

COMPANY NO: 218019



# **IMPERIAL CHEMICAL INDUSTRIES PLC**

group accounts

For the year ended 31 December 1994



25-7-95  
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# financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy

at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them for safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

## auditors' report

To the Members of Imperial Chemical Industries PLC.

We have audited the financial statements on pages 11 to 37.

### Respective responsibilities of directors and auditors

As described above, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an

assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors  
London  
6 March 1995

# accounting policies

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable 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.

## Depreciation

The Group's policy is to write-off the book value of each tangible fixed asset to its residual value 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. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 17 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 average rates for the relevant accounting periods. Assets and liabilities are translated at exchange rates ruling at the date of the Group balance sheet. Exchange differences on short-term currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to trading profit. In the Group accounts, exchange differences arising on consolidation of the net investments in overseas subsidiary undertakings and associated undertakings are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on relevant foreign currency loans are taken to reserves and offset against the differences on net investments.

## Goodwill

On the acquisition of a business, fair values are attributed to the net assets

acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. UK Accounting Standards require that purchased goodwill be eliminated from the balance sheet either upon acquisition against reserves or by amortisation over a period. Elimination against reserves has been selected as appropriate to the goodwill purchases made during recent years. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

## Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within, or creditors due after, one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to profit and loss account as incurred.

## Pension costs

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which should be a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans.

With minor exceptions, non-UK subsidiaries recognise the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries.

## Associated undertakings

The Group's share of the profits less losses of significant associated undertakings is normally included in the Group profit and loss account on the equity accounting basis. The holding value of significant associated undertakings in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such undertakings, as shown by the most recent accounts available, adjusted where appropriate. Proportional consolidation is adopted where this more accurately reflects the Group's interest in an associated undertaking.

## 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 and net realisable value, raw materials and other stocks at the lower of cost and 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 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, including post-retirement benefits, for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the future.

## Environmental liabilities

The Group is exposed to environmental liabilities relating to its past operations, principally in respect of soil and ground-water remediation costs. Provisions for these costs are made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

# group profit and loss account

for the year ended 31 December 1994

	Notes	1994			Total	1993†			Total
		Continuing operations		Discontinued operations		Continuing operations		Discontinued operations	
		Before exceptional items	Exceptional items			Before exceptional items	Exceptional items		
		£m	£m	£m	£m	£m	£m	£m	£m
Turnover	4	9,189	—	—	9,189	8,430	—	2,202	10,632
Operating costs	3,5	(8,894)	(57)	—	(8,951)	(8,228)	—	(1,941)	(10,169)
Other operating income	5	90	—	—	90	123	—	33	156
Trading profit (loss)	3,4,5	585	(57)	—	528	325	—	294	619
Share of losses less profits of associated undertakings	3,7	14	(70)	—	(56)	45	—	2	47
Losses less profits on sale or closure of operations	3	—	(39)	—	(39)	—	(94)	(59)	(153)
Profits on disposal of fixed assets	3	—	70	—	70	—	—	—	—
Profit (loss) on ordinary activities before interest	4	602	(106)	—	496	370	(94)	237	513
Net interest payable	8	(88)	—	—	(88)	(90)	—	(63)	(153)
Profit (loss) on ordinary activities before taxation		514	(106)	—	408	280	(94)	174	360
Tax on profit (loss) on ordinary activities	9	(182)	18	—	(164)	(101)	(18)	(70)	(189)
Profit (loss) on ordinary activities after taxation		332	(88)	—	244	179	(112)	104	171
Attributable to minorities		(62)	6	—	(56)	(38)	(4)	—	(42)
Net profit (loss) for the financial year		270	(82)	—	188	141	(116)	104	129
Dividends	10								
Cash					(199)				(199)
Demerger									(333)
					(199)				(562)
Loss retained for year	23				(11)				(433)
Earnings (loss) per £1 Ordinary Share	11	37.3p	(11.3)p	—	26.0p	10.6p	(16.1)p	14.4p	17.9p

## statement of group total recognised gains and losses

for the year ended 31 December 1994

	Notes	1994 £m	1993† £m
Net profit for the financial year		188	129
Currency translation differences on foreign currency net investments and related loans		(95)	(23)
Share of other reserve movements of associated undertakings and other items		(7)	—
Total recognised gains and losses relating to the year		85	106
Prior year adjustment	2	(95)	—
Total gains and losses recognised since last annual report		(10)	—

† Restated (note 2)

# balance sheets

at 31 December 1994

		Group		Company	
	Notes	1994 £m	1993† £m	1994 £m	1993† £m
<b>ASSETS EMPLOYED</b>					
<b>Fixed assets</b>					
Tangible assets	12	3,861	4,024	424	311
Investments					
Subsidiary undertakings	13			6,883	6,179
Participating and other interests	14	171	458	56	268
		4,032	4,482	7,363	6,758
<b>Current assets</b>					
Stocks	15	1,233	1,199	88	70
Debtors	16	1,980	1,887	1,197	1,033
Investments and short-term deposits	17	1,524	1,467	232	629
Cash	17	235	194	37	31
		4,972	4,747	1,554	1,763
<b>Total assets</b>		<b>9,004</b>	<b>9,229</b>	<b>8,917</b>	<b>8,521</b>
<b>Creditors due within one year</b>					
Short-term borrowings	18	(142)	(145)	(50)	(1)
Current instalments of loans	20	(10)	(220)	(83)	(62)
Other creditors	19	(2,285)	(2,087)	(4,349)	(3,774)
		(2,608)	(2,452)	(4,953)	(3,837)
<b>Net current assets (liabilities)</b>		<b>2,364</b>	<b>2,295</b>	<b>(3,399)</b>	<b>(2,074)</b>
<b>Total assets less current liabilities</b>		<b>6,396</b>	<b>6,777</b>	<b>3,984</b>	<b>4,684</b>
<b>FINANCED BY</b>					
<b>Creditors due after more than one year</b>					
Loans	20	1,522	1,717	200	263
Other creditors	19	95	123	1,141	1,190
		1,617	1,840	1,341	1,453
<b>Provisions for liabilities and charges</b>	21	675	680	40	51
<b>Deferred income: Grants not yet credited to profit</b>		30	39	1	1
<b>Minority interests - equity</b>		330	330		
<b>Shareholders' funds - equity</b>					
Called-up share capital	22	724	722	724	722
Reserves					
Share premium account		569	561	569	561
Revaluation reserve		37	46	-	-
Associated undertakings' reserves		60	66		
Profit and loss account		2,346	2,493	1,289	1,896
<b>Total reserves</b>	23	<b>3,012</b>	<b>3,166</b>	<b>1,858</b>	<b>2,457</b>
<b>Total capital and reserves attributable to parent company (page 14)</b>		<b>3,736</b>	<b>3,888</b>	<b>2,582</b>	<b>3,179</b>
		<b>6,396</b>	<b>6,777</b>	<b>3,984</b>	<b>4,684</b>

† Restated (note 2)

The accounts on pages 11 to 37 were approved by the Board of Directors on 6 March 1995 and were signed on its behalf by:

*Sir Denys Henderson*

Sir Denys Henderson Director

*A. G. Spall*

A. G. Spall Director

# statement of group cash flow

for the year ended 31 December 1994

	Notes	1994 £m	1993 £m
<b>Cash inflow from operating activities</b>			
Net cash inflow from trading operations	24	1,032	1,305
Outflow related to exceptional items	25	(144)	(279)
<b>Net cash inflow from operating activities</b>		888	1,026
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received	26	108	153
Interest paid		(182)	(254)
Dividends paid by parent company		(199)	(318)
Dividends paid by subsidiary undertakings to minority interests		(32)	(20)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(308)	(433)
<b>Tax paid</b>		(98)	(144)
<b>Investing activities</b>			
Cash expenditure on tangible fixed assets	12	(373)	(485)
Acquisitions and new fixed asset investments	27	(37)	(286)
Disposals	28	310	443
Repayment of debt by Zeneca		588	1,364
Purchase of short-term investments and deposits		(175)	(436)
Cash and cash equivalents of Zeneca at date of demerger			(153)
<b>Net cash inflow from investing activities</b>		293	447
<b>Net cash inflow before financing</b>		775	896
<b>Financing</b>			
Issues of ICI Ordinary Shares		10	67
Net decrease in loans		(199)	(379)
Net decrease in loan finance		(30)	(15)
Net increase (decrease) in short-term borrowings		6	(3)
Issue of shares to minorities by subsidiary undertakings		-	6
<b>Net cash outflow from financing</b>	29	(213)	(324)
<b>Increase in cash and cash equivalents</b>	30	562	572

## reconciliation of movements in shareholders' funds

for the year ended 31 December 1994

	1994 £m	1993† £m
<b>Net profit for the financial year</b>	190	120
<b>Dividends</b>		
Cash	(199)	(199)
Demerger		(363)
<b>Loss retained for year</b>	(11)	(433)
Issues of ICI Ordinary Shares	10	67
Goodwill movement	(40)	30
Other recognised losses related to the year	(109)	(23)
<b>Net reduction in shareholders' funds</b>	(152)	(399)
Shareholders' funds at beginning of year (1994 originally was £3,982m (1993 £4,286m) before deduction of prior year adjustment of £95m (£89m))	3,880	4,167
<b>Shareholders' funds at end of year</b>	3,730	3,890

† Restated (note 2)

# notes relating to the accounts

## 1 Composition of the Group

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiary undertakings, of which there were 363 at 31 December 1994. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 62 subsidiaries made up

their accounts to dates earlier than 31 December, but not earlier than 30 September; one subsidiary makes up its accounts to 31 March but interim accounts to 31 December are drawn up for consolidation purposes.

## 2 Basis of presentation of financial information

At an Extraordinary General Meeting on 28 May 1993 the shareholders of ICI approved a resolution to demerge its bioscience operations ("Zeneca"). The demerger was effective 1 June 1993 and Zeneca has operated as a separate, publicly listed company since that date.

The results of Zeneca to the date of demerger and of the European nylon fibres business were reported as discontinued operations in the 1993 Group Profit and Loss Account together with the loss on disposal of the fibres business. The 1993 Group Cash Flow Statement includes the cash flows of Zeneca to the date of demerger.

The results reflect the initial adoption of the accounting requirements of pronouncement UITF6 "Accounting for Post-retirement Benefits other than Pensions". The cumulative cost of the benefits relating to previous years

had been recognised in the accounts as a prior year adjustment and comparative figures for 1993 have been restated. The effect on continuing operations of implementing this new accounting policy was to reduce trading profit for the year by £12m (1993 £10m), to reduce the tax charge by £4m (1993 £4m) and to reduce the value of Group reserves at 1 January 1994 by £95m (1993 £89m) (Company £3m, 1993 £3m).

