value at end of year 1982	182	1,071	93	1,346

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
The net book value of land and buildings comprised:				
Freeholds	663	648	171	176
Long leases (over 50 years unexpired)	15	17	5	5
Short leases	16	24	1	1
	694	689	177	182

# **Tangible fixed assets (continued)**

Revalued assets included in tangible fixed assets:

	Group		Company		Land and buildings		Plant and equipment	
	1983 £m	1982 £m	1983 £m	1982 £m	1983 £m	1982 £m	1983 £m	1982 £m
Revalued amount	238	243	276	278	41	41	70	70
Depreciation	61	58	164	160	35	35	63	63
Net book value	177	185	112	118	6	6	7	7

If the amount of these revalued assets had been determined according to historical cost accounting rules they would have been included as follows:

	1983 £m	1982 £m	1983 £m	1982 £m	1983 £m	1982 £m	1983 £m	1982 £m
Cost	117	108	269	271	32	32	49	49
Depreciation	58	44	202	189	29	29	44	44
Net book value	59	64	67	82	3	3	5	5

Expenditure on hire of plant and machinery charged against trading profit was £104m (1982 £95m).

	Shares £m	Loans £m	Total £m
<b>Investments in subsidiaries</b>			
Book value			
At beginning of year	1,102	1,271	2,373
Cost	47		47
Scrip issues capitalised	1,149	1,271	2,420
Exchange adjustments	63	40	103
Additions	42	166	208
Disposals and repayments	(20)	(225)	(245)
At end of year	1,234	1,252	2,486
Cost	1,187	1,252	2,439
Scrip issues capitalised	47		47
Provisions	(136)	(32)	(168)
At beginning of year	2		2
Exchange adjustments	(2)		(2)
Additions	4	1	5
Eliminated on disposal	(132)	(31)	(163)
At end of year	1,102	1,221	2,323
Balance sheet value at end of year 1983	1,013	1,239	2,252
Balance sheet value at end of year 1982		1983	1982
		£m	£m

The balance sheet value of investments in shares in Group companies included:

Investments listed on The Stock Exchange, London

Other listed investments

	6	5
	114	78
	119	83
	441	253

With an aggregate market value of

Information on principal subsidiaries is given on page 46.

Group	Principal related companies		Other related companies		Other investments £m	Total £m
	Equity £m	Loans £m	Shares £m	Loans £m		
<b>Investments in related and other companies</b>						
Book value						
At beginning of year						358
Cost	267	3	71	10	7	14
Scrip issues capitalised	12		2			
	279	3	73	10	7	372
Exchange adjustments	18		1		1	20
Additions and reclassifications	28	1	20	8	10	67
Disposals and repayments	(81)		(6)		(2)	(89)
	244	4	88	18	16	370
At end of year						
Cost	232	4	87	18	16	357
Scrip issues capitalised	12		1			13
Share of post-acquisition reserves						108
At beginning of year	108					(11)
Exchange adjustments	(11)					(27)
Eliminated on disposal	(27)					(8)
Profits (losses) not distributed	(8)					5
Other	5					
	67					67
At end of year						
Provisions						(77)
At beginning of year	(51)		(21)	(2)	(3)	(40)
Additions	(40)		1			28
Eliminated on disposal	27					
	(64)	—	(20)	(2)	(3)	(89)
At end of year						
Balance sheet value at end of year 1983	247	4	68	16	13	348
Balance sheet value at end of year 1982	336	3	52	8	4	403
The balance sheet value of the above investments included:						
1983			2			2
Investments listed on The Stock Exchange, London			3		12	158
Other listed investments	143					
	143		5		12	160
	316		9		13	338
With an aggregate market value of						
1982	7		3		3	13
Investments listed on The Stock Exchange, London	149		9			158
Other listed investments						
	156		12		3	171
	266		18		3	287
With an aggregate market value of						

Information on principal related companies is given on page 47.

## 13 Investments in related and other companies (continued)

Company	Related companies Shares £m	Loans £m	Other investments £m	Total £m
Book value				106
At beginning of year	99	1	6	1
Cost	1			
Scrp issues capitalised	100	1	6	107
	2			2
Exchange adjustments	12	8		20
Additions	(81)		(2)	(83)
Disposals		9	4	46
At end of year	33	9	4	45
Cost	32	9	4	1
Scrp issues capitalised	1			
			(2)	(62)
Provisions	(60)			1
At beginning of year	1			48
Reduction	48			
Eliminated on disposal			(2)	(13)
At end of year	(11)	—		
	22	9	2	33
Balance sheet value at end of year 1983	40	1	4	45
Balance sheet value at end of year 1982				
The balance sheet value of the above investments included:				
1983	2		1	3
Investments listed on The Stock Exchange, London	1			1
Other listed investments	3		1	4
	5	—	2	7
With an aggregate market value of				
1982	10		3	13
Investments listed on The Stock Exchange, London	1			1
Other listed investments	11		3	14
	11	—	3	14
With an aggregate market value of				

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
14 Stocks				
Raw materials and consumables	476	420	190	152
Stocks in process	186	162	125	116
Finished goods and goods for resale	800	795	321	309
	1,462	1,377	636	577

## 15 Debtors

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Amounts due within one year				
Trade debtors	1,312	1,173	5	2
Amounts owed by subsidiaries			118	93
Amounts owed by related companies	34	66	1	1
Other debtors	208	150	160	130
Prepayments and accrued income	79	64	37	33
	1,633	1,453	321	259
Amounts due after more than one year	28	46	6	6
Total	1,661	1,499	327	265

## 16 Current asset investments and short-term deposits

Redeemable securities listed on The Stock Exchange, London	52	36	19	—
Other listed investments	12	13	—	—
Total listed investments	64	49	19	—
Unlisted investments	43	—	—	—
	107	49	19	—
Short-term deposits	581	474	136	112
	688	523	155	112
Market value of listed investments	68	53	19	—

## 17 Short-term borrowings

Bank borrowings	8	13	—	—
Secured by fixed charge	9	19	—	—
Secured by floating charge	151	152	41	36
Unsecured				
	168	184	41	36
Other borrowings (unsecured)	161	347	112	160
	329	531	153	196

## 18 Provisions for liabilities and charges

## Group

	At beginning of year £m	Movement in year £m	At end of year £m
Deferred taxation			
Petroleum revenue tax	136	(18)	118
Corporation tax thereon	(71)	10	(61)
Other tax (note 6)	32	(23)	9
	97	(31)	66
Oilfield abandonment costs	21	7	28
Employee benefits	61	4	65
Other provisions	60	(17)	43
	239	(37)	202
Company			
Deferred taxation (note 6)	22	(22)	—
Other provisions	54	(19)	35
	76	(41)	35

## 19 Loans

	Repayment Dates	Group 1983 £m	1982 £m	Company 1983 £m	1982 £m
Secured loans					
Sterling	1984/96	4	4	—	—
Foreign currencies					
Australian dollars (6¼ to 15½ per cent)	1984/2006	131	122	—	—
Others (5½ to 17 per cent)	1984/2007	51	70	—	—
Total secured		186	196	—	—
Secured by fixed charge		43	28		
Secured by floating charge		143	168		
Unsecured loans					
Sterling					
7¼ to 8 per cent Stocks	1986/93	119	119	119	119
10¼ per cent Stock	1991/96	43	43	43	43
5½ per cent Stock	1994/2004	26	26	26	26
Others	1984/99	32	53	27	38
		220	241	215	226
Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)	1984/89	26	146	—	—
Foreign currencies					
US Dollars					
Eurodollar bonds (6½ to 8¼ per cent)	1984/92	71	69	—	—
US dollar bonds (8½ to 11 per cent)	1984/2003	184	232	—	—
US dollar bonds † (9¾ per cent)	1990	69	—	—	—
Convertible Eurodollar bonds * (6¼ per cent)	1997	19	17	—	—
Loans (5½ to 12½ per cent)	1984/2005	207	188	7	6
Others	1984/98	26	27	6	7
		576	533	13	13
Swiss Francs (3½ to 7¼ per cent)	1984/94	142	135	5	—
Deutsche Marks (6½ to 8½ per cent)	1984/92	120	121	3	—
Dutch Florins (5¼ to 9 per cent)	1984/91	32	39	—	—
Canadian Dollars (5½ to 14½ per cent)	1984/96	128	79	—	—
Others (6½ to 18½ per cent)	1984/2003	47	46	—	—
		1,045	953	21	13
Total unsecured		1,291	1,340	236	239
Total loans		1,477	1,536	236	239
Loans or instalments thereof are repayable as follows:					
After 5 years from balance sheet date: Lump sum		376	334	188	188
Instalments		384	482	—	—
		760	816	188	188
From 2 to 5 years		299	409	20	26
From 1 to 2 years		209	192	16	22
Total due after more than one year		1,268	1,417	224	236
Total due within one year		209	119	12	3
		1,477	1,536	236	239
Aggregate amount of loans repayable by instalments any of which fall due after 5 years		703	868	—	—

Loans from banks included in the table above amounted to £101m (1982 £247m) in the Group of which £7m (1982 £11m) was secured. In the Company there were unsecured bank loans of £6m (1982 £17m).

† Unless previously redeemed, these bonds are convertible until 1 June 1990 into sterling bonds at a conversion rate of US\$1.5773 = £1.

\* Unless previously redeemed, these bonds are convertible until 1 September 1997 into Ordinary Stock of the Company at a conversion price, subject to adjustment in certain events, of 460 pence per £1 of Ordinary Stock (with a fixed rate of exchange applicable upon conversion of the bonds of US\$1.7423 = £1).

New borrowings during the year totalled £134m, of which £66m related to US\$100m 9¾ per cent bonds due 1990 (giving bondholders an option to convert to sterling bonds) issued by a finance subsidiary for the general purposes of the ICI Group, and £40m related to Can\$75m 12¾ per cent debentures due 1993 issued by C-I-L Inc for use in that subsidiary.

## 0 Other creditors

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Amounts due within one year	650	545	276	214
Trade creditors	12	10	—	—
Bills of exchange payable	8	22	8	23
Advance proceeds from oil sales	21	20	6	2
Other payments received on account			510	539
Amounts owed to subsidiaries	30	26	1	1
Amounts owed to related companies	193	91	92	67
Corporate taxation	57	88	—	—
Petroleum taxation	89	80	63	56
Value added and payroll taxes and social security	266	213	112	84
Other creditors	125	126	32	48
Accruals	86	61	86	61
Dividends to Ordinary Stockholders				
	1,542	1,283	1,186	1,095
Amounts due after more than one year	7	—	2	—
Trade creditors	13	21	13	21
Advance proceeds from oil sales			623	643
Amounts owed to subsidiaries	100	50	10	—
Corporate taxation	19	16	2	—
Other creditors				
	139	87	650	664

## 21 Called up share capital of parent company

	Authorized £m	Allotted, called up and fully paid 1983 £m	1982 £m
5 per cent (now 3.5 per cent plus tax credit) Cumulative Preference Stock (£1 units)	9	9	9
Ordinary Stock (£1 units)	612	612	603
Unclassified shares (£1 each)	104	—	—
	725	621	612

Ordinary Stock issues during the year totalled £9m. This stock was issued in respect of the Employees' Profit-Sharing Scheme £6m, the Company's share option schemes £2m and acquisitions £1m.

Options to subscribe for Ordinary shares of £1 under the Company's share option schemes were:

Subscription price	Last date when options exercisable	Number of shares on which options were outstanding at 31 December	
		1983	1982
£2.69	31 March 1987	2,307,776	2,557,882
£2.86	31 March 1988	1,431,854	1,544,913
£3.20	31 January 1986	1,723,437	1,978,599
£3.55	18 March 1987	880,000	2,440,000
£3.55	17 September 1987	60,000	310,000
£3.55	18 March 1988	552,000	577,000
£3.55	17 March 1989	310,000	310,000
£3.93	16 March 1990	92,000	
£3.96	31 December 1988	684,540	
		8,041,607	9,718,394

Options granted to directors, included above, are shown on page 43.

During 1983, movements in the number of shares under option were:

New options issued	793,720
Options exercised	1,982,833
Options lapsed	487,674

At the end of 1983, there were 18,771,147 shares available for the granting of options (1982 19,077,193).

Warrants were issued during the year in connection with a US dollar bond issue granting options to subscribe for 11,700,000 Ordinary shares of £1 at 540p, exercisable until 1 June 1990; none of these options had been exercised by 31 December 1983.



## Acquisitions and new investment

Acquisitions and new investment comprised:

	1983 £m	1982 £m
Fixed assets	13	49
Goodwill	1	3
Related companies	43	32
Net current assets	10	50
Deferred liabilities	(1)	(19)
Loans	—	(12)
Purchase of minorities	4	—
Total	70	103
Less: Attributable to shareholdings already owned	—	(9)
	70	94

New ICI Ordinary Stock was issued to discharge £4m on the cost of acquisitions (1982 £7m). Disposals in 1983 comprised subsidiaries £9m and related companies £99m (1982 £8m subsidiaries and £21m related companies).

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
<b>Commitments and contingent liabilities</b>				
Commitments for capital expenditure not provided for in these accounts (including acquisition of share and loan capital in subsidiary and other companies):				
Contracts placed for future expenditure	69	97	40	25
Expenditure authorized but not yet contracted	332	241	171	117
	401	338	211	142

Contingent liabilities existed at 31 December 1983 in connection with guarantees and uncalled capital relating to subsidiary and other companies and guarantees relating to pension funds, including the solvency of pension funds. Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1983 would be £146m (1982 £144m) for the Group, including £113m (1982 £111m) in respect of guarantees of borrowings by Corpus Christi Petrochemical Company, in which the Group has a 37.5 per cent interest; the maximum liability for the Company, mainly on guarantees of borrowings of subsidiaries, would be £1,012m (1982 £1,209m).

In 1981, 1982 and 1983 the Company agreed to make special payments aggregating £37m per annum, each over a three year period, in respect of increased benefits under the Staff Pension Fund, the Workers' Pension Fund and the Supplementary Pension Fund; at 31 December 1983 the instalments still to be paid totalled £72m.

A subsidiary of ICI Australia Ltd has entered into agreements with an associated company which has been incorporated specifically to erect an olefines plant and to lease it to the subsidiary. Under the terms of the agreements, commitments to pay lease rentals over the next fourteen years are £280m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

## Emoluments of directors and employees

The total emoluments of the directors of the Company for the year were £1,197,000 (1982 £1,467,000) including £70,000 (£76,000) in respect of non-executive directors. Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £3,415,000 (£3,222,000).

The table which follows shows the number of directors and employees of the Company, other than those who worked wholly or mainly outside the UK, whose emoluments during the year were within the bands stated (excluding employees whose emoluments were below £30,000).

24 Emo

25 Dir

26 C

## 24 Emoluments of directors and employees (continued)

Emoluments £	Directors		Employees		Emoluments £	Directors		Employees	
	1983	1982	1983	1982		1983	1982	1983	1982
1- 5,000	1	1			80,001- 85,000		1	1	2
5,001- 10,000	2	1			85,001- 90,000			2	2
10,001- 15,000	5	5			90,001- 95,000			3	1
20,001- 25,000	1				95,001- 100,000		1	3	
25,001- 30,000		1			100,001- 105,000		2		
30,001- 35,000			237	173	105,001- 110,000		1		
35,001- 40,000		1	106	101	110,001- 115,000	1	1		
40,001- 45,000			86	60	115,001- 120,000	1			
45,001- 50,000			46	35	120,001- 125,000	2			
50,001- 55,000			28	14	130,001- 135,000	1			
55,001- 60,000			14	10	135,001- 140,000	1	2		
60,001- 65,000			7	12	140,001- 145,000		1		
65,001- 70,000			8		165,001- 170,000	1			
70,001- 75,000			2	4	170,001- 175,000	1			
75,001- 80,000			3	4					

Three of the directors whose emoluments are shown above were directors for part of the year only (4 in 1982).

The emoluments of the Chairman were £170,999. During 1982 the emoluments of the Chairman and his predecessor totalled £150,575.

The average number of people employed by the Group in 1983 was 117,900 (1982 123,800) and the amounts charged in arriving at trading profit for the year in respect of those employees were:

	1983 £m	1982 £m
Wages and salaries	1,227	1,160
Social security costs	99	92
Pension fund contributions, pensions and gratuities (including severance payments 1983 £63m; 1982 £44m)	214	186
Other employment costs	29	25
Employees' profit sharing bonus	41	23
	1,610	1,486
Less amounts allocated to capital expenditure etc.	(43)	(42)
	1,567	1,444

## 25 Directors' interests in stocks, shares and debentures

The interests at 31 December 1983 of the persons who on that date were directors (including the interests of their families) in stocks, shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1983 are shown in brackets where these differ from the holdings at the year end. There were no changes in the period 1 January 1984 to 7 February 1984.

	ICI Ordinary Stock			ICI Ordinary Stock	
	£	shares under option		£	shares under option
A W Clements	3,043	68,579	W G L L Kiep	500	
Sir Arnold Hall	562		Sir Patrick Meaney	1,325	
P G Harvey	2,634 (1,998)		Sir Jeremy Morse	1,819	
J H Harvey-Jones	1,367	105,000 (85,000)	C H Reece	2,785	68,000
D H Henderson	5,100 (2,100)	40,000 (68,000)	N B Smith	1,220	69,397
Sir Robin Ibbes	2,112	68,000	Lord Thomson	500	
Sir Alex Jarratt: beneficial	562		F Whiteley	4,306 (3,552)	
non-beneficial	118				

The options to subscribe for Ordinary Shares were granted in 1980-83 for not more than seven years. Except as mentioned below, the options were granted under the terms of the Company's senior staff share option scheme and the price to be paid for the shares is 355p per share under the options granted in 1980-82 and 393p per share under an option granted in 1983. The exceptions are options granted under the Company's savings-related share option scheme to Mr A W Clements to subscribe for 579 shares at 269p per share, and to Dr N B Smith to subscribe for 579 shares at 269p per share and 818 shares at 266p per share. Differences between the number of outstanding options at 31 December 1983 and 31 December 1982 represent options granted or exercised during the year under the Company's senior staff share option scheme. Beneficial interests in ICI Unsecured Loan Stocks are held by Dr P G Harvey (£150 of 8 per cent Stock), Sir Robin Ibbes (£1,000 of 5½ per cent Stock, £200 of 7¼ per cent Stock and £350 of 8 per cent Stock) and Sir Patrick Meaney (£200 of 8 per cent Stock).

## 26 Other statutory information

Included in debtors are interest-free loans totalling £116,839 (1982 £184,804) to officers of the Company, comprising £35,000 in total to 3 directors and £81,839 in total to 5 other officers. The loans to directors were made, prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The amounts outstanding throughout the year were £10,000 each from Sir Robin Ibbes and Dr C H Reece and £15,000 from Mr D H Henderson. The loans to the other officers were mainly in respect of housing loans. Remuneration of auditors charged in the Group accounts for 1983 was £3.2m (1982 £2.9m).

# Profit and loss statement (current cost)

For the year ended 31 December 1983

	1983 £m	1982 restated in 1983 £'s £m	1982 £m
Turnover	8,256	7,696	7,358
Trading profit (Note 3)	470	166	159
Share of profits less losses of related companies and amounts written off investments	41	21	20
Profit before financing costs and taxation	511	187	179
Interest and other financial items	(135)	(153)	(140)
As in historical cost accounts	65	69	66
Gearing adjustment (Note 2)			
Profit on ordinary activities before taxation	441	103	99
Taxation on profit on ordinary activities	(201)	(96)	(92)
Attributable to minorities	—	(4)	(4)
Net profit before extraordinary items attributable to parent company	240	3	3
Dividends	147	120	115
Earnings before extraordinary items per £1 Ordinary Stock	39.5p	0.5p	0.5p
Dividends per £1 Ordinary Stock	24.0p	19.9p	19.0p

Extraordinary items are shown in note 4.

## Notes relating to the CCA results

### Accounting basis

These statements are prepared on a Current Cost Accounting (CCA) basis in accordance with the principles of Statement of Standard Accounting Practice No. 16. The accounting policies adopted in the historical cost accounts apply also to the CCA statements, except for modifications required to comply with SSAP 16. Adjustments have been made to the holding values of assets employed and to the historical cost trading profit to take into account the current levels of construction costs and of raw materials and other operating costs. The profit before taxation further includes a gearing adjustment which represents the inflationary benefit to the stockholders from non-equity finance, and partially offsets the charge for interest.

In order to provide a more useful comparison between 1982 and 1983 the results for 1982 have been shown both in 1982 £'s and re-stated in 1983 £'s. For this purpose the movement of 4.6 per cent in the average UK retail price index between 1982 and 1983 has been taken to represent the general rate of inflation.

### Current cost and gearing adjustments

The bases for the current cost adjustments are:

- Tangible fixed assets and depreciation:
  - In general, indices of the cost of chemical plant. In 1982 ICI did not apply any indexation for plant in Europe because the low level of activity in the chemical plant construction industry was leading to very competitive prices from contractors. Based on experience in 1983, ICI resumed indexing from end 1981 levels as from 1 January 1983.
  - Asset lives which are up to one third longer than those applied in the historical cost accounts (see page 29). Based on reviews of asset values and lives which have been undertaken as part of the Group's consideration of the current cost basis of accounting, the Group believes that it is appropriate for CCA purposes to use longer lives from within the range of possible lives.
- Stocks and the cost of sales adjustment—actual movements in costs, using the averaging method.
- Changes in the requirements for monetary working capital (trading debtors less creditors)—movements in appropriate specific indices.
- Government grants—indices of the cost of chemical plants modified in the same way as fixed assets; grants have been brought into profit over the lives adopted for CCA accounts.

The gearing adjustment is based on a gearing percentage of 22.4 per cent (1982 24.8 per cent), being the proportion of average non-equity finance to average total investment. For the purpose of calculating the gearing percentage, non-equity finance totalled £1,558m (1982 £1,866m) and comprised loans, short-term borrowings and other non-trading liabilities, less cash and short-term investments. The current cost value of the total investment in the business totalled £7,687m (£7,589m) and comprised tangible fixed assets (less government grants), fixed asset investments and net working capital.

	1983 £m	1982 restated in 1983 £'s £m	1982 £m
<b>Trading profit</b>			
Current cost adjustments reduced the historical cost trading profit as shown below:			
Trading profit—historical cost accounts	693	383	366
Cost of sales adjustment	(38)	(60)	(57)
Monetary working capital adjustment	(21)	(13)	(12)
Supplementary depreciation	(209)	(187)	(179)
Indexation of government grants	45	43	41
<b>Trading profit—current cost</b>	<b>470</b>	<b>166</b>	<b>159</b>
Total depreciation charged in current cost accounts	645	606	579
Total government grants credited in current cost accounts	73	69	66

In calculating the gearing adjustment, the supplementary depreciation charge is adjusted to make allowance for the difference between historical and CCA asset lives.  
Appropriate CCA adjustments have been made to the results of principal related companies.