The Accounting Standards Board published Financial Reporting Standard No.4 – "Capital Instruments" in December 1993, No.5 – "Reporting the Substance of Transactions" in April 1994, No.6 – "Acquisitions and Mergers" in September 1994 and No.7 – "Fair Values in Acquisition Accounting" in September 1994 all of which have been applied to the 1994 Accounts.

## 3 Exceptional items before tax

	Continuing operations £m	1994 Discontinued operations £m	Total £m	Continuing operations £m	1993 Discontinued operations £m	Total £m
<b>Charged in arriving at trading profit (loss)</b>						
Provisions for restructuring in the Explosives business, principally severance costs of £44m and asset write-downs and demolition of £13m	(67)	–	(67)	–	–	–
<b>Charged after trading profit (loss)</b>						
Share of losses of associated undertakings*	(70)	–	(70)	–	–	–
Losses less profits on sale or closure of operations and related provisions						
Losses/provisions*	(78)	–	(78)	(148)	(72)	(220)
Profits	39	–	39	54	13	67
	(39)	–	(39)	(94)	(59)	(153)
Profits on disposal of fixed assets*	70	–	70	–	–	–
<b>Exceptional items within profit (loss) on ordinary activities before taxation</b>	<b>(108)</b>	<b>–</b>	<b>(108)</b>	<b>(94)</b>	<b>(59)</b>	<b>(153)</b>

\* Exceptional items include the following relating to the flotation and partial disposal of EVC International NV.

- £70m being a write-down of assets by EVC as part of the flotation (included in share of losses less profits of associated undertakings),
- £55m being losses on sale of residual operations to EVC (included in losses on sale or closure of operations) and
- £13m being profit on disposal of shares in EVC (included in profits on disposal of fixed assets)

# notes relating to the accounts

## 4 Segment Information

### CLASSES OF BUSINESS

	Turnover		Trading profit before exceptional items		Profit before interest and taxation after exceptional items	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
Paints	1,712	1,691	122	101	117	127
Materials	1,748	1,494	78	14	83	(81)
Explosives	788	643	45	51	(35)	51
Industrial Chemicals	3,081	3,691	285	103	253	102
Regional Businesses	1,477	1,416	80	45	134	21
Inter-class eliminations	(415)	(373)	-	11	-	11
Share of losses less profits of associated undertakings					(56)	45
	9,189	8,562				
Sales to discontinued operations	-	(132)				
	9,189	8,430	588	325	496	276
<b>Discontinued operations</b>						
Sales to continuing operations	-	2,256	-	294	-	237
	-	(54)				
	-	2,202	-	294	-	237
	9,189	10,632	588	619	496	513

The Group's policy is to transfer products internally at external market prices. Inter-class turnover affected several businesses the largest being sales from Industrial Chemicals to Materials of £178m (1993 £163m).

	Total assets less current liabilities		Capital expenditure (note 12)		Depreciation (note 12)	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
Paints	578	530	61	65	36	38
Materials	1,182	1,221	53	58	108	109
Explosives	333	302	50	46	43	24
Industrial Chemicals	1,965	2,160	140	122	158	159
Regional Businesses	756	790	75	57	80	87
Net operating assets	4,824	5,006				
Net non-operating assets	1,372	1,771				
	6,396	6,777	305	348	413	417
<b>Discontinued operations</b>						
	-	-	-	117	-	88
	6,396	6,777	305	465	413	505

Net non-operating assets include assets in course of construction, investments in participating and other interests, current asset investments, short-term deposits and cash less short-term borrowings and current instalments of loans on J debtors and creditors relating to taxes and dividends.

# notes relating to the accounts

## 4 Segment information (continued)

### GEOGRAPHIC AREAS

The information opposite is re-analysed in the table below by geographic area. The figures for each geographic area show the turnover and profit made by, and the net operating assets owned by, companies located in that area; export sales and related profits are included in the areas from which those sales were made.

	Turnover		Trading profit before exceptional items		Profit before interest and taxation after exceptional items	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
United Kingdom						
Sales in the UK	1,978	1,927				
Sales overseas	1,644	1,536				
	3,622	3,463	130	38	98	40
Continental Europe	1,392	1,486	56	21	66	32
The Americas	2,567	2,409	169	118	141	(11)
Asia Pacific	2,182	1,871	178	107	202	108
Other countries	414	374	53	40	49	55
	10,177	9,633	586	324	550	230
Sales to discontinued operations	-	(132)				
Inter-area eliminations	(988)	(1,071)	2	1	2	1
Share of losses less profits of associated undertakings					(56)	45
	9,189	8,430	588	325	496	276
<b>Discontinued operations</b>						
Sales to continuing operations	-	2,256	-	294	-	237
	-	(54)				
	-	2,202	-	294	-	237
	9,189	10,632	588	619	496	513

Inter-area turnover shown above includes sales of £359m (1993 £682m) from the United Kingdom to overseas subsidiaries.

	Net operating assets		Turnover by customer location	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>				
United Kingdom	1,514	1,531	2,001	1,876
Continental Europe	531	575	1,634	1,678
The Americas	1,211	1,302	2,515	2,383
Asia Pacific	1,411	1,424	2,256	1,957
Other countries	157	114	583	536
	4,824	5,006	9,189	8,430
<b>Discontinued operations</b>				
	-	-	-	2,202
	4,824	3,006	9,189	10,632

### EMPLOYEES

	1994		1993	
	Continuing operations	Total	Continuing operations	Total
<b>Average number of people employed by the Group in</b>				
United Kingdom	21,200	21,200	24,000	31,600
Continental Europe	6,300	6,300	7,200	11,500
The Americas	15,000	15,000	16,400	20,700
Asia Pacific	13,200	13,200	13,300	14,000
Other countries	11,800	11,800	9,100	9,300
<b>Total employees</b>	67,500	67,500	70,400	87,100

The number of people employed by the Group at the end of 1994 was 64,800 (1993 67,000).

# notes relating to the accounts

## 5 Trading profit (loss)

	1994			Total	1993			Total
	Continuing operations	Discontinued operations			Continuing operations	Discontinued operations		
	Before exceptional items £m	Exceptional items £m	£m	£m	Before exceptional items £m	Exceptional items £m	£m	£m
<b>Turnover</b>	<b>9,189</b>	<b>-</b>	<b>-</b>	<b>9,189</b>	<b>8,430</b>	<b>-</b>	<b>2,202</b>	<b>10,632</b>
<b>Operating costs</b>								
Cost of sales	(6,502)	(27)	-	(6,529)	(6,095)	-	(1,124)	(7,219)
Distribution costs	(508)	(5)	-	(513)	(594)	-	(90)	(684)
Research and development	(184)	-	-	(184)	(177)	-	(189)	(366)
Administrative and other expenses	(1,397)	(35)	-	(1,432)	(1,362)	-	(538)	(1,900)
	(8,691)	(67)	-	(8,758)	(8,228)	-	(1,941)	(10,169)
<b>Other operating income</b>								
Government grants	8	-	-	8	10	-	1	11
Royalties	25	-	-	25	25	-	18	43
Other income	57	-	-	57	88	-	14	102
	90	-	-	90	123	-	33	156
<b>Trading profit (loss)</b>	<b>538</b>	<b>(67)</b>	<b>-</b>	<b>521</b>	<b>325</b>	<b>-</b>	<b>294</b>	<b>619</b>
Total charge for depreciation included above	404	7	-	411	398	-	88	486
Gross profit, as defined by the Companies Act 1985	2,687	(27)	-	2,660	2,335	-	1,078	3,413

Forward contracts hedging foreign currency working capital are revalued at year end and gains and losses are included in trading profit. Forward contracts and currency options hedging other anticipated cash flows are not revalued but, on realisation, gains and losses net of option premia are included in trading profit in the period that the hedged cash flow occurs. Net gains/losses deferred at year end were not material. Option premia are included in debtors until realised.

## 6 Note of historical cost profits and losses

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax in either 1994 or 1993.

## 7 Share of losses less profits of associated undertakings

	1994		Total	1993		Total
	Continuing operations £m	Discontinued operations £m		Continuing operations £m	Discontinued operations £m	
<b>Share of losses less profits</b>						
Share of undistributed losses less profits	(59)	-	(59)	11	2	13
<b>Dividend income</b>						
Listed companies	2	-	2	8	-	8
Unlisted companies	5	-	5	22	-	22
	7	-	7	30	-	30
Share of losses less profits before taxation	(52)	-	(52)	41	2	43
Amounts written off investments (including provisions raised £6m (1993 £1m) and released £4m (1994 £5m))	(4)	-	(4)	4	-	4
	(56)	-	(56)	45	2	47
Of which accounted for as exceptional	(70)	-	(70)	-	-	-

The reduction in ICI's interest in AECI Ltd, effective from the beginning of the year, and in EVC International NV, in November, has resulted in these investments ceasing to be equity accounted from these dates.

# notes relating to the accounts

## 8 Net interest payable

	Continuing operations	1994 Discontinued operations	Total	Continuing operations	1993 Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
<b>Interest payable and similar charges</b>						
Bank loans, overdrafts and other loans wholly repayable within five years	100	—	100	151	1	152
Other loans not wholly repayable within five years	80	—	80	101	—	101
Interest between continuing and discontinued operations				—	62	62
	180	—	180	252	63	315
<b>Interest receivable and similar income</b>						
Listed investments	(10)	—	(10)	(4)	—	(4)
Unlisted investments and short-term deposits	(88)	—	(88)	(96)	—	(96)
Interest between continuing and discontinued operations				(62)	—	(62)
	(98)	—	(98)	(162)	—	(162)
<b>Net interest payable</b>	80	—	80	90	63	153

Interest on cross currency and interest rate swaps is accrued and included with the interest flows of the underlying borrowing. Forward rate agreements are not revalued but, on realisation, gains or losses are spread over the period of the hedged borrowing or deposit. Net gains/losses deferred at year end were not material.

Interest allocated to discontinued operations in 1993 consisted of the interest applicable to Zeneca based on the debt assumed by Zeneca prior to demerger. No interest was allocated in that year in respect of the discontinued fibres business.

## 9 Tax on profit (loss) on ordinary activities

	1994			1993			Total
	Continuing operations Before exceptional items	Exceptional items	Discontinued operations	Continuing operations Before exceptional items	Exceptional items	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m	£m
<b>ICI and subsidiary undertakings</b>							
United Kingdom taxation							
Corporation tax	72	(1)	—	71	2	4	66
Double taxation relief	(11)	—	—	(11)	(2)	—	(2)
Deferred taxation	6	(13)	—	(9)	7	(13)	(4)
	66	(14)	—	52	7	47	60
Overseas taxation							
Overseas taxes	110	5	—	115	87	0	120
Deferred taxation	2	(9)	—	(7)	(6)	4	(13)
	112	(4)	—	108	81	12	116
	178	(18)	—	160	88	70	176
<b>Associated undertakings</b>	4	—	—	4	13	—	13
<b>Tax on profit (loss) on ordinary activities</b>	182	(18)	—	164	101	70	189

UK and overseas taxation has been provided on the profits (losses) earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 33 per cent (1993 33 per cent).

The exceptional tax credit in 1994 is in respect of the Explicives restructuring costs and the transfer of operations to EVC partially offset by tax on disposals of other operations in the US and Australia. Taxation attributable to discontinued operations in 1993 comprised the taxation on the operating results of the discontinued businesses to the date of demerger/disposal together with tax relief on the losses on sale of the fibres business. The exceptional tax charge in 1993 reflected taxation on profits on disposals; losses on disposals, principally goodwill, did not attract significant tax relief.

# notes relating to the accounts

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

### Deferred taxation

The amounts of deferred taxation accounted for at the balance sheet date and the potential amounts of deferred taxation are disclosed below.

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Accounted for at balance sheet date (note 21)</b>				
Timing differences on UK capital allowances and depreciation	182	178	69	36
Miscellaneous timing differences	(92)	(90)	(36)	(17)
	90	88	33	19
<b>Not accounted for at balance sheet date</b>				
Timing differences on UK capital allowances and depreciation	-	-	-	-
Miscellaneous timing differences	22	(18)	-	(11)
	22	(18)	-	(11)
<b>Full potential deferred taxation</b>	<b>112</b>	<b>70</b>	<b>33</b>	<b>8</b>

## 10 Dividends

	1994 pence per £1 Share	1993 pence per £1 Share	1994 £m	1993 £m
Interim, paid 3 October 1994	10.0p	10.5p	75	76
Second interim, to be confirmed as final, payable 26 April 1995	17.0p	17.0p	123	123
	27.5p	27.5p	198	199
Demerger dividend - This comprised the net assets of Zeneca at date of demerger.				363
			198	562

## 11 Earnings (loss) per £1 Ordinary Share

	1994 £m	1993 £m
Net profit for the financial year before exceptional items - continuing operations	270	141
Exceptional items after tax and minorities - continuing operations	(82)	(116)
Net profit on discontinued operations		104
Net profit for the financial year	188	129
Average Ordinary Shares in issue during year, weighted on a time basis	million 723	million 719
Earnings per £1 Ordinary Share before exceptional items - continuing operations	pence 37.3	pence 19.6
Earnings per £1 Ordinary Share - total operations	26.0	17.9

The effect on earnings per £1 Ordinary Share of the issue of shares under option (note 22) would not be material.

Earnings per £1 Ordinary Share before exceptional items for continuing operations has also been calculated to exclude the impact of exceptional items and, in respect of 1993, of discontinued operations as these can have a distorting effect on earnings and therefore warrant separate consideration.

# notes relating to the accounts

## 12 Tangible fixed assets

	Land and buildings	Plant and equipment	Payments on account and assets in course of construction	Total
	£m	£m	£m	£m
<b>GROUP</b>				
<b>Cost or as revalued</b>				
At beginning of year				
Exchange adjustments	1,285	6,609	297	8,191
New subsidiary undertakings	(1)	(14)	3	(12)
Capital expenditure	23	23	4	50
Transfers of assets into use	33	202	385	620
Disposals and other movements	(93)	(511)	(1)	(605)
At end of year	1,247	6,399	338	7,984
<b>Depreciation</b>				
At beginning of year				
Exchange adjustments	458	3,679		4,137
Disposals and other movements	2	4		6
Charge for year	(45)	(303)		(348)
	40	373		413
At end of year	455	3,683		4,138
<b>Net book value at end 1994</b>	<b>792</b>	<b>2,736</b>	<b>338</b>	<b>3,866</b>
Net book value at end 1993	827	2,930	267	4,024

The Group depreciation charge of £413m, shown above, comprises £411m charged in arriving at trading profit and £2m charged within losses on sale or closure of operations.

Capital expenditure in the year of £385m includes capitalised finance leases of £7m; creditors for capital work done but not paid for increased by £5m; the resulting cash expenditure on tangible fixed assets was £373m.

The net book value of the tangible fixed assets of the Group includes capitalised finance leases of £24m (1993 £39m) comprising cost of £104m (£114m) less depreciation of £80m (£75m). In respect of capitalised leases the depreciation charge for the year was £5m (1993 £4m) and finance charges were £4m (£7m).

Included in land and buildings is £228m in respect of the cost of land which is not subject to depreciation.

## COMPANY

### Cost

At beginning of year	105	508	11	624
Capital expenditure			23	23
Transfers of assets into use	3	18	(18)	
Transfers from (to) subsidiary undertakings	2	181	(4)	179
Disposals and other movements	(3)	(23)	-	(26)
At end of year	107	682	11	800
<b>Depreciation</b>				
At beginning of year				
Transfers from subsidiary undertakings	44	320		364
Disposals and other movements		43		43
Charge for year	6	(30)		(24)
	5	49		54
At end of year	55	391		446
<b>Net book value at end 1994</b>	<b>112</b>	<b>301</b>	<b>11</b>	<b>424</b>
Net book value at end 1993	121	179	11	311

# notes relating to the accounts

## 12 Tangible fixed assets (continued)

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
The net book value of land and buildings comprised				
Freeholds	720	750	111	120
Long leases (over 50 years unexpired)	54	71	1	1
Short leases	9	6	-	-
	782	827	112	121

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Revalued assets included in tangible fixed assets				
At revalued amount	104	102	127	129
Depreciation	41	37	112	112
Net book value	63	65	15	17
At historical cost	57	57	129	130
Depreciation	31	31	120	119
Net book value	26	26	9	11

## 13 Investments in subsidiary undertakings

	Shares £m	Loans £m	Total £m
<b>Cost</b>			
At beginning of year	4,606	1,721	6,327
Exchange adjustments	(10)	(67)	(77)
Transfers to subsidiary undertakings	(2,853)	(511)	(3,364)
Transfers from subsidiary undertakings	207	29	236
New investments/new loans	3,624	582	4,206
Disposals/loans repaid/transfers	(12)	(278)	(290)
At end of year	5,562	1,476	7,038
<b>Provisions</b>			
At beginning of year	(147)	(1)	(148)
Exchange adjustments	3	-	3
Additions	(21)	-	(21)
Disposals	11	-	11
At end of year	(154)	(1)	(155)
<b>Balance sheet value at end 1994</b>	5,408	1,475	6,883
Balance sheet value at end 1993	4,459	1,720	6,179

Cost increased when issues capitalised £6m (1993 £6m).

	1994 £m	1993 £m
Shares in subsidiary undertakings which are listed investments		
Balance sheet value	6	5
Market value	63	81

None of the listed investments were listed on The London Stock Exchange.

The Company's investment in its subsidiary undertakings consists of either equity or long term loans, or both. Normal trading balances are included in either debtors or creditors. Information on principal subsidiary undertakings is given on page 37.

# notes relating to the accounts

## 14 Investments in participating and other interests

	Associated undertakings		Other investments	Total
	Shares	Loans	Shares	
	£m	£m	£m	£m
<b>GROUP</b>				
<b>Cost</b>				
At beginning of year	368	7	-	375
Exchange adjustments	(18)	-	-	(18)
Additions	22	6	7	35
Reclassification	(137)	-	137	-
Disposals and repayments	(213)	(5)	-	(218)
Other movements	(8)	(5)	-	(13)
At end of year	44	3	144	191
<b>Share of post-acquisition reserves less losses</b>				
At beginning of year	66	-	-	66
Exchange adjustments	(11)	-	-	(11)
Retained losses less profits	(63)	-	-	(63)
Reclassification	74	-	-	74
Disposals	3	-	-	3
Other movements	(9)	-	-	(9)
At end of year	60	-	-	60
<b>Provisions</b>				
At beginning of year	(13)	-	-	(13)
Exchange	(1)	-	-	(1)
Net additions in year	(4)	-	-	(4)
Reclassification	-	-	(74)	(74)
Disposals	7	-	(2)	5
Other movements	7	-	-	7
At end of year	(4)	-	(76)	(80)
<b>Balance sheet value at end 1994</b>	100	3	68	171
<b>Balance sheet value at end 1993</b>	45*	7	-	458
<b>The above investments included</b>				
<b>1994</b>				
Listed investments - balance sheet value	-	-	57	57
- market value	-	-	72	72
<b>1993</b>				
Listed investments - balance sheet value	145	-	-	145
- market value	234	-	-	234

None of the listed investments were listed on The London Stock Exchange.

Information on principal associated undertakings is given on page 36.

# notes relating to the accounts

## 14 Investments in participating and other interests (continued)

	Associated undertakings		Other investments	Total
	Shares £m	Loans £m	Shares £m	£m
<b>COMPANY</b>				
<b>Cost</b>				
At beginning of year	271	6	-	277
Exchange adjustments	15	-	-	15
Additions	14	-	-	14
Transfers from subsidiary undertakings	40	-	-	40
Reclassification	(151)	-	151	-
Disposals	(184)	(6)	-	(190)
At end of year	5	-	151	156
<b>Provisions</b>				
At beginning of year	(3)	(6)	-	(9)
Additions	-	-	(90)	(90)
Disposals	2	6	-	8
At end of year	(1)	-	(90)	(100)
<b>Balance sheet value at end 1994</b>	<b>4</b>	<b>-</b>	<b>52</b>	<b>56</b>
Balance sheet value at end 1993	268	-	-	268
The above investments included				
<b>1994</b>				
Listed investments - balance sheet value	-	-	52	52
- market value	-	-	66	66
<b>1993</b>				
Listed investments - balance sheet value	-	-	-	-

None of the listed investments were listed on The London Stock Exchange.

## 15 Stocks

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Raw materials and consumables	418	396	23	18
Stocks in process	75	84	8	4
Finished goods and goods for sale	740	719	57	48
	<b>1,233</b>	<b>1,199</b>	<b>88</b>	<b>70</b>

## 16 Debtors

<b>Amounts due within one year</b>				
Trade debtors	1,300	1,214	42	1
Amounts owed by subsidiary undertakings			993	912
Amounts owed by associated undertakings	9	18	-	-
Other debtors	260	341	26	25
Prepayments and accrued income*	112	104	31	24
	<b>1,741</b>	<b>1,677</b>	<b>1,092</b>	<b>962</b>
<b>Amounts due after more than one year</b>				
Advance corporation tax recoverable	-	-	56	29
Prepayments and other debtors*	239	210	49	42
	<b>239</b>	<b>210</b>	<b>105</b>	<b>71</b>
	<b>1,980</b>	<b>1,887</b>	<b>1,197</b>	<b>1,033</b>

\* Includes prepaid pension costs (note 33).