### Balance sheet at 31 December 1983

A current cost balance sheet, in compliance with SSAP 16, is given below:

<b>Fixed assets</b>			
Tangible assets			
Gross	13,957	13,796	13,189
Cumulative depreciation	(8,278)	(7,880)	(7,533)
Net	5,679	5,916	5,656
Investments in related and other companies	756	847	810
	<b>6,435</b>	<b>6,763</b>	<b>6,466</b>
<b>Current assets and liabilities</b>			
Stocks	1,507	1,480	1,415
Debtors, short-term investments and cash	2,435	2,191	2,094
Creditors due within one year	(2,080)	(2,022)	(1,933)
	<b>1,862</b>	<b>1,649</b>	<b>1,576</b>
	<b>8,297</b>	<b>8,412</b>	<b>8,042</b>
Creditors due after more than one year	1,407	1,573	1,504
Provisions	202	250	239
Grants not yet credited to profit	636	657	628
<b>Capital and reserves</b>			
Attributable to parent company			
Share capital	621	640	612
Reserves (see below)	4,870	4,749	4,540
Attributable to minorities	561	543	519
	<b>8,297</b>	<b>8,412</b>	<b>8,042</b>
<b>Reserves</b>			
At beginning of year	4,540	4,434	4,239
<b>Inflation and exchange adjustments</b>			
Revaluation surplus on			
Fixed assets	223	107	102
Government grants	(55)	2	2
Investments	51	171	163
Stocks	40	43	41
Monetary working capital adjustment	20	11	11
Gearing adjustment	(59)	(63)	(60)
Exchange adjustments	28	146	140
	<b>248</b>	<b>417</b>	<b>399</b>
<b>Surplus (deficit) for year</b>			
Before extraordinary items	240	3	3
Extraordinary items	(58)	—	—
Dividends	(147)	(120)	(115)
	<b>35</b>	<b>(117)</b>	<b>(112)</b>
<b>Share premiums</b>			
Other movements	20	18	17
	<b>27</b>	<b>(3)</b>	<b>(3)</b>
<b>At end of year</b>	<b>4,870</b>	<b>4,749</b>	<b>4,540</b>

## 46 Principal subsidiary companies

31 December 1983

	Class of capital	Percentage held by ICI	Principal activities
<b>Europe</b> (accounting dates 31 December)			
Deutsche ICI GmbH (West Germany)	Ordinary	93 7†	Manufacture of nylon and polyester fibres, paint, pharmaceuticals, chlorine and plastics; merchanting of other ICI products
ICI Finance PLC (England)	Ordinary	100	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchanting of other ICI products
ICI Holland BV (Holland)	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchanting of other ICI products
ICI Petroleum Ltd (England)	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd (England)	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd (Scotland)	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC (Scotland)	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
<b>The Americas</b> (accounting dates 31 December)			
C-I-L Inc (Canada)	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment, paint and plastics
Duperia S.A.I.C. (Argentina)	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchanting of ICI and other products
ICI Americas Inc (USA)	Common	100†	Manufacture of pharmaceuticals, colours, petrochemicals, plastics and other chemicals; merchanting of other ICI products
<b>Other countries</b> (accounting dates 30 September)			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	50	Manufacture of fertilizers, agrochemicals and chlorine products
ICI Australia Ltd (Australia)	Ordinary*	62†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint, plastics and pharmaceuticals
ICI Japan Ltd (Japan)	Ordinary	100	Merchanting of ICI and other products
I.C.I. (Malaysia) Sdn Berhad (Malaysia)	Ordinary	70	Merchanting of ICI and other products; manufacture of paint
ICI New Zealand Ltd (New Zealand)	Ordinary*	75†	Manufacture of animal health products, industrial explosives, paint, resins and slide fasteners; merchanting of other ICI products
ICI Pakistan Manufacturers Ltd (Pakistan)	Ordinary*	62	Manufacture of soda ash and polyester fibres
ICI-Pharma Ltd (Japan)	Ordinary	55	Development, registration and marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchanting of ICI and other products; manufacture of pharmaceuticals; holding company
Indian Explosives Ltd (India)	Ordinary*	50	Manufacture of fertilizers and industrial explosives and accessories

\* Listed † Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company.

# Principal related companies

31 December 1983

	Issued share and loan capital at date of latest available audited accounts	Class of capital	£m	Percentage held by ICI	Principal activities
AECI Ltd (Republic of South Africa)	Ordinary *		87	38†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint and plastics
	Preference		3	—	
	Loan		222	—	
Blair Insurance Ltd (Bermuda)	Ordinary		2	50†	Insurance
Corpus Christi Petrochemical Company, including related facilities (USA)	Partners' capital		172	37½†	Manufacture of olefines
	Loan		309	—	
Incitec Ltd (Australia) (formerly Consolidated Fertilizers Ltd)	Ordinary		28	45†	Manufacture of fertilizers
	Shareholders' subordinated loan		11	31†	
	Loan		19	—	
Phillips-Imperial Petroleum Ltd (England)	Ordinary		—	50	Oil refining
Tioxide Group PLC (England)	Ordinary		31	50†	Manufacture of titanium pigments
	Preference		1	—	
	Loan		64	—	

\* Listed (the Group's 38 per cent shareholding includes 28 per cent held through Afex Holdings (Pty) Ltd in which the Group's interest is 50 per cent.)  
† Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company.

Accounting dates for ICI Group accounts purposes are 31 December, except AECI Ltd (30 September), Blair Insurance Ltd (30 June) and Incitec Ltd (30 September).

## Auditors' Report

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 26 to 47 in accordance with approved auditing standards.

In our opinion the financial statements on pages 26 to 43, 46 and 47, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of affairs of the Company and the Group at 31 December 1983 and of the results and sources and applications of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts for the year ended 31 December 1983 on pages 44 and 45 have been properly prepared, in accordance with the policies and methods described in the notes, to give the information required by Statement of Standard Accounting Practice No 16.

Thomson McIntock & Co  
Price Waterhouse  
Chartered Accountants

London  
1 March 1984

# 48 Group financial record

For the years ended 31 December

	1979 £m	1980 £m	1981 £m	1982 £m	1983 £m
Balance sheet					
Tangible fixed assets	2,770	3,115	3,342	3,422	3,376
Investments	332	335	433	403	348
Current assets					
Stocks	1,142	1,069	1,253	1,377	1,462
Debtors	1,145	1,114	1,391	1,499	1,661
Cash and short-term investments	385	440	719	595	774
	2,672	2,623	3,363	3,471	3,897
Total assets	5,774	6,073	7,138	7,296	7,621
Creditors due within one year					
Short-term borrowing	(246)	(294)	(589)	(531)	(329)
Current instalments of loans	(26)	(65)	(52)	(119)	(209)
Other creditors	(959)	(884)	(1,092)	(1,283)	(1,542)
Total assets less current liabilities	4,543	4,830	5,405	5,363	5,541
Creditors due after more than one year					
Loans	1,119	1,242	1,445	1,417	1,268
Other creditors	188	293	313	87	139
Provisions and deferred income	215	285	356	442	400
Minority interests	223	270	336	362	392
Capital and reserves attributable to parent company	2,798	2,740	2,955	3,055	3,342
	4,543	4,830	5,405	5,363	5,541
Sales turnover and profits					
Sales turnover: UK	2,232	2,399	2,575	2,848	2,866
Overseas	3,136	3,316	4,006	4,510	5,390
Total	5,368	5,715	6,581	7,358	8,256
Trading profit (after depreciation)	634	332	425	366	693
Depreciation	248	291	348	400	436
Share of profits less losses of related companies and amounts written off investments	59	62	52	39	61
Interest other than loan interest (net)	2	1	(13)	(11)	(3)
Profit before loan interest	695	395	464	394	751
Loan interest	(82)	(111)	(129)	(135)	(132)
Profit before taxation	613	284	335	259	619
Taxation	(123)	(123)	(111)	(92)	(201)
Attributable to minorities	(33)	(31)	(32)	(22)	(21)
Net profit attributable to parent company, before extraordinary items	457	130	192	145	397
Extraordinary items	(16)	(150)	(6)	—	(19)
Dividends	(134)	(101)	(113)	(115)	(147)
Profit (loss) retained, transferred to reserves	307	(121)	73	30	231
Sources and applications of funds					
Sources net of interest and taxation	764	506	728	607	921
Dividends	(133)	(151)	(101)	(135)	(140)
Fixed assets	(752)	(724)	(421)	(332)	(274)
Reduced (additional) working capital	(290)	62	(239)	(111)	(35)
Surplus (deficit)	(411)	(307)	(33)	29	482
Return on assets					
Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	16.0	8.4	9.1	7.3	13.8
Profit before taxation, on a current cost accounting basis, expressed in 1983 £'s	549	93	95	103	441

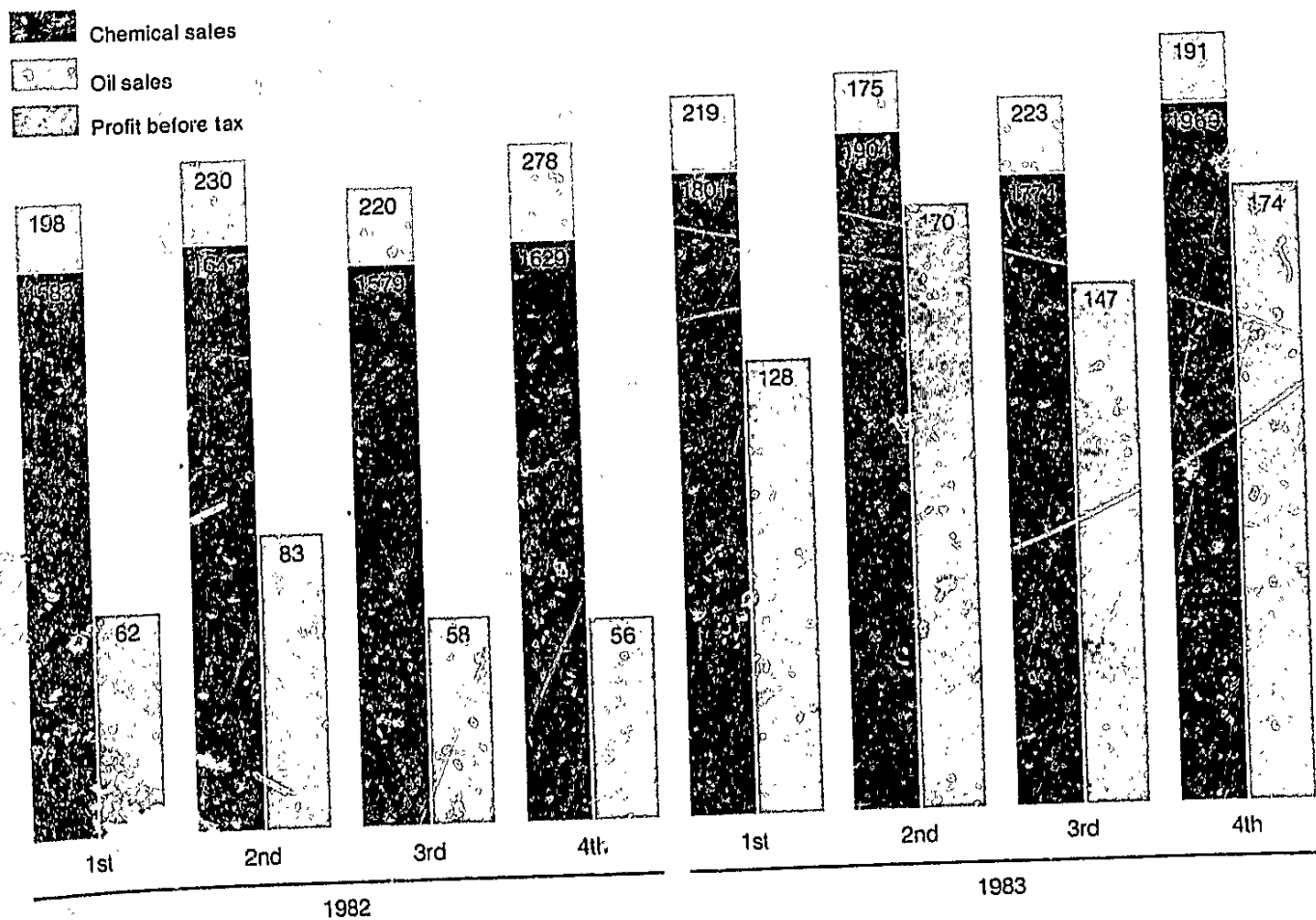


# ICI Ordinary Stock comparisons 1979 to 1983

Pence per £1 Ordinary Stock unit

	1979	1980	1981	1982	1983
Stock units (millions) in issue:					
at year-end	581	593	594	603	612
weighted average for year	577	588	594	598	608
Stock market price	423p	402p	330p	364p	660p
Highest	313p	314p	226p	262p	345p
Lowest	350p	335p	290p	360p	636p
Year-end					
Earnings per £1 Stock unit	79p	22p	32p	24p	65p
Historical cost basis					
Current cost accounting basis	39p	-10p	-7p	—	39p
Money of year	59p	-13p	-8p	—	39p
Equivalent in 1983 money (adjusted by RPI)					
Dividends	23p	17p	19p	19p	24p
Dividends (net)	33p	24p	27p	27p	34p
Dividends grossed up for imputed tax credit	34p	22p	22p	20p	24p
Dividends (net) in 1983 money (adjusted by RPI)					
Balance sheet value of Ordinary stockholders' equity at end of year per £1 unit	480p	461p	496p	505p	545p
Indexed value of the £, expressed in average 1983 £'s, based on UK retail price index (RPI)	1.50	1.27	1.14	1.05	1

Chart of quarterly results  
£ million



## Sources and disposal of value added

The table, which is used for calculating the bonus under the Employees' Profit-Sharing Scheme, is based on the audited historical cost accounts; it shows the total value added to the cost of materials and services purchased from outside the Group and indicates how this increase in value has been disposed of.