# notes relating to the accounts

## 17 Current asset investments and short-term deposits

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Securities listed on The London Stock Exchange	75	-	59	-
Other listed investments	187	-	50	-
<b>Total listed investments</b>	<b>262</b>	<b>-</b>	<b>117</b>	<b>-</b>
Unlisted investments and short-term deposits	1,282	802	115	54
<b>Amounts owed by Zeneca</b>	<b>1,524</b>	<b>802</b>	<b>232</b>	<b>54</b>
	-	575	-	575
	<b>1,524</b>	<b>1,467</b>	<b>232</b>	<b>629</b>
Included in cash and cash equivalents (note 30)	941	464		
Market value of listed investments	262	-	117	-

Included in unlisted investments and short-term deposits and cash are amounts totalling £61m (1993 £nil) held by the Group's insurance subsidiaries, of which some £49m (1993 £nil) is not readily available for the general purposes of the Group.

## 18 Short-term borrowings

<b>Bank borrowings</b>				
Secured by fixed charge	3	3	-	-
Secured by floating charge	4	3	-	-
Unsecured	82	56	50	1
<b>Other borrowings (unsecured)</b>	<b>89</b>	<b>62</b>	<b>50</b>	<b>1</b>
	<b>53</b>	<b>83</b>	<b>-</b>	<b>-</b>
	<b>142</b>	<b>145</b>	<b>50</b>	<b>1</b>
Included in cash and cash equivalents (note 30)	136	144		

## 19 Other creditors

<b>Amounts due within one year</b>				
Trade creditors	993	888	128	130
Amounts owed to subsidiary undertakings			4,388	3,341
Amounts owed to associated undertakings	8	6	5	5
Corporate taxation	233	164	97	78
Value added and payroll taxes and social security	76	81	6	8
Other creditors*	539	531	57	62
Accruals	318	294	38	27
Dividends to Ordinary Shareholders	123	123	123	123
	<b>2,285</b>	<b>2,037</b>	<b>4,040</b>	<b>3,774</b>
<b>Amounts due after more than one year</b>				
Amounts owed to subsidiary undertakings			1,136	1,186
Other creditors*	95	123	5	4
	<b>95</b>	<b>123</b>	<b>1,141</b>	<b>1,190</b>

\* Includes obligations under finance leases (note 31) and accrued pension costs (note 33).

# notes relating to the accounts

## 20 Loans

	Repayment dates	Group		Company	
		1994 £m	1993 £m	1994 £m	1993 £m
<b>Secured loans</b>					
US dollars	1995/1998	65	71		
Australian dollars		-	18		
Other currencies	1995/2004	113	135		
<b>Total secured</b>		<b>168</b>	<b>224</b>		
Secured by fixed charge	- bank loans	<b>163</b>	<b>205</b>		
	- other	-	14		
Secured by floating charge	- bank loans	<b>5</b>	<b>5</b>		
<b>Unsecured loans</b>					
Sterling					
9¼ to 11¼% Bonds	1995/2005	<b>263</b>	<b>325</b>	<b>263</b>	<b>325</b>
Others	1995/2002	<b>68</b>	<b>74</b>		
		<b>361</b>	<b>399</b>	<b>263</b>	<b>325</b>
<b>US dollars</b>					
8% eurodollar Bonds	1996	<b>64</b>	<b>68</b>		
8¼% Debentures	2006	<b>160</b>	<b>169</b>		
7.83% to 8.9% medium-term Notes	1995/2002	<b>61</b>	<b>68</b>		
8¼% Notes	2001	<b>160</b>	<b>169</b>		
7¼% Notes	1997	<b>144</b>	<b>152</b>		
9½% Notes	2000	<b>192</b>	<b>203</b>		
7½% Notes	2002	<b>128</b>	<b>135</b>		
Others	1995/2005	<b>15</b>	<b>18</b>		
		<b>924</b>	<b>982</b>		
<b>Australian dollars (13.5%)</b>					
	1995	<b>37</b>	<b>62</b>		
<b>Swiss francs (4½ to 6¼%)</b>					
	1997/1999	<b>195</b>	<b>220</b>		
<b>Other currencies</b>					
	1995/2005	<b>18</b>	<b>50</b>		
<b>Total unsecured</b>		<b>1,536</b>	<b>1,713</b>	<b>263</b>	<b>325</b>
<b>Total loans</b>		<b>1,703</b>	<b>1,937</b>	<b>263</b>	<b>325</b>

The Group has entered into currency swap, interest rate swap and forward rate agreements to manage the interest rate and currency exposures arising on borrowings and cash not immediately required by the business. At 31 December 1994, the Group had agreements outstanding with commercial banks which had principal amounts of £1,450m (1993 £1,763m) equivalent at the exchange rate on that date. Principal amounts under cross-currency agreements are revalued to balance sheet rates and any exchange gains or losses arising are included in the total sterling value of Group loans. The amount attributed to cross currency swaps included in the above total is £5m (1993 (£5m))

# notes relating to the accounts

## 20 Loans (continued)

Loan maturities	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Bank loans</b>				
Loans or instalments thereof are repayable				
After 5 years from balance sheet date				
Lump sums	8	—		
Instalments	59	82		
From 2 to 5 years	61	82		
From 1 to 2 years	136	129		
	45	43		
Total due after more than one year	244	254		
Total due within one year	46	42		
	290	296		
<b>Other loans</b>				
Loans or instalments thereof are repayable				
After 5 years from balance sheet date				
Lump sums	851	1,018	200	200
Instalments	—	6	—	—
From 2 to 5 years	851	1,024	200	200
From 1 to 2 years	361	304	—	—
	60	135	—	63
Total due after more than one year	1,278	1,463	200	263
Total due within one year	135	178	63	62
	1,413	1,641	263	325
<b>Total loans</b>				
Due after more than one year	1,522	1,717	200	263
Due within one year	181	220	63	62
<b>Total loans</b>	1,703	1,937	263	325
Aggregate amount of loans repayable by instalments any of which fall due after 5 years	180	200	—	—

## 21 Provisions for liabilities and charges

	At beginning of year	At end of year	Net amounts paid or becoming current	Exchange and other movements	At end of year
	£m	£m	£m	£m	£m
<b>GROUP</b>					
Deferred taxation (note 9)†	88	(15)	—	17	90
Advance corporation tax recoverable	(29)	—	—	(40)	(69)
Employee benefits * †	292	51	(27)	5	321
Reorganisation, environmental and other provisions	329	89	(76)	(17)	333
	690	135	(105)	(35)	675
<b>COMPANY</b>					
Deferred taxation (note 9)†	19	12	—	—	31
Advance corporation tax recoverable	—	—	—	(18)	(18)
Other provisions†	32	17	(22)	1	28
	51	29	(22)	(18)	40

\* Includes provisions for unfunded pension costs (note 33).

† Restated at 1 January 1994 to include prior year adjustment in respect of post-retirement healthcare obligations (notes 2 and 34). No provision has been released or applied for any purpose other than that for which it was established.

## 22 Called-up share capital of parent company

	Authorised	Allocated, called-up and fully paid	
	£m	1994 £m	1993 £m
Ordinary Shares (£1 each)	724	724	722
Unclassified shares (£1 each)	126		
	850	724	722

The number of Ordinary Shares issued during the year, wholly in respect of the exercise of options totalled 1.8m.

At 31 December 1994 there were options outstanding in respect of 8.3m Ordinary Shares of £1 under the Company's share option schemes for staff (1993 6.0m) normally exercisable in the period 1995 to 2004 (1994 to 2003) at subscription prices of £4.32 to £13.81 (£3.04 to £13.81). The weighted average subscription price of options outstanding at 31 December 1994 was £8.43.

Options granted to directors are shown in note 39.

During 1994 movements in the number of shares under option comprised new options issued £4.5m, options exercised £1.8m, and options lapsed or waived £0.4m. At the end of 1994 there were 15.3m shares available for the granting of options (1993 19.3m).

# notes relating to the accounts

## 23 Reserves

	Share premium account £m	Revaluation £m	Associated undertakings £m	Profit and loss account £m	1994 Total £m	1993 Total £m
<b>GROUP</b>						
<b>Reserves attributable to parent company</b>						
At beginning of year as previously stated						3,572
Prior year adjustment (note 2)						(99)
At beginning of year as restated	561	46	66	2,493	3,166	3,483
Profit (loss) retained for year			(63)	52	(11)	(433)
Amounts taken direct to reserves						
Share premiums	8				8	59
Goodwill				(48)	(48)	80
Exchange adjustments		(6)	(11)	(79)	(96)	(23)
Share of other reserve movements of associated undertakings and other items			(9)	2	(7)	-
Other movements between reserves	8	(6)	(20)	(125)	(143)	116
At end of year	569	37	60	2,346	3,012	3,166

In the Group accounts, £33m of net exchange gains (1993 losses £26m) on foreign currency loans have been offset in reserves against exchange losses (1993 gains) on the net investment in overseas subsidiaries and associated undertakings.

The movement in goodwill includes £54m of goodwill written off on the acquisition of new subsidiaries and £6m relating to goodwill transferred to the profit and loss account on the disposal of subsidiaries.

The cumulative amount of goodwill resulting from acquisitions during 1994 and prior years, net of goodwill attributable to subsidiary undertakings or businesses demerged or disposed of prior to 31 December 1994, amounted to £657m (1993 £609m).

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiary or associated

undertakings; 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 (only allowing for double taxation relief). They were to be 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 associated undertakings at equity accounted value.

For the purpose of calculating the basis of the borrowing limits in accordance with the Articles of Association, the total of the sums standing to the credit of capital and revenue reserves of the Company and its subsidiary undertakings, to be added to the nominal amount of the share capital of the Company, was £3,636m at 31 December 1994.

	Share premium account £m	Profit and loss account £m	1994 Total £m	1993 Total £m
<b>COMPANY</b>				
<b>Reserves</b>				
At beginning of year as previously stated				3,070
Prior year adjustment (note 2)				(3)
At beginning of year as restated	561	1,896	2,457	3,067
Loss retained for year		(579)	(579)	(646)
Amounts taken direct to reserves				
Share premiums	8		8	59
Exchange adjustments		(28)	(28)	(23)
	8	(28)	(20)	36
At end of year	569	1,289	1,858	2,457

By virtue of S230 of the Companies Act 1985, the Company is exempt from presenting a profit and loss account.

# notes relating to the accounts

## 24 Net cash inflow from trading operations

	1994 £m	1993 £m
Trading profit	521	619
Exceptional charges within trading profit	67	-
Trading profit before exceptional items	588	619
Depreciation	404	486
Stocks (increase) decrease	(65)	130
Debtors increase	(161)	(87)
Creditors increase	210	189
Other non-cash movements, including exchange	58	(32)
	<b>1,032</b>	<b>1,305</b>

Net cash inflow from trading operations in 1993 included £251m relating to discontinued Zeneca operations.

## 25 Outflow related to exceptional items

This includes expenditure charged to exceptional provisions relating to business rationalisation and restructuring and for sale or closure of operations, including severance and other employee costs, plant demolition and site clearance. The major part of the 1994 expenditure relates to provisions raised in 1992.

Exceptional items outflow in 1993 included £51m relating to discontinued Zeneca operations.

## 26 Interest and dividends received

	1994 £m	1993 £m
Dividends received from equity accounted associated undertakings	6	31
Other dividends received	2	4
Interest received	97	124
	<b>105</b>	<b>159</b>

## 27 Acquisitions and new fixed asset investments

	1994 £m	1993 £m
<b>Acquisitions and new fixed asset investments</b>		
Acquisitions of subsidiary undertakings involving		
Fixed assets	50	299
Current assets	58	60
Total liabilities	(36)	(107)
Minority interests	(15)	-
Net assets of subsidiary undertakings acquired	55	252
Goodwill	54	31
Fair value of consideration for subsidiary undertakings	109	283
Investment in equity accounted undertakings	9	11
Other investments	7	1
	<b>125</b>	<b>295</b>
<b>Consideration for acquisitions and new fixed asset investments</b>		
Cash and cash equivalents acquired	1	7
Non-cash consideration	78	-
Deferred consideration	9	2
Net cash investment	37	266
	<b>125</b>	<b>295</b>

Fixed and current assets are adjusted to fair value based on external valuations and internal reviews.

The principal acquisition in the year was a 51% interest in AECI Explosives Limited.

# notes relating to the accounts

## 28 Disposals

	1994 £m	1993 £m
<b>Disposals in the year resulted in the following net asset movements</b>		
Tangible fixed assets	166	293
Investments in participating interests	205	4
Other net current assets	54	205
Creditors due after more than one year	(6)	(2)
Provisions for liabilities and charges	(29)	89
Minority interests	(21)	7
Goodwill	359	566
Profit and loss account	(6)	111
Ordinary activities	(9)	-
Exceptional items	44	(140)
	389	537
<b>Satisfied by</b>		
Cash consideration	310	143
Non-cash consideration	78	-
Deferred consideration	-	94
	388	537

The cash consideration for disposals comprises £77m (1993 £408m) in respect of disposals of operations, £120m (£4m) in respect of equity accounted participating interests, £80m (nil) in respect of other investments and £33m (£31m) in respect of tangible fixed assets. £272m (1993 £200m) of the cash consideration was accounted for as exceptional.

Apart from the disposal proceeds, the contribution of the businesses and subsidiary undertakings divested in 1994 to the cash flows for the year was not material.

## 29 Changes in financing during the year

	Share capital £m	Share premium account £m	Loans £m	Finance leases £m	Short-term borrowings* £m	Total £m
At beginning of 1993	714	502	2,266	94	4	3,580
Exchange adjustments			21	(1)	-	20
New finance	8	59	31	6	-	104
Finance repaid			(410)	(15)	(3)	(428)
Introduced by acquisitions			72†	-	-	72
Zeneca demerger			(62)	(9)	-	(71)
Other movements			19	-	-	19
At beginning of 1994	722	561	1,937	75	1	3,296
Exchange adjustments			(33)	2	-	(31)
New finance	2	8	93	7	-	116
Finance repaid			(282)	(30)	-	(322)
Other movements			(2)	(1)	(1)	(4)
At end of 1994	724	569	1,703	53	0	3,055

\* Amount of short-term borrowings repayable more than 3 months from date of advance.

† The increase in loans due to acquisitions includes £89m in respect of the Group's investment in Louisiana Pigment Company, L.P. No new finance was raised from the issue of shares to minorities in 1994 (1993 £0m).

# notes relating to the accounts

## 30 Cash and cash equivalents

	1994 £m	1993 £m
<b>Balance of cash and cash equivalents</b>		
Cash	238	194
Investments and short term deposits which were within 3 months of maturity when acquired (note 17)	941	494
Short-term borrowings repayable within 3 months from date of advance (note 18)	(136)	(144)
	<b>1,040</b>	<b>514</b>
<b>Change in the balance of cash and cash equivalents</b>		
At beginning of year	514	(56)
Exchange adjustments	(36)	(2)
Increase for year	562	572
At end of year	<b>1,040</b>	<b>514</b>

## 31 Leases

	1994			1993		
Total rentals under operating leases, charged as an expense in the profit and loss account	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Hire of plant and machinery	67	-	67	69	2	71
Other	41	-	41	43	12	55
	<b>108</b>	<b>-</b>	<b>108</b>	<b>112</b>	<b>14</b>	<b>126</b>

Commitments under operating leases to pay rentals during the year following the year of these accounts, analysed according to the period in which each lease expires	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Land and buildings</b>				
Expiring within 1 year	7	4	-	-
Expiring in years 2 to 5	14	18	1	1
Expiring thereafter	10	30	1	1
	<b>33</b>	<b>52</b>	<b>2</b>	<b>2</b>
<b>Other assets</b>				
Expiring within 1 year	9	10	1	5
Expiring in years 2 to 5	27	35	1	1
Expiring thereafter	17	7	1	2
	<b>53</b>	<b>52</b>	<b>3</b>	<b>8</b>

### Obligations under finance leases comprise

Rentals due within 1 year	40	31	1	-
Rentals due in years 2 to 5	10	39	2	-
Rentals due thereafter	-	31	1	-
Less interest element	(3)	(26)	(1)	-
	<b>68</b>	<b>75</b>	<b>3</b>	<b>-</b>

Obligations under finance leases are included in other creditors (note 19).

The Group had no commitments under finance leases at the balance sheet date which were due to commence thereafter.

# notes relating to the accounts

## 32 Employee costs

	1994			1993		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Salaries	1,340	-	1,340	1,421	405	1,826
Social security costs	132	-	132	138	52	190
Pension costs	154	-	154	137	38	175
Other employment costs	76	-	76	45	23	68
	1,702	-	1,702	1,741	518	2,259
Less amounts allocated to capital and to provisions set up in previous years	(21)	-	(26)	(59)	(21)	(80)
Severance costs charged in arriving at profit before tax	115	-	115	60	17	77
Employee costs charged in arriving at profit before tax	1,791	-	1,791	1,742	514	2,256

The average number of people employed by the Group in 1994 was 67,500 (1993 87,100) all of which were engaged in continuing operations (1993 70,400).

## 33 Pension costs

### Group

The Company and most of its subsidiaries operate retirement plans which cover the majority of employees (including directors) in the Group. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and average final remuneration and are funded through separate trustee-administered funds. Formal independent actuarial valuations of the Group's main plans are undertaken regularly, normally at least triennially and adopting the projected unit method.

The actuarial assumptions used to calculate the projected benefit obligation of the Group's pension plans vary according to the economic conditions of the country in which they are situated. The weighted average discount rate used in determining the actuarial present values of the benefit obligations was 8.7%. The weighted average expected long-term rate of return on investments was 8.8%. The weighted average rate of increase of future earnings was 5.9%.

The actuarial value of the fund assets of these plans at the date of the latest actuarial valuations was sufficient to cover 92% of the benefits that had accrued to members after allowing for expected future increases in earnings; their market value was £5,747m.

The total pension cost for the Group for 1994 was £154m (1993 continuing operations - £137m). Accrued pension

costs amounted to £29m (1993 £29m) and are included in other creditors (note 19); provisions for the benefit obligation of a small number of unfunded plans amounted to £130m (£119m) and are included in provisions for employee benefits (note 21). Prepaid pension costs amounting to £63m (£48m) are included in debtors (note 16).

### ICI Pension Fund

The ICI Pension Fund accounts for approximately 80% of the Group's plans in asset valuation and projected benefit terms. An actuarial valuation of the ICI Pension Fund was carried out as at 31 March 1994. From that date the Company will make payments into the Fund to reflect the extra liabilities arising from early retirement as retirements occur. In addition, the Company has agreed to make accelerated contributions to the Fund over the next six years commencing with £75m in 1995. The solvency ratio on a current funding level basis which assumes a cessation of operations is 96% and the deficit of £180m in market value terms will be eliminated over a three year period. The deficit in the Fund has been taken into account in arriving at the employers' pension cost charged in the accounts from 1 April 1994 by being amortised as a percentage of pensionable emoluments over the expected working lifetime of existing members.

## 34 Healthcare costs

The Group provides in North America, and to a lesser extent in some other countries, certain unfunded healthcare and life assurance benefits for retired employees. At 31 December 1994 approximately 28,000 current and retired employees were eligible to benefit from these schemes.

As stated in note 2, the results reflect the initial adoption of the accounting requirements of pronouncement UITF 6 "Accounting for Post-retirement Benefits other than Pensions" and the liabilities in respect of these benefits are now fully

accrued. The total post-retirement healthcare cost for the Group for 1994 was £16m and the provision at the year end was £153m.

In respect of the Group's major US plans the costs and provisions were determined on an actuarial basis using a discount rate of 7.25%. Healthcare cost rate increases range from 9.0% to 11.0% for 1994 and are assumed to gradually decrease to 5.0%.

# notes relating to the accounts

## 35 Commitments and contingent liabilities

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Commitments for capital expenditure not provided for in these accounts (including acquisitions)				
Contracts placed for future expenditure	274	80	4	2
Expenditure authorised but not yet contracted	276	243	14	23
	549	323	18	25

Contingent liabilities existed at 31 December 1994 in connection with guarantees and uncalled capital relating to subsidiary and other undertakings and guarantees relating to pension funds, including the solvency of pension funds. The maximum contingent liability in respect of guarantees of borrowings and uncalled capital at 31 December 1994 was £25m (1993 £18m) for the Group; the maximum contingent liability for the Company, mainly on guarantees of borrowings by subsidiaries, was £1,247m (1993 £1,337m).