	Notes	1983 £m	1982 £m	Percentage change
Sources of income				
Turnover		8,256	7,358	+12%
Subsidies and other trading income		127	99	+28%
Materials and services used		(5,715)	(5,272)	+8%
Value added by manufacturing and trading activities		2,668	2,185	+22%
Share of profits less losses of related companies		61	39	+56%
Amounts written off investments				
Total value added		2,729	2,224	+23%
Disposal of total value added				
Employees	1			
Share, plus pension and national insurance contributions, and severance payments	2	1,526	1,421	
Profit sharing bonus	2	41	23	
		1,567	1,444	+9%
Government grants	3			
Corporate taxes		201	92	
Grants		(28)	(25)	
		173	67	+158%
Providers of capital				
Gross cost of net borrowings		135	146	
Dividends to stockholders		147	115	
Minority shareholders in subsidiaries		21	22	
		303	283	+7%
Reinvestment in the business				
Depreciation and provisions in respect of extraordinary items		455	400	
Profit retained		231	30	
		686	430	+59%
		2,729	2,224	

Notes

Average number of employees decreased by 5 per cent.

1983 UK bonus rate 7.4p per £1 remuneration (1982 4.2p).

Figures do not include tax deducted from the pay of employees. Income tax deducted from the pay of UK employees under PAYE amounted to £143m in 1983 (1982 £136m).

Notice

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## Notice of Meeting

Notice is hereby given that the fifty-seventh Annual General Meeting of Imperial Chemical Industries PLC will be held at the Hilton International Hotel, Park Lane, London W1, on Wednesday 18 April 1984 at 11.00 am, for the following purposes:-

*Please note the new venue.  
Access will be by the Ballroom  
entrance only*

- 1 To consider the Company's Accounts and the Reports of the Directors and Auditors for the year ended 31 December 1983, and to confirm dividends.
- 2 To elect Directors in place of those retiring (see page 23).
- 3 To appoint Auditors, and to authorize the Directors to fix the remuneration of the Auditors (see page 24).
- 4 To consider and, if thought fit, pass the following Resolution as a Special Resolution:-

That the Directors of the Company be and are hereby generally authorized and empowered for the purposes of Section 14 and pursuant to Section 18 of the Companies Act 1980 during the period expiring on 31 December 1985 both to exercise all powers of the Company to allot relevant securities (as defined in the said Section 14) and to make an offer or agreement which would or might require relevant securities to be allotted after that date, provided that:

- (a) the nominal value of the relevant securities allotted under this authority shall not exceed the nominal value of the present unissued share capital of the Company;
- (b) allotments of equity securities (as defined in Section 17 of the aforesaid Act) in connection with a rights issue to Ordinary stockholders shall be made in the manner set out in sub-section (1) of the said Section 17 but subject to the Directors having the right:
  - (i) to sell, for the benefit of those Ordinary stockholders who are citizens of or resident in any overseas territory where in the opinion of the Directors it would at the time of the offer be illegal or unduly costly or impracticable for the Company to make or for those Ordinary stockholders to accept an offer of equity securities of the Company, the equity securities to which they would otherwise be entitled; and
  - (ii) to aggregate and sell for the benefit of the Company all fractions of a share which may arise in apportioning the equity securities among the Ordinary stockholders; and
- (c) allotments of equity securities for cash (otherwise than pursuant to sub-paragraph (b) above) shall be limited in total to 5 per cent of the nominal value of the Ordinary share capital of the Company at present in issue, and for this purpose an issue of securities convertible into Ordinary shares shall be deemed to be an allotment of the number of shares which would be required to satisfy the conversion rights attached to those securities in full at the initial conversion price provided for in the terms and conditions of the issue.

And that any allotment under the authority hereby conferred shall be as if sub-section (1) of the said Section 17 did not apply thereto.

And that the foregoing shall be in substitution for the authority conferred on the Directors of the Company in that regard at the Annual General Meeting of the Company held on 21 April 1983.

(Note: For an explanation of this Resolution, see page 24)

# Notice of Meeting (continued)

5 To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:-

- (1) That the 1984 Savings-Related Share Option Scheme set out in Appendix 1 to the Chairman's letter dated 27 February 1984 which accompanied the Notice convening this meeting be and is hereby adopted with effect on and from the expiry on 20 May 1984 of the existing Savings-Related Share Option Scheme.
- (2) That the 1984 United Kingdom Senior Staff Share Option Scheme set out in Appendix 2 to the Chairman's letter dated 27 February 1984 which accompanied the Notice convening this meeting be and is hereby adopted with effect on and from the expiry on 20 May 1984 of the existing United Kingdom Senior Staff Share Option Scheme.
- (3) That the Directors of the Company be and are hereby authorized to approve a Share Option Scheme or Schemes providing for the grant of share options to senior staff overseas after the expiry on 20 May 1984 of the existing Overseas Senior Staff Share Option Scheme and corresponding in all material respects to the Company's 1984 United Kingdom Senior Staff Share Option Scheme as modified by the Directors to the extent that they in their discretion may deem it appropriate or necessary having regard to the conditions in and law of any overseas territory; provided that the total number of Ordinary Shares of the Company that may be subscribed for or acquired under the Share Option Scheme or Schemes for senior staff overseas established pursuant to this resolution when added to the Ordinary Shares of the Company that may be subscribed for or acquired under the Company's 1984 United Kingdom Senior Staff Share Option Scheme shall not exceed 12,200,000.
- (4) That the Directors of the Company be and are hereby authorized to amend Clauses 5(A)(i) and 5(B)(ii) of the existing United Kingdom Senior Staff Share Option Scheme (which relate to the exercise and lapse of options in the event of death, retirement, redundancy and other specified circumstances) so that they conform with the corresponding provisions of the 1984 Scheme and that a like amendment be made to the existing Overseas Senior Staff Share Option Scheme.

(Note: for an explanation of these Resolutions, see the Chairman's letter of 27 February 1984)

7 March 1984

Imperial Chemical House, Millbank, London SW1P 3JF

By Order of the Board  
P. S. G. Flint  
Secretary

Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies (whether members or not) to attend and, on a poll, to vote instead of him. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Transfer Office, PO Box 227, Imperial Chemical House, Millbank, London SW1P 3JL, not less than 48 hours before the time for holding the meeting.

*This Report is circulated to members of the Company and to holders of Unsecured Loan Stock of the Company, but those holding Preference Stock and/or Unsecured Loan Stock only are not entitled to attend or vote at the meeting.*

*The following information, which is available for inspection during business hours at the Company's Transfer Office, will, on the day of the Annual General Meeting, be available for inspection at the Hilton International Hotel, Park Lane, London W1, from 10.45 a.m. until the conclusion of the meeting:*

- 1) A statement of transactions of Directors (and of their family interests) in the share capital and debentures of the Company and any of its subsidiaries.*
- 2) Copies of all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries.*

*Over 400,000 copies of this Report are despatched to stockholders. To facilitate delivery of this very large number of copies, posting of the Report will be phased over a period.*

*Reports of the Chairman's speech at the Annual General Meeting will be published in the Press. A copy of the speech will be sent to any stockholder on request.*

*The Company from time to time files reports with the United States Securities and Exchange Commission. As a standing arrangement a copy of each such report filed within the preceding twelve months can be inspected by any stockholder or ADR holder at any time during normal business hours at the offices of ICI at Imperial Chemical House, Millbank, London SW1 and at Olympic Tower, 645 Fifth Avenue, New York.*

**Registered Office**  
Imperial Chemical House, Millbank, London SW1P 3JF (Telephone: 01-834 4444)

**Registrar and Transfer Office**  
B. P. Mould, PO Box 227, Imperial Chemical House, Millbank, London SW1P 3JL  
(After 28 May 1984 the address will be PO Box 251, Wexham Road, Slough SL2 5DP  
and the telephone number will be Slough 31151)

**Auditors**  
Thomson McIntock & Co, 70 Finsbury Pavement, London EC2A 1SX  
Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY

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## 26 Accounts for the year 1983

### Group profit and loss account (historical cost)

For the year ended 31 December 1983

	Notes	1983 £m	1982 £m
Turnover		8,256	7,358
Operating costs	3	(7,718)	(7,116)
Other operating income	3	155	124
Trading profit (after providing for depreciation 1983 £436m, 1982 £400m)		693	366
Share of profits less losses of related companies and amounts written off investments	4	61	39
Net interest payable	5	(135)	(146)
Profit on ordinary activities before taxation		619	259
Tax on profit on ordinary activities	6	(201)	(92)
Profit on ordinary activities after taxation		418	167
Attributable to minorities		(21)	(22)
Net profit attributable to parent company		397	145
Extraordinary items	7	(19)	-
Net profit for the financial year		378	145
Dividends	8	(147)	(115)
Profit retained for year		231	30
Earnings before extraordinary items per £1 Ordinary Stock	9	65.3p	24.2p

### Reserves attributable to parent company

	Notes	1983 £m	1982 £m
At beginning of year		2,443	2,352
Profit retained for year			
Company		90	(54)
Subsidiaries		139	83
Related companies		2	1
		231	30
Amounts taken direct to reserves		47	61
At end of year	10	2,721	2,443

Figures in brackets represent deductions; £m means millions of pounds sterling.



# Balance sheets (historical cost).

At 31 December 1983

		Group		Company	
	Notes	1983 £m	1982 £m	1983 £m	1982 £m
<b>Assets employed</b>					
Fixed assets					
Tangible assets	11	3,376	3,422	1,297	1,346
Investments	12			2,323	2,252
Subsidiaries	13	348	403	33	45
Related and other companies					
		3,724	3,825	3,653	3,643
Current assets					
Stocks	14	1,462	1,377	636	577
Debtors	15	1,661	1,499	327	265
Investments and short-term deposits	16	688	523	155	112
Cash		86	72	2	1
		3,897	3,471	1,120	955
<b>Total assets</b>		<b>7,621</b>	<b>7,296</b>	<b>4,773</b>	<b>4,598</b>
Creditors due within one year					
Short-term borrowings	17	(329)	(531)	(153)	(196)
Current instalments of loans	19	(209)	(119)	(12)	(3)
Other creditors	20	(1,542)	(1,283)	(1,186)	(1,095)
		(2,080)	(1,933)	(1,351)	(1,294)
<b>Net current assets (liabilities)</b>		<b>1,817</b>	<b>1,538</b>	<b>(231)</b>	<b>(339)</b>
<b>Total assets less current liabilities</b>		<b>5,541</b>	<b>5,363</b>	<b>3,422</b>	<b>3,304</b>
<b>Financed by</b>					
Creditors due after more than one year					
Loans	19	1,274	1,417	224	236
Other creditors	20	113	87	650	664
		1,407	1,504	874	900
Provision for liabilities and charges	18	202	239	35	76
Deferred income: grants not yet credited to profit		198	203	134	139
Minority interests		392	362		
Capital and reserves attributable to parent company					
Called-up share capital	21	621	612	621	612
Reserves	10				
Share premium account		386	366	386	366
Revaluation reserve		108	108	5	5
Other reserves		238	222	291	220
Profit and loss account		1,925	1,630	1,076	986
Related companies' reserves		64	117		
		2,721	2,443	1,758	1,577
<b>Total capital and reserves attributable to parent company</b>		<b>3,342</b>	<b>3,055</b>	<b>2,379</b>	<b>2,189</b>
		<b>5,541</b>	<b>5,363</b>	<b>3,422</b>	<b>3,304</b>

The accounts on pages 26 to 47 were approved by the Board of Directors on 1 March 1984 and were signed on its behalf by:

John Harvey-Jones Director

Alan Clements Director

John Crowe Treasurer

*John Harvey-Jones*  
*Alan Clements*  
*John Crowe*

## 28 Statement of sources and applications of funds

For the year ended 31 December 1983

	Notes	1983 £m	Group 1982 £m
<b>Sources</b>			
Funds generated from operations		690	366
Trading profit		436	400
Depreciation		(33)	58
Petroleum revenue tax provided (less paid)		(8)	(6)
Government grants credited to profit, less received		41	39
Dividends and interest from related companies		29	(5)
Miscellaneous items, including exchange			
		1,158	852
Less: interest and taxation paid during year			
Interest (net)		(137)	(146)
Taxation		(100)	(99)
Sources net of interest and taxation		921	607
<b>Applications</b>			
Dividends paid during year		122	113
Parent company		18	22
Subsidiaries to minority shareholders			
		140	135
Fixed assets		361	292
Tangible assets		(59)	(25)
Disposals of tangible assets		70	94
Acquisitions and new investment	22	(108)	(29)
Disposals of subsidiaries and investments	22		
		264	332
Additional working capital		66	26
Stocks		112	39
Debtors			
Creditors and provisions (excluding dividends, taxation, petroleum revenue tax and advance proceeds from oil sales)		(143)	46
		35	111
al applications		439	578
Surplus		482	29
<b>Represented by</b>			
Increased investment of minorities in subsidiaries		15	5
Issues of ICI Ordinary Stock		29	26
Issue of warrants to subscribe for ICI Ordinary Stock		15	—
Reduction in advance proceeds from oil sales		(23)	(23)
Net repayment of loans		(137)	(103)
Decrease in short-term borrowings		(202)	(58)
Increase in cash and short-term investments (1982 decrease)		(179)	124
		(482)	(29)

\* Movements in these items represent the differences between amounts shown in the opening and closing balance sheets. Movements in other items do not correspond to the change in balance sheet amounts, due to effects of acquisitions and disposals of subsidiaries and effects of retranslating opening currency balances of overseas subsidiaries at closing exchange rates.

The accounts have been prepared under the historical cost convention and in accordance with Sections 149 and 152 of, and Schedule 8 to, the Companies Act 1948. Group accounting policies conform with UK Accounting Standards; the following paragraphs describe the main policies. The accounting policies of some overseas subsidiaries do not conform with UK Accounting Standards and, where appropriate, adjustments are made on consolidation in order to present the Group accounts on a consistent basis.

The accounts for 1983 and the comparatives for 1982 are presented in a new format to comply with the requirements of the Companies Act 1981. The new presentation in the main consists of a reclassification of costs, assets and liabilities and does not affect the amount of profit or reserves attributable to the parent company.

#### Related companies

A related company is a company, not being a subsidiary, in which the Group has an interest of between 20 per cent and 50 per cent and on whose commercial and financial policy decisions the Group exercises significant influence. The Group's share of the profits less losses of the principal related companies is included in the Group profit and loss account on the equity accounting basis. The results are calculated from the latest available audited accounts adjusted to incorporate unaudited results for more recent periods. The results of other related companies are included only to the extent of dividends received or provisions for losses.

The holding value of principal related companies in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such companies, as shown by the most recent accounts available, adjusted where appropriate. Other related companies are included at cost plus the nominal value of any scrip issues capitalized since acquisition less any amounts provided.

#### Depreciation

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

Estimates of asset lives cannot be made with precision and in practice there is a range of possible lives. Recognizing to some extent the problem of continuing inflation, the Group has, in its historical cost accounts, adopted lives at the lower end of this range. Under the Group's policy of reviewing the remaining lives of individual assets, it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 13 years for plant and equipment.

Depreciation of assets qualifying for grants is calculated on their full cost.

#### Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at the average rates applicable to the respective accounting periods. Assets and liabilities are translated into sterling at the rates of exchange ruling at the date of the Group balance sheet. Exchange differences arising on consolidation are taken to reserves. Other exchange differences are taken to profit where they relate to items of a trading nature and to reserves where they relate to loans and investments, including, in the Company balance sheet, adjustments to the book values of overseas subsidiaries.

#### Government grants

Grants related to expenditure on fixed assets are credited to profit over a period approximating to the lives of qualifying assets. The grants shown in the balance sheets consist of the total grants receivable to date less the amounts so far credited to profit.

#### Oil accounting

(a) Production assets including concessions and exploration Expenditure on acquiring oil concessions, exploring for oil and construction of production assets is, in general, capitalized and depreciated over the life of the wells on the basis of the rate of production. Immediate write-offs are made in the following circumstances:

Expenditure on concessions – to the extent that the value is considered to have been impaired by the absence of successful drilling results;

Exploration expenditure – if unsuccessful or if oil reserves are not determined to be commercially viable within one year of completion of drilling.

#### (b) Oil taxation

Petroleum revenue tax, which is levied on profits from oil produced under UK licences, is charged against trading profit. Provision is made for deferred tax on the difference between the 100 per cent tax allowances for capital expenditure and the amount of depreciation charged in the accounts. For the purpose of calculating the charge for petroleum revenue tax, the uplift allowance on capital expenditure, the oil allowance exemption and the safeguard limitation are being taken into account in the period in which they are effective in affording relief from tax.

#### Pensions funding

The Company and most of its subsidiaries operate pension schemes which cover the majority of employees (including directors) in the Group. The amounts charged against profit are calculated with actuarial advice in accordance with local practice, and represent a proper charge to cover the accruing liabilities on a continuing basis. With minor exceptions these schemes are financed through separate trustee administered funds.

#### Plant closures and staff reductions

Full provision for closure costs, including reduction of asset values to recoverable amounts and operating losses up to the date of closure, is made in the accounting period in which closure of a plant is decided. Losses are charged to trading profit unless the circumstances justify treatment as an extraordinary item. Payments arising from staff reductions which are not associated with plant closures or major restructuring of a business are charged to trading profit in the period in which terms are agreed with employees for the termination of their employment.

#### Research and development

Research and development expenditure is charged to profit in the year in which it is incurred.

#### Stock valuation

Finished goods are stated at the lower of cost or net realisable value, raw materials and other stocks at the lower of cost or replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses (principally central administration costs) are excluded.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on UK capital expenditure, if there is reasonable evidence that such deferred taxation will not be payable in the future. Credit for deferred corporation tax is taken in respect of the provision for deferred petroleum revenue tax.

Advance corporation tax payable on dividends paid and provided for the year is not written off if UK corporation and oil tax liabilities for the year would be sufficient to absorb this tax. To the extent that further UK corporation and oil tax liabilities exist, any unrelieved advance corporation tax written off in earlier periods is credited. This is a modification of the policy adopted in previous years but has no prior year effect on the profit and loss account. The effect on the current year is given in Note 6.

## 30 Notes relating to the accounts

Figures in brackets represent deductions; £m means millions of pounds sterling.

### 1 Composition of the Group

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiaries, of which there were 341 at 31 December 1983. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 120 subsidiaries made up their accounts to dates earlier than 31 December, but not earlier than 30 September.

The trading results have not been materially affected by acquisitions or disposals of subsidiaries.

The accounts of certain subsidiary and related companies, representing approximately 15 per cent of Group sales and net assets, have been audited by firms other than the Group joint auditors.

	Sales turnover		Profit	
	1983	1982	1983	1982
	£m	£m	£m	£m

### 2 Segmental information

#### Business sectors

Sales turnover and profit on ordinary activities before taxation are set out in the table below on a worldwide basis for each business sector in which the Group operates.

Agriculture	1,507	1,369	174	158
Colours, polyurethanes and speciality chemicals	803	649	10	(18)
Fibres	565	464	(7)	(25)
General chemicals	1,472	1,386	107	60
Industrial explosives	301	286	26	33
Oil (see note 3)	1,040	1,160	93	73
Paint	592	500	26	22
Petrochemicals and plastics	2,296	1,910	(7)	(139)
Pharmaceuticals	637	516	199	138
Miscellaneous	111	94	5	—
	9,324	8,334	626	302
Inter-sector eliminations	(1,068)	(976)	(3)	4
	8,256	7,358	623	306

#### Royalty income and government grants (see note 3)

Trading profit	693	366
Share of profits less losses of related companies and amounts written off investments	61	39
Net interest payable	(135)	(146)
Profit on ordinary activities before taxation	619	259

The Group's policy is to transfer products internally at prevailing external market prices.

The above figures for sales turnover and trading profit are re-analysed below by geographic area.

#### Geographic areas

The figures in the table below for each geographic area show the sales turnover and profit made by companies located in that area; export sales and related profits are included in the areas from which those sales were made.

United Kingdom				
Home sales	2,849	2,839		
Export sales	2,169	1,792		
	5,018	4,631	390	176
Continental Western Europe	1,527	1,172	49	(4)
The Americas	1,561	1,273	114	53
Australasia and the Far East	1,131	1,055	64	72
Indian sub-continent	228	189	25	21
Other countries	106	105	2	(1)
	9,571	8,425	644	317
Inter-area eliminations	(1,315)	(1,067)	(21)	(11)
	8,256	7,358	623	306
Royalty income and government grants (see note 3)			70	60
Trading profit			693	366

## 2 Segmental information (continued)

Sales turnover in each geographic market in which customers are located was:

	1983 £m	1982 £m
<b>Chemicals</b>		
United Kingdom	2,184	2,030
Continental Western Europe	1,592	1,263
The Americas	1,639	1,340
Australasia and the Far East	1,309	1,168
Indian sub-continent	250	203
Other countries	474	428
	7,448	6,432
<b>Oil</b>	808	926
	8,256	7,358

### Employees

The average number of people employed by the Group was:

	1983	1982
United Kingdom	61,800	67,300
Continental Western Europe	12,500	10,400
The Americas	16,900	18,000
Australasia and the Far East	14,100	15,300
Indian sub-continent	11,000	11,100
Other countries	1,600	1,700
	117,900	123,800

## 3 Trading profit

Trading profit comprised:  
Turnover

	1983 £m	1982 £m
Turnover	8,256	7,358
<b>Operating costs</b>		
Cost of sales	(5,761)	(5,405)
Distribution costs	(576)	(529)
Research and development (including technical service)	(276)	(244)
Administrative and other expenses	(1,064)	(915)
Employees' profit-sharing bonus	(41)	(23)
	(7,718)	(7,116)
<b>Other operating income</b>		
Government grants	23	25
Royalties	42	35
Other income	85	64
	155	124
<b>Trading profit</b>	693	366

The total charge for depreciation included above was £436m (1982 £400m).

Cost of sales included £148m for petroleum revenue tax (1982, including supplementary petroleum duty, £183m).

Gross profit, as defined by the Companies Act 1981, was £2,495m (1982 £1,953m).

#### 4 Share of profits less losses of related companies and amounts written off investments

	1983 £m	1982 £m
Share of profits less losses of related companies		
Companies accounted for on the equity basis	32	26
Dividend income from shares in related companies	14	10
Share of remaining profits less losses	46	35
Share of profits less losses before tax	8	14
Dividend income from shares in other related companies	54	50
	7	13
Gains on disposals of investments	—	(24)
Amounts written off investments (including provisions raised £2m (1982 £32m) and the release of provisions no longer required £2m (£12m))	61	39

Total dividend income from shares in related companies comprised £19m (1982 £18m) from listed companies and £21m (£22m) from unlisted companies.

#### 5 Net interest payable

Interest payable and similar charges	132	135
Loan interest	62	92
Interest on short-term borrowings and other financing costs	194	227
Interest receivable and similar income from current asset investments	(7)	(7)
Listed redeemable securities	(52)	(74)
Short-term deposits	(59)	(81)
Net interest payable	135	146

Loan interest includes £80m (1982 £89m) on loans not wholly repayable within 5 years.

#### 6 Tax on profit on ordinary activities

ICI Group		
United Kingdom taxation	198	105
Corporation tax	(25)	(30)
Double taxation relief	(16)	7
Deferred taxation adjustment	(43)	(58)
Advance corporation tax (net)	114	24
Overseas taxation	72	54
Overseas taxes	3	5
Deferred taxation adjustment	75	59
Total ICI Group	189	83
Principal related companies	12	9
Total tax on profit on ordinary activities	201	92

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 52 per cent. The assumption has been made that the UK systems of capital allowances and stock relief will continue in their present form.