The Group is also subject to contingencies pursuant to environmental laws and regulations that in the future may require it to take action to correct the effects on the environment of prior disposal or release of chemical substances by the Group or other parties. The ultimate requirement for such actions, and their cost, is inherently difficult to estimate, however provisions have been established at 31 December 1994 in accordance with the accounting policy noted on page 11. It is believed that, taking account of these provisions, the cost of addressing currently identified environmental obligations is unlikely to impair materially the Group's financial position.

The Glidden Company is a defendant, along with numerous other paint and former lead pigment manufacturers, in a number of suits in the US, several of which purport to be class actions, seeking damages for alleged personal injury caused by lead-based paint or for the costs of removing lead-based paint. Glidden stopped manufacturing lead pigments in the 1950s and lead-based consumer paints in the 1980s. The suits involve substantial claims for damages and an adverse ruling against Glidden could lead to additional claims. Several US State legislatures and the US Congress are considering proposed bills that could adversely affect Glidden's position in

pending or possible future cases, including proposals that could add additional grounds for legal liability or that would permit suits otherwise time-barred. Glidden believes that it has strong defences and intends to continue to deny all liability and to defend all actions vigorously.

In December 1992, ICI Explosives USA Inc. received a subpoena from a grand jury sitting in Fort Worth, Texas, with respect to what appears to be an industry-wide antitrust investigation of the US explosives business. The company is co-operating with the investigation, the results of which are unlikely to be known for some time. However, violation of US antitrust laws, if established, can result in the payment of substantial penalties and damages.

The Group is also involved in various other legal proceedings, principally in the UK and US, arising out of the normal course of business. The Group does not believe that the outcome of these proceedings will have a material effect on the Group's financial position.

The Company has given certain indemnities in the course of disposing of companies and businesses and also in connection with the demerger of Zeneca. These and 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.

Significant take-or-pay contracts entered into by subsidiaries are as follows:

- the purchase of electric power which commenced April 1993 for 15 years. The present value of the remaining commitment is estimated at £679m.
- the supply of ethane which will commence May 1996 for 10 years. The present value of this commitment is £105m.

## 36 Statutory and other information

Included in debtors are interest-free loans of £45,000 (1993 £45,000) to one (one) officer of the Company. This loan was provided in accordance with the Company's policy of providing housing assistance to staff who have been transferred.

Remuneration of auditors charged in the Group accounts for 1994 was £3.5m (1993 £3.4m); fees paid to the auditors of the parent Company for services other than statutory audit supplied to the Company and its UK subsidiaries during 1994 totalled £0.9m (1993 £2.3m).

In November 1994, as part of the Group's restructuring in Malaysia, ICI disposed of its 50.1% interest in Chemical Company of Malaysia Berhad (CCM), to companies owned by three directors of CCM, Mr Chen Yeng Khan, Mr Oh Kim Sun and Mr Lim Say Chong. The consideration comprised cash of £25m together with 25% of the share capital of ICI Paints (Malaysia) Sdn. Bhd. (value approximately £20m) owned by CCM.

# notes relating to the accounts

## 37 Remuneration policy

The Company pays competitive wages and salaries to its employees around the world. These include incentive payments which reward enhanced shareholder value. Levels of pay and the structure of arrangements in each country reflect the competitive

environment in that country. Whilst ICI does not have global pay scales, it has to have regard to its need to be able to move staff around the world.

## 38 Contracts and emoluments of directors

**Framework and objectives** - The contracts and emoluments of executive directors and senior executives are determined by the Remuneration and Nomination Committee ("the Remuneration Committee"), which for this purpose is composed wholly of non-executive directors of the Company.

The objective of the Company's remuneration policy is to provide remuneration in form and amount which will attract, retain, motivate and reward high calibre executive directors and senior executives. It must, therefore, be competitive with other companies. To this end, the remuneration package comprises short, medium and longer term benefits, with the incentive element geared to shareholder value enhancement as outlined in the circular to shareholders for the 1994 AGM.

**Service contracts** - Normally executive directors are employed on rolling contracts subject to two years' notice at any time, save on first appointment, when the contract is for an initial period of three years. Contracts expire at normal retirement age of 62. Sir Denys Henderson's contract as Chairman, and Sir Ronald Hempel's contract as Chief Executive, expire at the conclusion of the AGM in 1995.

**The short-term benefits** - are an annual salary, health plan and car benefits and participation in the Annual Performance Related Bonus Scheme. The salaries are set at competitive base levels established from surveys of similar companies; they are within a range of up to 130% of base level (the salary at appointment) to allow the Remuneration Committee to reward the performance and experience of executive directors. No annual cost of living or inflation adjustment is made to this scale, but each year it is measured against external benchmarks to ensure it remains competitive. Annual assessment of each individual executive director's performance is carried out by the Remuneration Committee.

*In 1994 there was no adjustment to the executive directors' salary scale and no salary increase was awarded to any executive director, including the Chairman and Chief Executive.*

The level of bonus (if any) under the Annual Performance Related Bonus Scheme is determined by the Remuneration Committee on the basis of criteria established at the beginning of the year to encourage performance in a manner which the Remuneration Committee considers will contribute most to increasing shareholder value for that year. The maximum bonus available to executive directors, including the Chairman and Chief Executive, is 40%.

*For 1994 the bonus for executive directors and senior executives was linked entirely to increased earnings per share ("EPS"). The trigger point was established at a covered dividend of 27.5p. This figure was above the budget*

*accepted by the Board as the 1994 plan and significantly above the 19.6p EPS achieved in 1993. The 37.3p achieved EPS in 1994 has resulted in the payment of a bonus at the maximum level of 40%. The level of bonus paid in 1993 was 10%; no bonuses were paid in the previous four years.*

**The medium-term benefit** - is the Bonus Conversion Plan, introduced at the beginning of 1994, designed to encourage the conversion of any annual bonus (as described above) into shares in the Company and the holding of those shares for a minimum of three years. Under the Plan, the recipient of a bonus may elect to have shares purchased at market value in the Plan with his net bonus after tax. Shares purchased in the Plan are released at the end of a three year retention period and are then matched by an equal number of shares by the Company on which the individual is required to pay income tax.

**The long-term benefit** - is the Share Option Scheme (renewed in May 1994) under which options over the Company's Ordinary Shares may be granted each year to executive directors and senior executives at a multiple of 0.3 times salary for directors (except on first appointment) subject to an overall maximum holding of four times salary. All options under the 1994 Scheme are subject to performance conditions on exercise as determined by the Remuneration Committee. Exercise of options granted during the year under the 1994 Scheme are subject to satisfaction of one of two conditions - one related to total shareholder return exceeding the return on the FTSE All Share Index over three years, and the other to improved earnings per share being 2% greater than the change in the RPI over a three year period. Options must be held for three years before they are exercised or lapse if not exercised within ten years from grant.

The shares within both the Share Option Scheme and the Bonus Conversion Plan do not dilute shareholders' equity as they are bought in the market and held by a trust.

**Post-retirement benefits** - All executive directors, other than Mr C M Short and Mr C Miller Smith, are members of the ICI Pension Fund, which is open to all UK employees and which provides pensions and other benefits to members within Inland Revenue limits. The Company made a contribution for all employees, including executive directors in the ICI Pension Fund, at a rate of 13.68% of salary in 1994 except for the Chairman and Sir Ronald Hempel, who are the last two long serving members of the Pension Fund whose contributions were capped at significantly lower levels.

Mr C Miller Smith has a Funded Unapproved Pension Scheme to which the Company makes a contribution equivalent to 25% of his salary. Mr C M Short is entitled by contract to an unfunded pension from the Company on retirement.

# notes relating to the accounts

## 38 Contracts and emoluments of directors (continued)

### Emoluments of directors

	1994				1993
	Salary £000	Benefits £000	Bonus £000	Total £000	Total £000
<b>Remuneration of executive directors</b>					
Sir Darys Henderson – Chairman	313	8	125	446	453
Sir Ronald Hamper – Chief Executive	425	12	170	607	479
C. Miller Smith – Chief Executive designate (appointed executive director 1 October 1994)	87	3	35	125	
M. E. Brogden (appointed 1 May 1994)	167	7	87	261	
C. Hampeon (joined 29 April 1994)	100	4	40	144	342
R. J. Margetts	250	8	100	358	255
C. M. Short	300	17	120	437	353
A. G. Spall (appointed 1 January 1994)	250	8	100	358	
Directors who ceased to be directors of ICI on demerger of Zeneca					367
	1,892	65	757†	2,714	2,289
<b>Fees to non-executive directors</b>				87	194
<b>Pension fund contributions</b>				111	70
<b>Total emoluments</b>				<b>2,922</b>	<b>2,553</b>
Remuneration of executive directors 1993	1,815	60	414		

† Excludes the benefit of shares under the Bonus Conversion Plan (see The medium-term benefit, page 34) which will be included in emoluments in the year in which the benefit of the extra shares provided by the Company is received by the director.

The emoluments of the Chairman, inclusive of pension fund contributions (£362; 1993 £616; and bonuses (£125,000; 1993 £106,000), were £444,000 (1993 £494,000). The emoluments of the highest paid director, inclusive of pension fund contributions (£370; 1993 £1,026) and bonuses (£170,000; 1993 £78,000), were £608,000 (1993 £480,000).

The emoluments of non-executive directors, inclusive of Mr C Miller Smith until he became an executive director on 1 October 1994 (£16,000; 1993 £11,000), and of executive directors who ceased to be directors of ICI on demerger of Zeneca were within the following bands:

Emoluments £	Number		Emoluments £	Number	
	1994	1993		1994	1993
<b>Non-executive directors</b>					
5,001 – 10,000		4	20,001 – 25,000	3	2
10,001 – 15,000	1	1	85,001 – 90,000		1
15,001 – 20,000	1	1			
<b>Executive directors who ceased to be directors of ICI on demerger of Zeneca</b>					
95,001 – 100,000		1	155,001 – 160,000		1
105,001 – 110,000		1			

Two executive directors and one non-executive director were directors for part of 1994. Three executive directors and six non-executive directors were directors for part of 1993.

	1994 £000	1993 £000
<b>Pensions in respect of service of former directors paid by the Company</b>	<b>124</b>	<b>52</b>

# notes relating to the accounts

## 39 Directors' Interests in shares and debentures

The interests at 31 December 1994 of the persons who on that date were directors (including the interests of their families) in shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1994 (or, if appointed during 1994, at their date of appointment) are shown in parentheses where these differ from the holdings at the year end.

	ICI Ordinary Shares
Sir Denys Henderson	21,274
Sir Ronald Hempel	6,377
C. Miller Smith	500
M. E. Brogden	1,273 (273)
F. R. Hum	500
R. J. Margetts	4,798
Sir Antony Pilkington	500
Miss Ellen R. Schneider-Lenné	500
C. M. Short	55,266
A. G. Spall	3,565 (3,561)

On 23 February 1995 Mr C Miller Smith purchased an additional 4,000 Ordinary Shares. During the period 1 January 1995 to 23 February 1995, there was no other change in the interests of directors shown in this note.

Options to subscribe for Ordinary Shares granted to and exercised by directors during 1994 are included in the table below:

Directors at 31 December 1994	1 January 1994	Options granted		Options exercised			31 December 1994			
	Number	Number	Price £	Number	Exercise price £	Market price £	Number	Weighted average exercise price £	Date from which exercisable	Expiry date
Sir Denys Henderson	160,900						160,900	5.59	2.4.89	28.5.02
	16,865						16,865	7.71†	2.9.90	2.9.97
Sir Ronald Hempel	281,926						281,926	6.03	2.4.89	24.6.03
C. Miller Smith		178,300	7.85				178,300	7.85†	7.11.97	7.11.04
M. E. Brogden	24,760*			1,000	5.26	7.76½	23,760	6.03	3.4.94	24.6.03
	9,800*						9,800	7.55†	22.3.97	22.3.04
R. J. Margetts	154,092	1,371	6.34				155,463	6.00	2.4.89	25.11.03
C. M. Short	52,199						52,199	6.90	3.4.94	25.11.03
A. G. Spall	15,500	1,164	6.34				16,664	6.64	24.6.96	24.6.03
		57,500	7.55				57,500	7.55†	22.3.97	22.3.04

\* Interest at date of appointment.

† Exercise price exceeds market price at 31 December 1994.

No options lapsed during the year. The options outstanding are exercisable at prices between £4.97 and £7.85. The market price of the shares at 31 December 1994 was £7.48½ and the range during 1994 was £7.28½ to £8.67½. The Register of Directors' Interests (which is open to shareholders' inspection) contains full details of directors' shareholdings and options to subscribe for shares.

## principal associated undertakings

at 31 December 1994

	Issued share and loan capital at date of latest available audited accounts	Class of capital	Am	Held by ICI %	Principal activities
IC Insurance Ltd England	Ordinary	—	49†		Insurance and reinsurance underwriting
Louisiana Pigment Company, L.P. USA	Partnership		99.9		Manufacture of titanium dioxide pigments

† Held by subsidiaries

The accounting and reporting date of principal associated undertakings is 31 December

The country of registration or incorporation is stated below each company. The principal operations of IC Insurance Ltd are carried out in the UK and those of Louisiana Pigment Company, L.P. in the USA.

The principal place of business of the Louisiana Pigment Company, L.P. (LPC) is 3290 Bayou d'Inde Road, Westlake, Louisiana 70669-0070, USA. The Group's share of the results of LPC is proportionately consolidated in the Group profit and loss account and balance sheet. LPC is managed through a management board on which the Group and the Group's joint venture partner, NL Krenos, are represented.

# principal subsidiary undertakings

at 31 December 1994

	Class of capital	Held by ICI %	Main activities
<b>EUROPE</b>			
<b>Deutsche ICI GmbH</b> Germany	Ordinary	100†	Manufacture of chlorine, caustic soda, specialty plastics, paints and polyurethanes; merchandising of other ICI products
<b>ICI Chemicals &amp; Polymers Ltd</b> England	Ordinary	100†	Manufacture of chemicals, plastics and fertilizers; merchandising of ICI and other products
<b>ICI Finance PLC</b> England	Ordinary	100†	Financial services
<b>ICI France SA</b> France	Ordinary	100†	Merchandising of ICI products
<b>ICI Holland BV</b> The Netherlands	Ordinary	100†	Manufacture of bulk and specialty plastics, films, and polyester polymers and polyurethane chemicals; merchandising of other ICI products
<b>Tioxide Group Ltd</b> England	Ordinary	100†	Manufacture of titanium dioxide pigments
<b>THE AMERICAS</b>			
<b>ICI American Holdings Inc</b> USA	Common	100†	Manufacture of acrylics, films, paints, composites, polyurethanes and chemicals; merchandising of other ICI products
<b>ICI Canada Inc</b> Canada	Common Preference	100† 100†	Manufacture of industrial explosives and initiating systems, paints, chlor-alkali and other chemicals; merchandising of ICI and other products
<b>ICI Explosives USA Inc</b> USA	Common	100†	Manufacture of industrial explosives and initiating systems
<b>OTHER COUNTRIES</b>			
<b>AECI Explosives Ltd</b> Republic of South Africa	Ordinary	51†	Manufacture of industrial explosives and initiating systems
<b>ICI Australia Ltd</b> Australia (Accounting and reporting date 30 September)	Ordinary*	62†	Manufacture and distribution of chemicals and other products including fertilizers and crop care, industrial and specialty chemicals, consumer and effect products, plastics and performance of related services
<b>ICI China Ltd</b> Hong Kong and China	Ordinary	100†	Merchandising of ICI and other products
<b>ICI India Ltd</b> India (Accounting date 31 March; reporting date 31 December)	Equity*	51	Manufacture of industrial explosives, paints, agrochemicals, pharmaceuticals, polyurethanes, catalysts, rubber chemicals and surfactants
<b>ICI Japan Ltd</b> Japan	Ordinary	100†	Manufacture of polyester films and acrylics compounds; merchandising of ICI and other products
<b>ICI Pakistan Ltd</b> Pakistan	Ordinary*	61†	Manufacture of polyester staple fibre, soda ash, paints, specialty chemicals, calcium carbonate, formulation of agrochemicals; toll manufacture and import of pharmaceutical and animal health products; merchandising of general chemicals
<b>ICI Taiwan Ltd</b> Republic of China	Ordinary	56 44†	Manufacture of fibre intermediates, paints and polyurethanes; merchandising of ICI and other products

\* Listed

† Held by subsidiaries

The country of principal operations and registration or incorporation is stated below each company. The accounting dates of principal subsidiary undertakings are 31 December unless otherwise stated.

Imperial Chemical Industries PLC  
SHAREHOLDINGS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS  
AND OTHER SIGNIFICANT SHAREHOLDINGS  
(Companies Act 1985 - S324; Schedule 5 Part II)

As at 31 December 1994

**Note:** In the context of this print the term subsidiaries includes the singular;  
subsidiary(ies) means held by subsidiary undertakings.

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
**(Companies Act 1985 - S231; Schedule 5 Part II)**  
**As at 31st December 1994**

<b>Full Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration (UK Only)</b>	<b>Class of Capital</b>	<b>Held by</b>	<b>Held %</b>
ACF AND SHIRLEYS LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ADDERLEY SERVICES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ADVANCED SCIENCES PTY LTD	AUSTRALIA	N/A	ORDINARY A ORDINARY B PREFERENCE	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00
AECI BOPHUTHATSWANA (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
AECI ELECTRONICS (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
AECI EXPLOSIVES LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	51.00
AECI EXPLOSIVES HOLDINGS (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
AFRITRADING BOTSWANA (PROPRIETARY) LIMITED	BOTSWANA	N/A	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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subsidiary undertakings  
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As at 31st December 1994**

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
AFTRADE PTY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ALCHEMIE RESEARCH CENTRE	INDIA	N/A	LIMITED BY GUARANTEE	Subsidiary(ies)	100.00
ALLTEK COATINGS (IRELAND) LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ANDERTON-RICHARDSON FERTILISERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE 6%	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ANGLO-AMERICAN PLASTICS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY A ORDINARY B ORDINARY C RED NON CUM PREFERENCE 4.5%	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00 100.00
ARTHUR HOLDEN & SONS PLC	UNITED KINGDOM	ENGLAND	DEFERRED ORDINARY	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ATHENA INVESTMENTS LIMITED SA	LUXEMBOURG	N/A	ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies)	100.00 100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ATLAS CHEMICALS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ATLAS DE MEXICO, S.A. DE C.V.	MEXICO	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00
ATLAS INTERNATIONAL, INC.	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ATLAS POWDER COMPANY	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ATLAS POWDER INTERNATIONAL, LTD	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ATLAS SURFACTANTS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ATLAS TAIWAN CORPORATION	TAIWAN (R.O.C.)	N/A	ORDINARY STOCK	Imperial Chemical Industries PLC	51.00
AUSTRAL-PACIFIC FERTILIZERS LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
AUSTRALIAN TITANIUM PRODUCTS PROPRIETARY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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<b>Full Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration (UK Only)</b>	<b>Class of Capital</b>	<b>Held by</b>	<b>Held %</b>
B.T.P. TIOXIDE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
BERGER PAINTS LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
BEXFORD LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
BIOMISATION LTD	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
BJN INVESTMENTS PTY.LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
BLUE BAG FERTILISERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
BPA INDUSTRIES PTY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
BRASEX PARTICIPACOES LTDA	BRAZIL	N/A	QUOTAS	Subsidiary(ies)	100.00
BRI-NYLON LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
BRITAG INDUSTRIES LIMITED	UNITED KINGDOM	ENGLAND	NON CUM PREFERENCE 10%	Subsidiary(ies)	100.00
			ORDINARY A	Subsidiary(ies)	
			ORDINARY B	Subsidiary(ies)	
BRITAG LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE 5%	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
BRITAG SUBSIDIARY FOUR LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
BRITAG SUBSIDIARY ONE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY A ORDINARY B PREFERENCE	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00
BRITAG SUBSIDIARY THREE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
BRITAG SUBSIDIARY TWO LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
BRITISH NYLON SPINNERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
BRITISH PAINTS (PNG) PTY LIMITED	NEW GUINEA	N/A	ORDINARY	Subsidiary(ies)	100.00

SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
BRITISH PAINTS NEW ZEALAND LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
BRITISH TITAN PRODUCTS SOUTH AFRICA (PTY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
BROADCOUNT PROPERTIES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
C&P SERVICES (NORTH WEST) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
C-I-L CORPORATION OF AMERICA	USA	N/A	COMMON	Subsidiary(ies)	100.00
C-I-L FILMS AND PACKAGING INC.	CANADA	N/A	COMMON	Subsidiary(ies)	100.00
C-I-L POLYMERS INC.	CANADA	N/A	COMMON	Subsidiary(ies)	100.00
C-I-L QUEBEC INC.	CANADA	N/A	COMMON	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
CHEMETICS DO BRASIL COMERCIO E INDUSTRIA LTDA	BRAZIL	N/A	COMMON	Subsidiary(ies)	100.00
CHEMICAL INDUSTRIAL AND DEVELOPMENT GROUP LTD	MEXICO	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00
CHEMICALS AND POLYMERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
CHEMONT INSURANCE COMPANY	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
CHEMSAFE NEW ZEALAND LTD	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
CHEMSOFT LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
CHESWALL (LONDON) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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subsidiary undertakings  
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As at 31st December 1994**