The Group tax charge has been influenced by a number of factors, including the utilisation of prior year tax losses. In addition the modification of the accounting policy for advance corporation tax has had the effect of reducing the 1983 tax charge by £36m (1982 - nil).

## 6 Tax on profit on ordinary activities (continued)

The amounts of deferred taxation accounted for and the potential amounts of deferred taxation are:

Accounted for at balance sheet date (note 18)

	1983 £m	1982 £m	1983 £m	1982 £m
Timing differences on UK capital allowances and depreciation in future years	13	35	—	22
Miscellaneous timing differences	(4)	(3)	—	—
	9	32	—	22
Corporation tax effect of deferred petroleum revenue tax provision	(61)	(71)	—	—
	(52)	(39)	—	22
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged, less losses	696	646	586	513
Advance corporation tax	—	(43)	—	(43)
Miscellaneous timing differences	8	7	—	(24)
	704	610	573	446
Total	652	571	573	468

## 7 Extraordinary items

The figure of £19m comprises a provision of £40m representing the remaining book value of ICI's 37½ per cent equity share in Corpus Christi Petrochemical Company and related facilities, reduced by the profit arising on various divestments including US oil and gas interests. These extraordinary items had no effect on the tax charge. There were no extraordinary items in 1982; a provision of £25m (included in £32m shown in note 4) in respect of holdings in principal related companies was charged in 1982 and this has been applied specifically against Corpus Christi Petrochemical Company.

## 8 Dividends

	1983 Pence per £1 Stock unit	1982	1983 £m	1982 £m
Ordinary				
Interim, paid 10 October 1983	10p	9p	61	54
Second interim, to be confirmed as final, payable 2 April 1984	14p	10p	86	61
	24p	19p	147	115

### Preference

Dividends on 5 per cent (now 3.5 per cent plus tax credit) Cumulative Preference Stock were £0.3m (1982 £0.3m).

## 9 Earnings per £1 Ordinary Stock

	1983 £m	1982 £m
Earnings for Ordinary Stockholders, before extraordinary items	397	145
Average Ordinary Stock in issue during year, weighted on a time basis	608	598
Earnings before extraordinary items per £1 Ordinary Stock	65.3p	24.2p
The effect on earnings per £1 Ordinary Stock of (a) full conversion of outstanding options (see Note 21) would not be material.		
of a subsidiary and (b) issue of shares under		



## 10 Reserves

## Group reserves attributable to parent company

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Related companies' reserves £m	1983 Total £m	1982 Total £m
At beginning of year	366	108	222	1,630	117	2,443	2,352
Profit retained for year				229	2	231	30
Amounts taken direct to reserves							
Share premiums	20					20	17
Revaluations		2				2	—
Exchange adjustments		1	(17)	25	(11)	(2)	83
Other movements			20		7	27	(39)
Movements between reserves		(3)	13	41	(51)		
At end of year	386	108	238	1,925	64	2,721	2,443

## Parent company reserves

At beginning of year	366	5	220	986		1,577	1,481
Profit/(loss) retained for year				90		90	(54)
Amounts taken direct to reserves							
Share premiums	20					20	17
Exchange adjustments							
Investments in overseas subsidiaries and related companies			67			67	136
Currency loans and other items			(12)			(12)	(3)
			55			55	133
Other movements			16			16	—
At end of year	386	5	291	1,076		1,758	1,577

By virtue of S149(5) of the Companies Act 1948, the Company is exempt from presenting a profit and loss account.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiaries or principal related companies; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. The undistributed profits of Group companies overseas may be liable to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends. No provision has been made in respect of potential taxation liabilities on realisation of assets at restated or revalued amounts or on realisation of related companies at equity value.

## 11 Tangible fixed assets

Group	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued				
At beginning of year	1,054	4,786	245	6,085
Exchange adjustments	26	67	9	102
Revaluations	8	1		9
New subsidiaries	4	9		13
Capital expenditure			361	361
Transfers	40	278	(318)	
Disposals	(26)	(189)		(215)
At end of year	1,106	4,952	297	6,355
Depreciation				
At beginning of year	365	2,298		2,663
Exchange adjustments	9	20		29
Revaluations	5	2		7
Disposals	(9)	(147)		(156)
Charge for year	42	394		436
At end of year	412	2,567		2,979
Net book value at end of year 1983	694	2,385	297	3,376
Net book value at end of year 1982	689	2,488	245	3,422

The net book value of Group tangible fixed assets at the end of the year included expenditure on oil production assets, including concessions and exploration, totalling £196m (1982 £244m). See accounting policy on page 29.

Company				
Cost or as revalued				
At beginning of year	338	2,399	93	2,830
Capital expenditure			152	152
Transfers	10	93	(103)	
Disposals	(3)	(76)		(79)
At end of year	345	2,416	142	2,903
Depreciation				
At beginning of year	156	1,328		1,484
Disposals	(2)	(71)		(73)
Charge for year	14	181		195
At end of year	168	1,438		1,606
Net book value at end of year 1983	177	978	142	1,297
Net book value at end of year 1982	182	1,071	93	1,346

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
The net book value of land and buildings comprised:				
Freeholds	663	648	171	176
Long leases (over 50 years unexpired)	15	17	5	5
Short leases	16	24	1	1
	694	689	177	182

	Group		Company	
	Land and buildings	Plant and equipment	Land and buildings	Plant and equipment
	1983 £m	1982 £m	1983 £m	1982 £m

## 11 Tangible fixed assets (continued)

Revalued assets included in tangible fixed assets:

Revalued amount	238	243	276	278	41	41	70	70
Depreciation	61	58	164	160	35	35	63	63
Net book value	177	185	112	118	6	6	7	7

If the amount of these revalued assets had been determined according to historical cost accounting rules they would have been included as follows:

Cost	117	108	269	271	32	32	49	49
Depreciation	58	44	202	189	29	29	44	44
Net book value	59	64	67	82	3	3	5	5

Expenditure on hire of plant and machinery charged against trading profit was £104m (1982 £95m).

## 12 Investments in subsidiaries

	Shares £m	Loans £m	Total £m
Book value			
At beginning of year			
Cost	1,102	1,271	2,373
Scrip issues capitalised	47		47
	1,149	1,271	2,420
Exchange adjustments	63	40	103
Additions	42	166	208
Disposals and repayments	(20)	(225)	(245)
At end of year	1,234	1,252	2,486
Cost	1,187	1,252	2,439
Scrip issues capitalised	47		47
Provisions			
At beginning of year	(136)	(32)	(168)
Exchange adjustments	2		2
Additions	(2)		(2)
Eliminated on disposal	4	1	5
At end of year	(132)	(31)	(163)
Balance sheet value at end of year 1983	1,102	1,221	2,323
Balance sheet value at end of year 1982	1,013	1,239	2,252
		1983 £m	1982 £m
The balance sheet value of investments in shares in Group companies included:			
Investments listed on The Stock Exchange, London		5	5
Other listed investments		114	78
		119	83
With an aggregate market value of		441	253

Information on principal subsidiaries is given on page 46.

## 13 Investments in related and other companies

Group	Principal related companies Equity £m	Loans £m	Other related companies Shares £m	Loans £m	Other investments £m	Total £m
Book value						
At beginning of year						
Cost	267	3	71	10	7	358
Scrip issues capitalised	12		2			14
	279	3	73	10	7	372
Exchange adjustments	18		1		1	20
Additions and reclassifications	28	1	20	8	10	67
Disposals and repayments	(81)		(6)		(2)	(89)
At end of year	24	4	88	18	16	370
Cost	232	4	87	18	16	357
Scrip issues capitalised	12		1			13
Share of post acquisition reserves						
At beginning of year	108					108
Exchange adjustments	(11)					(11)
Eliminated on disposal	(27)					(27)
Profits (losses) not distributed	(8)					(8)
Other	5					5
At end of year	67					67
Provisions						
At beginning of year	(51)		(21)	(2)	(3)	(77)
Additions	(40)					(40)
Eliminated on disposal	27		1			28
At end of year	(64)	—	(20)	(2)	(3)	(89)
Balance sheet value at end of year 1983	247	4	68	16	13	348
Balance sheet value at end of year 1982	336	3	52	8	4	403
The balance sheet value of the above investments included:						
1983			2			2
Investments listed on The Stock Exchange, London	143		3		12	158
Other listed investments	143		5		12	160
With an aggregate market value of	316		9		13	338
1982			3		3	13
Investments listed on The Stock Exchange, London	7		9			158
Other listed investments	149		12		3	171
With an aggregate market value of	156		18		3	287

Information on principal related companies is given on page 47.

## 13 Investments in related and other companies (continued)

Company	Related companies Shares £m	Loans £m	Other investments £m	Total £m
Book value				2
At beginning of year				
Cost	99	1	6	106
Scrip issues capitalised	1			1
	100	1	6	107
Exchange adjustments	2			2
Additions	12	8		20
Disposals	(81)		(2)	(83)
At end of year	33	9	4	46
Cost	32	9	4	45
Scrip issues capitalised	1			1
Provisions				
At beginning of year	(60)		(2)	(62)
Reduction	1			1
Eliminated on disposal	48			48
At end of year	(11)	—	(2)	(13)
Balance sheet value at end of year 1983	22	9	2	33
Balance sheet value at end of year 1982	40	1	4	45
The balance sheet value of the above investments included:				
1983				
Investments listed on The Stock Exchange, London	2		1	3
Other listed investments	1			1
	3		1	4
With an aggregate market value of	5	—	2	7
1982				
Investments listed on The Stock Exchange, London	10		3	13
Other listed investments	1			1
	11		3	14
With an aggregate market value of	11	—	3	14

## 14 Stocks

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Raw materials and consumables	476	420	190	152
Stocks in process	186	162	125	116
Finished goods and goods for resale	800	795	321	309
	1,462	1,377	636	577

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
<b>Debtors</b>				
Accounts due within one year			5	2
Trade debtors	1,312	1,173	118	93
Accounts payable by subsidiaries			1	1
Accounts owed by related companies	34	66	160	130
Other debtors	208	150	37	33
Payments and accrued income	79	64		
	1,633	1,453	321	259
Accounts due after more than one year	28	46	6	6
<b>Total</b>	1,661	1,499	327	265

### Current asset investments and short-term deposits

Investments	52	36	19	—
Investable securities listed on The Stock Exchange, London	12	13	—	—
Other listed investments	64	49	19	—
Unlisted investments	43	—	—	—
Short-term deposits	107	49	19	—
	581	474	136	112
	688	523	155	112
Market value of listed investments	68	53	19	—

### Short-term borrowings

Bank borrowings	8	13	—	—
Secured by fixed charge	9	19	—	—
Secured by floating charge	151	152	41	36
Unsecured	168	184	41	36
	161	347	112	160
Other borrowings (unsecured)	329	531	153	196

	At beginning of year £m	Movement in year £m	At end of year £m
--	-------------------------------	---------------------------	-------------------------

### Provisions for liabilities and charges

<b>Group</b>			
Deferred taxation	136	(18)	118
Petroleum revenue tax	(71)	10	(61)
Corporation tax thereon	32	(23)	9
Other tax (note 6)	97	(31)	66
Oilfield abandonment costs	21	7	28
Employee benefits	61	4	65
Other provisions	60	(17)	43
	239	(37)	202
<b>Company</b>			
Deferred taxation (note 6)	22	(22)	—
Other provisions	54	(19)	35
	76	(41)	35

	Repayment Dates	Group 1983 £m	1982 £m	Company 1983 £m	1982 £m
<b>Loans</b>					
Secured loans	1984/96	4	4	—	—
Sterling	1984/2006	131	22	—	—
Foreign currencies	1984/2007	51	70	—	—
Australian dollars (6% to 15½ per cent)					
Others (5½ to 17 per cent)		186	196	—	—
<b>Total secured</b>		43	28		
		143	168		
Secured by fixed charge					
Secured by floating charge					
<b>Unsecured loans</b>					
Sterling	1986/93	119	119	119	119
7¼ to 8 per cent Stocks	1991/96	43	43	43	43
10¼ per cent Stock	1994/2004	26	26	26	26
5½ per cent Stock	1984/99	32	53	27	38
Others		220	241	215	226
<b>Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)</b>	1984/89	26	146	—	—
<b>Foreign currencies</b>					
US Dollars	1984/92	71	69	—	—
Eurodollar bonds (6½ to 8¼ per cent)	1984/2003	184	232	—	—
US dollar bonds (8½ to 11 per cent)	1990	69	—	—	—
US dollar bonds † (9¾ per cent)	1997	19	17	7	6
Convertible Eurodollar bonds * (6¾ per cent)	1984/2005	207	188	6	7
Loans (5¼ to 12½ per cent)	1984/98	26	27	—	—
Others		576	533	13	13
Swiss Francs (3½ to 7¼ per cent)	1984/94	142	135	5	—
Deutsche Marks (6½ to 8½ per cent)	1984/92	120	121	3	—
Dutch Florins (5¼ to 9 per cent)	1984/91	32	39	—	—
Canadian Dollars (5½ to 14½ per cent)	1984/96	128	79	—	—
Others (6½ to 18½ per cent)	1984/2003	47	46	—	—
<b>Total unsecured</b>		1,045	953	21	13
		1,291	1,340	236	239
<b>Total loans</b>		1,477	1,536	236	239
Loans or instalments thereof are repayable as follows:		376	334	188	188
After 5 years from balance sheet date: Lump sum		384	482	—	—
Instalments		760	816	188	188
		299	409	20	26
		209	192	16	22
From 2 to 5 years					
From 1 to 2 years		1,268	1,417	224	236
		209	119	12	3
<b>Total due after more than one year</b>					
<b>Total due within one year</b>		1,477	1,536	236	239
		703	868	—	—

Aggregate amount of loans repayable by instalments any of which fall due after 5 years

Loans from banks included in the table above amounted to £101m (1982 £247m) in the Group of which £7m (1982 £11m) was secured. In the Company there were unsecured bank loans of £6m (1982 £17m).

† Unless previously redeemed, these bonds are convertible until 1 June 1990 into sterling bonds at a conversion rate of US\$1.5773 = £1.  
 \* Unless previously redeemed, these bonds are convertible until 1 September 1997 into Ordinary Stock of the Company at a conversion price, subject to adjustment in certain events, of 460 pence per £1 of Ordinary Stock (with a fixed rate of exchange applicable upon conversion of the bonds of US\$1.7423 = £1).  
 New borrowings during the year totalled £134m, of which £66m related to US\$100m 9¼ per cent bonds due 1990 (giving bondholders an option to convert to sterling bonds) issued by a finance subsidiary for the general purposes of the ICI Group, and £40m related to Can\$75m 12½ per cent debentures due 1993 issued by C-I-L Inc for use in that subsidiary.

## 20 Other creditors

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Amounts due within one year				
Trade creditors	650	545	276	214
Bills of exchange payable	12	10	—	—
Advance proceeds from oil sales	8	23	8	23
Other payments received on account	21	20	6	2
Amounts owed to subsidiaries			510	539
Amounts owed to related companies	30	26	1	1
Corporate taxation	198	91	92	67
Petroleum taxation	57	88	—	—
Value added and payroll taxes and social security	89	80	63	56
Other creditors	266	213	112	84
Accruals	125	126	32	48
Dividends to Ordinary Stockholders	86	61	86	61
	1,542	1,283	1,186	1,095
Amounts due after more than one year				
Trade creditors	7	—	2	—
Advance proceeds from oil sales	13	21	13	21
Amounts owed to subsidiaries			623	643
Corporate taxation	100	50	10	—
Other creditors	19	16	2	—
	139	87	650	664

## 21 Called up share capital of parent company

	Authorized £m	Alotted, called up and fully paid 1983 £m	1982 £m
5 per cent (now 3.5 per cent plus tax credit) Cumulative Preference Stock (£1 units)	9	9	9
Ordinary Stock (£1 units)	612	612	603
Unclassified shares (£1 each)	104	—	—
	725	621	612

Ordinary Stock issues during the year totalled £9m. This stock was issued in respect of the Employees' Profit-Sharing Scheme £6m, the Company's share option schemes £2m and acquisitions £1m.

Options to subscribe for Ordinary shares of £1 under the Company's share option schemes were:

Subscription price	Last date when options exercisable	Number of shares on which options were outstanding at 31 December	
		1983	1982
£2.69	31 March 1987	2,307,776	2,557,882
£2.86	31 March 1988	1,431,854	1,544,913
£3.20	31 January 1986	1,723,437	1,978,599
£3.55	18 March 1987	880,000	2,440,000
£3.55	17 September 1987	60,000	310,000
£3.55	18 March 1988	552,000	577,000
£3.55	17 March 1989	310,000	310,000
£3.93	16 March 1990	92,000	
£3.96	31 December 1988	684,540	
		8,041,607	9,718,394

Options granted to directors, included above, are shown on page 43.

During 1983, movements in the number of shares under option were:

New options issued	793,720
Options exercised	1,982,833
Options lapsed	487,674

At the end of 1983, there were 18,771,147 shares available for the granting of options (1982 19,077,193).

Warrants were issued during the year in connection with a US dollar bond issue granting options to subscribe for 11,700,000 Ordinary shares of £1 at 540p, exercisable until 1 June 1990; none of these options had been exercised by 31 December 1983.



1983  
£m

1982  
£m

## 22. Acquisitions and new investment

Acquisitions and new investment comprised:

Fixed assets	13	49
Goodwill	1	3
Related companies	43	32
Net current assets	10	50
Deferred liabilities	(1)	(19)
Loans	—	(12)
Purchase of minorities	4	—
Total	70	103
Less: Attributable to shareholdings already owned	—	(9)
	70	94

New ICI Ordinary Stock was issued to discharge £4m of the cost of acquisitions (1982 £7m). Disposals in 1983 comprised subsidiaries £9m and related companies £99m (1982 £8m subsidiaries and £21m related companies).

Group

1983  
£m

1982  
£m

Company

1983  
£m

1982  
£m

## 23. Commitments and contingent liabilities

Commitments for capital expenditure not provided for in these accounts (including acquisition of share and loan capital in subsidiary and other companies):

Contracts placed for future expenditure	69	97	40	25
Expenditure authorized but not yet contracted	<del>354</del> 331	241	<del>109</del> 171	117
	<del>423</del> 401	338	<del>299</del> 211	142

Contingent liabilities existed at 31 December 1983 in connection with guarantees and uncalled capital relating to subsidiary and other companies and guarantees relating to pension funds, including the solvency of pension funds. Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1983 would be £146m (1982 £144m) for the Group, including £113m (1982 £111m) in respect of guarantees of borrowings by Corpus Christi Petrochemical Company, in which the Group has a 37.5 per cent interest; the maximum liability for the Company, mainly on guarantees of borrowings of subsidiaries, would be £1,012m (1982 £1,209m).

In 1981, 1982 and 1983 the Company agreed to make special payments aggregating £37m per annum, each over a three year period, in respect of increased benefits under the Staff Pension Fund, the Workers' Pension Fund and the Supplementary Pension Fund; at 31 December 1983 the instalments still to be paid totalled £72m.

A subsidiary of ICI Australia Ltd has entered into agreements with an associated company which has been incorporated specifically to erect an olefines plant and to lease it to the subsidiary. Under the terms of the agreements, commitments to pay lease rentals over the next fourteen years are £280m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

## 24. Emoluments of directors and employees

The total emoluments of the directors of the Company for the year were £1,197,000 (1982 £1,467,000) including £70,000 (£76,000) in respect of non-executive directors. Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £3,415,000 (£3,222,000).

The table which follows shows the number of directors and employees of the Company, other than those who worked wholly or mainly outside the UK, whose emoluments during the year were within the bands stated (excluding employees whose emoluments were below £30,000).

## 24 Emoluments of directors and employees (continued)

Emoluments £	Directors		Employees		Emoluments £	Directors		Employees	
	1983	1982	1983	1982		1983	1982	1983	1982
1- 5,000	1	1			80,001- 85,000		1	1	2
5,001- 10,000	2	1			85,001- 90,000			2	2
10,001- 15,000	5	5			90,001- 95,000			3	1
15,001- 20,000	1				95,001- 100,000		1	3	
20,001- 25,000					100,001- 105,000		2		
25,001- 30,000		1			105,001- 110,000		1		
30,001- 35,000			237	173	110,001- 115,000	1	1		
35,001- 40,000		1	106	101	115,001- 120,000	1			
40,001- 45,000			86	60	120,001- 125,000	2			
45,001- 50,000			46	35	130,001- 135,000	1			
50,001- 55,000			28	14	135,001- 140,000	1	2		
55,001- 60,000			14	10	140,001- 145,000		1		
60,001- 65,000			7	12	145,001- 150,000				
65,001- 70,000			8		150,001- 155,000	1			
70,001- 75,000			2	4	155,001- 160,000	1			
75,001- 80,000			3	4	160,001- 165,000				

Three of the directors whose emoluments are shown above were directors for part of the year only (4 in 1982).

The emoluments of the Chairman were £170,999. During 1982 the emoluments of the Chairman and his predecessor totalled £150,575.

The average number of people employed by the Group in 1983 was 117,900 (1982 123,800) and the amounts charged in arriving at trading profit for the year in respect of those employees were:

	1983 £m	1982 £m
Wages and salaries	1,227	1,160
Social security costs	99	92
Pension fund contributions, pensions and gratuities (including severance payments 1983 £63m; 1982 £44m)	214	186
Other employment costs	29	25
Employees' profit sharing bonus	41	23
	1,610	1,486
Less amounts allocated to capital expenditure etc.	(43)	(42)
	1,567	1,444

## 25 Directors' interests in stocks, shares and debentures

The interests at 31 December 1983 of the persons who on that date were directors (including the interests of their families) in stocks, shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1983 are shown in brackets where these differ from the holdings at the year end. There were no changes in the period 1 January 1984 to 7 February 1984.

	ICI Ordinary Stock £	ICI Ordinary shares under option		ICI Ordinary Stock £	ICI Ordinary shares under option
A W Clements	3,043	68,579	W G L L Kiep	500	
Sir Arnold Hall	562		Sir Patrick Meaney	1,325	
P G Harvey	2,634 (1,998)		Sir Jeremy Morse	1,819	
J H Harvey-Jones	1,367	105,000 (85,000)	C H Reece	2,785	68,000
D H Henderson	5,100 (2,100)	40,000 (68,000)	N B Smith	1,220	69,397
Sir Robin Ibbes	2,112	68,000	Lord Thomson	500	
Sir Alex Jarratt: beneficial	562		F Whiteley	4,306 (3,552)	
non-beneficial	118				

The options to subscribe for Ordinary Shares were granted in 1980-83 for not more than seven years. Except as mentioned below, the options were granted under the terms of the Company's senior staff share option scheme and the price to be paid for the shares is 355p per share under the options granted in 1980-82 and 393p per share under an option granted in 1983. The exceptions are options granted under the Company's savings-related share option scheme to Mr A W Clements to subscribe for 579 shares at 269p per share, and to Dr N B Smith to subscribe for 579 shares at 269p per share and 818 shares at 286p per share. Differences between the number of outstanding options at 31 December 1983 and 31 December 1982 represent options granted or exercised during the year under the Company's senior staff share option scheme.

Beneficial interests in ICI Unsecured Loan Stocks are held by Dr P G Harvey (£150 of 8 per cent Stock), Sir Robin Ibbes (£1,000 of 5½ per cent Stock, £200 of 7¼ per cent Stock and £350 of 8 per cent Stock) and Sir Patrick Meaney (£200 of 8 per cent Stock).

## 26 Other statutory information

Included in debtors are interest-free loans totalling £116,839 (1982 £184,804) to officers of the Company, comprising £35,000 in total to 3 directors and £81,839 in total to 5 other officers. The loans to directors were made, prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The amounts outstanding throughout the year were £10,000 each from Sir Robin Ibbes and Dr C H Reece and £15,000 from Mr D H Henderson. The loans to the other officers were mainly in respect of housing loans.

Remuneration of auditors charged in the Group accounts for 1983 was £3.2m (1982 £2.9m).

## 44 Profit and loss statement (current cost)

For the year ended 31 December 1983

	1983 £m	1982 restated in 1983 £'s £m	1982 £m
Turnover	8,256	7,696	7,358
Trading profit (Note 3)	470	166	159
Share of profits less losses of related companies and amounts written off investments	41	21	20
Profit before financing costs and taxation	511	187	179
Interest and other financial items	(135)	(153)	(146)
As in historical cost accounts	65	69	66
Gearing adjustment (Note 2)			
Profit on ordinary activities before taxation	441	103	99
Taxation on profit on ordinary activities	(201)	(96)	(92)
Attributable to minorities	—	(4)	(4)
Net profit before extraordinary items attributable to parent company	240	3	3
Dividends	147	120	115
Earnings before extraordinary items per £1 Ordinary Stock	39.5p	0.5p	0.5p
Dividends per £1 Ordinary Stock	24.0p	19.9p	19.0p

Extraordinary items are shown in note 4.

## Notes relating to the CCA results

### 1 Accounting basis

These statements are prepared on a Current Cost Accounting (CCA) basis in accordance with the principles of Statement of Standard Accounting Practice No. 16. The accounting policies adopted in the historical cost accounts apply also to the CCA statements, except for modifications required to comply with SSAP 16. Adjustments have been made to the holding values of assets employed and to the historical cost trading profit to take into account the current levels of construction costs and of raw materials and other operating costs. The profit before taxation further includes a gearing adjustment which represents the inflationary benefit to the stockholders from non-equity finance, and partially offsets the charge for interest.

In order to provide a more useful comparison between 1982 and 1983 the results for 1982 have been shown both in 1982 £'s and re-stated in 1983 £'s. For this purpose the movement of 4.6 per cent in the average UK retail price index between 1982 and 1983 has been taken to represent the general rate of inflation.

### 2 Current cost and gearing adjustments

The bases for the current cost adjustments are:

- Tangible fixed assets and depreciation:
  - In general, indices of the cost of chemical plant. In 1982 ICI did not apply any indexation for plant in Europe because the low level of activity in the chemical plant construction industry was leading to very competitive prices from contractors. Based on experience in 1983, ICI resumed indexing from end 1981 levels as from 1 January 1983.
  - Asset lives which are up to one third longer than those applied in the historical cost accounts (see page 29). Based on reviews of asset values and lives which have been undertaken as part of the Group's consideration of the current cost basis of accounting, the Group believes that it is appropriate for CCA purposes to use longer lives from within the range of possible lives.
- Stocks and the cost of sales adjustment—actual movements in costs, using the averaging method.
- Changes in the requirements for monetary working capital (trading debtors less creditors)—movements in appropriate specific indices.
- Government grants—indices of the cost of chemical plants modified in the same way as fixed assets; grants have been brought into profit over the lives adopted for CCA accounts.

The gearing adjustment is based on a gearing percentage of 22.4 per cent (1982 24.8 per cent), being the proportion of average non-equity finance to average total investment. For the purpose of calculating the gearing percentage, non-equity finance totalled £1,558m (1982 £1,866m) and comprised loans, short-term borrowings and other non-trading liabilities, less cash and short-term investments. The current cost value of the total investment in the business totalled £7,687m (£7,589m) and comprised tangible fixed assets (less government grants), fixed asset investments and net working capital.

	1983 £m	1982 restated in 1983 £'s £m	1982 £m
<b>3 Trading profit</b>			
Current cost adjustments reduced the historical cost trading profit as shown below:			
Trading profit—historical cost accounts	693	383	366
Cost of sales adjustment	(38)	(60)	(57)
Monetary working capital adjustment	(21)	(13)	(12)
Supplementary depreciation	(299)	(187)	(179)
Indexation of government grants	43	43	41
Trading profit—current cost	470	166	159
Total depreciation charged in current cost accounts	645	606	579
Total government grants credited in current cost accounts	73	69	66
In calculating the gearing adjustment, the supplementary depreciation charge is adjusted to make allowance for the difference between historical and CCA asset lives.			
Appropriate CCA adjustments have been made to the results of principal related companies.			
<b>4 Balance sheet at 31 December 1983</b>			
A current cost balance sheet, in compliance with SSAP 16, is given below:			
<b>Fixed assets</b>			
Tangible assets			
Gross	13,957	13,796	13,189
Cumulative depreciation	(8,278)	(7,880)	(7,533)
Net	5,679	5,916	5,656
Investments in related and other companies	756	847	810
	6,435	6,763	6,466
<b>Current assets and liabilities</b>			
Stocks	1,507	1,480	1,415
Debtors, short-term investments and cash	2,435	2,191	2,001
Creditors due within one year	(2,080)	(2,022)	(1,987)
	1,862	1,649	1,506
	8,297	8,412	8,042
Creditors due after more than one year	1,407	1,573	1,504
Provisions	202	250	239
Grants not yet credited to profit	636	657	628
<b>Capital and reserves</b>			
Attributable to parent company			
Share capital	621	640	612
Reserves (see below)	4,870	4,749	4,540
Attributable to minorities	561	543	519
	8,297	8,412	8,042
<b>Reserves</b>			
At beginning of year	4,540	4,434	4,239
<b>Inflation and exchange adjustments</b>			
Revaluation surplus on			
Fixed assets	223	107	102
Government grants	(£5)	2	2
Investments	31	17	163
Stocks	40	43	41
Monetary working capital adjustment	20	11	11
Gearing adjustment	(59)	(63)	(60)
Exchange adjustments	28	146	140
	248	417	399
Surplus (deficit) for year	240	3	3
Before extraordinary items	(58)	—	—
Extraordinary items	(147)	(120)	(115)
Dividends	35	(117)	(112)
	20	18	17
Share premiums	27	(3)	(3)
Other movements	4,870	4,749	4,540
At end of year			

## 46 Principal subsidiary companies

31 December 1983

	Class of capital	Percentage held by ICI	Principal activities
<b>Europe (accounting dates 31 December)</b>			
Deutsche ICI GmbH (West Germany)	Ordinary	93 7†	Manufacture of nylon and polyester fibres, paint, pharmaceuticals, chlorine and plastics; merchanting of other ICI products
ICI Finance PLC (England)	Ordinary	100	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchanting of other ICI products
ICI Holland BV (Holland)	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchanting of other ICI products
ICI Petroleum Ltd (England)	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd (England)	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd (Scotland)	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC (Scotland)	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
<b>The Americas (accounting dates 31 December)</b>			
C-I-L Inc (Canada)	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment, paint and plastics
Imperial S.A.I.C. (Argentina)	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchanting of ICI and other products
ICI Americas Inc (USA)	Common	100†	Manufacture of pharmaceuticals, colours, petrochemicals, plastics and other chemicals; merchanting of other ICI products
<b>Other countries (accounting dates 30 September)</b>			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	50	Manufacture of fertilizers, agrochemicals and chlorine products
ICI Australia Ltd (Australia)	Ordinary	62†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint, plastics and pharmaceuticals
ICI Japan Ltd (Japan)	Ordinary	100	Merchanting of ICI and other products
I.C.I. (Malaysia) Sdn Berhad (Malaysia)	Ordinary	70	Merchanting of ICI and other products; manufacture of paint
ICI New Zealand Ltd (New Zealand)	Ordinary*	75†	Manufacture of animal health products, industrial explosives, paint, resins and slide fasteners; merchanting of other ICI products
ICI Pakistan Manufacturers Ltd (Pakistan)	Ordinary*	62	Manufacture of soda ash and polyester fibres
ICI-Pharma Ltd (Japan)	Ordinary	55	Development, registration and marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchanting of ICI and other products; manufacture of pharmaceuticals; holding company
Indian Explosives Ltd (India)	Ordinary*	50	Manufacture of fertilizers and industrial explosives and accessories

\* Listed

† Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company.

## Principal related companies

31 December 1983

	Issued share and loan capital at date of latest available audited accounts		Percentage held by ICI	Principal activities
	Class of capital	£m		
AECI Ltd (Republic of South Africa)	Ordinary*	87	55	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint and plastics
	Preference	3	—	
	Loan	222	—	
Blair Insurances Ltd (Bermuda)	Ordinary	2	50†	Insurance
Corpus Christi Petrochemical Company, including related facilities (USA)	Partners' capital	172	37½†	Manufacture of olefines
	Loan	309	—	
Incitec Ltd (Australia) (formerly Consolidated Fertilizers Ltd)	Ordinary	28	45†	Manufacture of fertilizers
	Shareholders' subordinated loan	11	31†	
	Loan	19	—	
Phillips-Imperial Petroleum Ltd (England)	Ordinary	—	50	Oil refining
Tioxide Group PLC (England)	Ordinary	31	50†	Manufacture of titanium pigments
	Preference	1	—	
	Loan	64	—	

\* Listed (the Group's 38 per cent shareholding includes 28 per cent held through Afex Holdings (Pty) Ltd in which the Group's interest is 50 per cent)  
† Held by subsidiaries

The country of principal operations and registration or incorporation is stated after each company.

Accounting dates for ICI Group accounts purposes are 31 December, except AECI Ltd (30 September), Blair Insurances Ltd (30 June) and Incitec Ltd (30 September).

## Auditors' Report

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 26 to 47 in accordance with approved auditing standards.

In our opinion the financial statements on pages 26 to 43, 46 and 47, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of affairs of the Company and the Group at 31 December 1983 and of the results and sources and applications of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts for the year ended 31 December 1983 on pages 44 and 45 have been properly prepared, in accordance with the policies and methods described in the notes, to give the information required by Statement of Standard Accounting Practice No 3.

*Thomas McIntosh & Co.*  
*Price Waterhouse*

Thomson McIntosh & Co  
Price Waterhouse  
Chartered Accountants

London  
1 March 1984

# 48 Group financial record

For the years ended 31 December

	1979 £m	1980 £m	1981 £m	1982 £m	1983 £m
Balance sheet					
Tangible fixed assets	2,770	3,115	3,342	3,422	3,376
Investments	332	335	433	403	348
Current assets	1,142	1,069	1,253	1,377	1,462
Stocks	1,145	1,114	1,391	1,499	1,661
Debtors	385	440	719	595	774
Cash and short-term investments					
	2,672	2,623	3,363	3,471	3,897
Total assets	5,774	6,073	7,138	7,296	7,621
Creditors due within one year	(246)	(294)	(589)	(531)	(329)
Short-term borrowing	(26)	(65)	(52)	(119)	(209)
Current instalments of loans	(959)	(884)	(1,092)	(1,283)	(1,542)
Other creditors					
Total assets less current liabilities	4,543	4,830	5,405	5,363	5,541
Creditors due after more than one year					
Loans	1,119	1,242	1,445	1,417	1,268
Other creditors	188	293	313	87	139
Provisions and deferred income	215	285	356	442	400
Minority interests	223	270	336	362	392
Capital and reserves attributable to parent company	2,798	2,740	2,955	3,055	3,342
	4,543	4,830	5,405	5,363	5,541
Sales turnover and profits					
Sales turnover: UK	2,232	2,399	2,575	2,848	2,866
Overseas	3,136	3,316	4,006	4,510	5,390
Total	5,368	5,715	6,581	7,358	8,256
Trading profit (after depreciation)	634	332	425	366	693
Depreciation	248	291	348	400	436
Share of profits less losses of related companies and amounts written off investments	59	62	52	39	61
Interest other than loan interest (net)	2	1	(13)	(11)	(3)
Profit before loan interest	695	395	464	394	751
Loan interest	(82)	(111)	(129)	(135)	(132)
Profit before taxation	613	284	335	259	619
Taxation	(31)	(123)	(111)	(92)	(201)
Attributable to minorities	(33)	(31)	(32)	(22)	(21)
Net profit attributable to parent company, before extraordinary items	457	130	192	145	397
Extraordinary items	(16)	(150)	(6)	—	(19)
Dividends	(134)	(101)	(113)	(115)	(147)
Profit (loss) retained, transferred to reserves	307	(121)	73	30	231
Sources and applications of funds					
Sources net of interest and taxation	764	506	728	607	921
Dividends	(133)	(151)	(101)	(135)	(140)
Fixed assets	(752)	(724)	(421)	(332)	(264)
Reduced (additional) working capital	(290)	62	(239)	(111)	(35)
Surplus (deficit)	(411)	(307)	(33)	29	482
Return on assets					
Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	16.0	8.4	9.1	7.3	13.8
Profit before taxation, on a current cost accounting basis, expressed in 1983 £'s	549	93	95	103	441