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
CHRISKEN ADMINISTRATION AND SECRETARIAL CO (PROPRIETARY) LTD	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
COMPAGNIE DES VERNIS VALENTINE SA	FRANCE	N/A	ORDINARY	Subsidiary(ies)	100.00
COMPAGNIE EUROPEENNE DES PEINTURES JULIEN SA	FRANCE	N/A	CAPITAL SOCIALE	Subsidiary(ies)	99.76
CONTROLLED DEMOLITION AFRICA (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
COOKE'S EXPLOSIVES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
CRIMPLENE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
CROP CARE AUSTRALASIA PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
DEUTSCHE ICI GMBH	GERMANY	N/A	ORDINARY	Subsidiary(ies)	100.00
DONALD HAIGH LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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subsidiary undertakings  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
DRILL AND BLAST (AUSTRALIA) PTY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
DULUX HOLDINGS LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
DULUX LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
DULUX NEW ZEALAND LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
DULUX PAPUA NEW GUINEA PTY LIMITED	NEW GUINEA	N/A	ORDINARY	Subsidiary(ies)	100.00
DUPERIAL 9 DE JULIO S.A.I.C.	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	100.00
DUPERIAL HOLDINGS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
DUPERIAL S.A.I.C.	ARGENTINA	N/A	ORDINARY ORDINARY	Imperial Chemical Industries PLC Subsidiary(ies)	14.25 85.80
E & A WEST LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
consolidated accounts of Imperial Chemical Industries PLC and its  
subsidiary undertakings  
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<b>Full Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration (UK Only)</b>	<b>Class of Capital</b>	<b>Held by</b>	<b>Held %</b>
E. MILNER (HIGH WYCOMBE) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
EASTERN NITROGEN LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
EDWARD MARSDEN LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ELECTROCLOR S.A.	ARGENTINA	N/A	ORDINARY B ORDINARY A	Subsidiary(ies) Subsidiary(ies)	61.01 100.00
ELECTROQUIMICA ARGENTINA SAIC	ARGENTINA	N/A	ORDINARY B ORDINARY A	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ERGON (NO. 1) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ERGON HOUSE MANAGEMENT LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ERGON INVESTMENTS INTERNATIONAL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ERGON INVESTMENTS UK LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ERK ENGINEERING (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
EUROPOLYMERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
EUTECH ENGINEERING SOLUTIONS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
EXPERT EXPLOSIVES (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	51.00
EXPLO BRASIL S.A.	BRAZIL	N/A	NOMINATIVE	Subsidiary(ies)	100.00
EXPLO CARRIERS (BOPHUTHATSWANA) (PROPRIETARY) LTD	SOUTH AFRICA	N/A	ORDINARY A	Subsidiary(ies)	100.00
			ORDINARY B	Subsidiary(ies)	100.00
EXPLO CARRIERS (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
EXPLONITRATE INC	CANADA	N/A	COMMON	Subsidiary(ies)	100.00

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
EXPLOSIVOS MEXICANOS S.A. DE C.V	MEXICO	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
			ORDINARY STOCK 'B'	Subsidiary(ies)	100.00
FIBERITE EUROPE GMBH	GERMANY	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00
FINCH & KNIGHT LTD	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
FLEX PRODUCTS INC.	U.S.A.	N/A	COMMON PREFERRED 'B'	Subsidiary(ies) Subsidiary(ies)	60.00 100.00
G I SERVICES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
GORODOC PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
GROW FORCE AUSTRALIA LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	50.00
GRUPO ICI MEXICO SA DE CV	MEXICO	N/A	ORDINARY	Subsidiary(ies)	100.00

# CONFIDENTIALITY AGREEMENT

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
HGW PAINTS LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY B CUMULATIVE PREFERENCE 7%	Subsidiary(ies)	100.00
HOLDEN A. LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HOLDEN EUROPE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HOLDEN EUROPE SA	FRANCE	N/A	PARTS SOCIALES	Subsidiary(ies)	100.00
HOLDEN GROUP LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HOLDEN LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HOLDEN OVERSEAS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HOLDEN SURFACE COATINGS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
HORSEFERRY INVESTMENTS LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital		Held by	Held %
			Ordinary	Preferred		
HOUSEHOLD PRODUCT RESEARCH LTD	UNITED KINGDOM	ENGLAND	ORDINARY	PREFERRED 5%	Imperial Chemical Industries PLC	100.00
I.C.I. ESTATES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY		Imperial Chemical Industries PLC	100.00
I.C.I. INTERNATIONAL FINANCE LTD	BERMUDA	N/A	ORDINARY		Imperial Chemical Industries PLC	100.00
I.C.I. PAINTS (MALAYSIA) SDN BHD	MALAYSIA	N/A	ORDINARY		Imperial Chemical Industries PLC	60.00
I.D. DATAMATION LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY		Subsidiary(ies)	100.00
IC INSURANCE ADVISORY SERVICES PTY LIMITED	AUSTRALIA	N/A	ORDINARY		Subsidiary(ies)	100.00
IC INSURANCE AUSTRALIA LTD	AUSTRALIA	N/A	ORDINARY		Subsidiary(ies)	100.00
ICI INSURANCE SERVICES INC	USA	N/A	COMMON		Subsidiary(ies)	100.00
ICHEM INSURANCE COMPANY LTD	UNITED KINGDOM	ENGLAND	ORDINARY		Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
**(Companies Act 1985 - S231; Schedule 5 Part II)**  
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Full Name	Country of incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICHEM REINSURANCE COMPANY LTD	CAYMAN ISLANDS	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI (NVERSIONES QUIMICAS), SOCIEDAD ANONIMA	NICARAGUA	N/A	BEARER	Imperial Chemical Industries PLC	100.00
ICI (ISRAEL) LIMITED	ISRAEL	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI (MALAYSIA) HOLDINGS SDN BHD	MALAYSIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI (PERU) S.A.	PERU	N/A	ORDINARY STOCK	Imperial Chemical Industries PLC	100.00
ICI (PHILIPPINES) INC	PHILIPPINES	N/A	ORDINARY STOCK	Imperial Chemical Industries PLC	100.00
ICI (SINGAPORE) PRIVATE LIMITED	SINGAPORE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI (SWITZERLAND) AG	SWITZERLAND	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
ICI (THAILAND) LIMITED	THAILAND	N/A	ORDINARY	Subsidiary(ies)	100.00

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<b>Full Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration (UK Only)</b>	<b>Class of Capital</b>	<b>Held by</b>	<b>Held %</b>
ICI ACRYLICS CANADA INC.	CANADA	N/A	COMMON	Subsidiary(ies)	100.00
ICI ACRYLICS GMBH	GERMANY	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI ACRYLICS INC	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ICI AGROQUIMICOS CHILE LIMITADA	CHILE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI ALPHA B.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI AMERICAN HOLDINGS INC	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ICI AMERICAS FOREIGN SALES CORPORATION	BARBADOS	N/A	NO PART VALUE: COMMON	Subsidiary(ies)	100.00
ICI AMERICAS INC.	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ICI ANGOLA (FARMACEUTICA) LIMITADA	ANGOLA	N/A	ORDINARY ORDINARY	Subsidiary(ies) Imperial Chemical Industries PLC	50.00 50.00
ICI ANGOLA LIMITADA	ANGOLA	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI ASIATIC CHEMICAL CO LTD	THAILAND	N/A	'A' SHARES	Subsidiary(ies)	100.00
ICI AUSTRALIA ENGINEERING PROPRIETARY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI AUSTRALIA EXPORTS PTY LTD.	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI AUSTRALIA FINANCE LIMITED	AUSTRALIA	N/A	ORDINARY ORDINARY 25% PAID	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ICI AUSTRALIA HOSPITAL PRODUCTS PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI AUSTRALIA INVESTMENTS PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI AUSTRALIA LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	62.45
ICI AUSTRALIA NOMINEES PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI AUSTRALIA OPERATIONS PTY. LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI BAHIA SA	BRAZIL	N/A	ORDINARY A ORDINARY A ORDINARY B	Imperial Chemical Industries PLC Subsidiary(ies) Imperial Chemical Industries PLC	82.20 17.80 100.00
ICI BELGIUM NV/SA	BELGIUM	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI BIOCOL LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	51.00
ICI C&P FRANCE S.A.	FRANCE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI CANADA INC.	CANADA	N/A	NO PAR VALUE: COMMON NO PAR VALUE: CLASS B REDEEMABLE PREF S	Subsidiary(ies)  Subsidiary(ies)	100.00  100.00 100.00
ICI CERAMICS INC	U.S.A	N/A	COMMON	Subsidiary(ies)	100.00
ICI CERAMICS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI CHEMICALS & POLYMERS LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI CHILE SA	CHILE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI CHINA LIMITED	HONG KONG	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI COLOMBIA SA	COLOMBIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI COMPOSITES INC	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ICI COORDINATION CENTRE NV	BELGIUM	N/A	ORDINARY A ORDINARY B ORDINARY C	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00
ICI CZ s.r.o.	CZECH REPUBLIC	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00
ICI DELTA B.V	HOLLAND	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI DULUX PAPUA NEW GUINEA PTY LIMITED	NEW GUINEA	N/A	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI ESPAÑA S.A.	SPAIN	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI EUROPE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI EVERBERG NV	BELGIUM	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI EXPLOSIVES (GHANA) LTD	GHANA	N/A	COMMON	Subsidiary(ies)	51.00
ICI EXPLOSIVES (QLD) PTY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI EXPLOSIVES CHILE S.A.	CHILE	N/A	ORDINARY ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00
ICI EXPLOSIVES ENVIRONMENTAL COMPANY	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
ICI EXPLOSIVES INTERNATIONAL PRIVATE LIMITED	SINGAPORE	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI EXPLOSIVES USA INC	U.S.A.	N/A	COMMON	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
consolidated accounts of Imperial Chemical Industries PLC and its  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI FERTILISERS (IRELAND) LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI FIJI LIMITED	FIJI	N/A	ORDINARY ORDINARY 50% PAID	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ICI FINANCE (LEASING) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI FINANCE (NETHERLANDS) N.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI FINANCE PLC	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI FRANCE S.A.	FRANCE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI HOLDINGS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI HOLLAND BV	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI HUNGARIA KFT	HUNGARY	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
consolidated accounts of Imperial Chemical Industries PLC and its  
subsidiary undertakings  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI INCORPORATED	U.S.A	N/A	COMMON	Subsidiary(ies)	100.00
ICI INDIA LIMITED	INDIA	N/A	EQUITY SHARES	Imperial Chemical Industries PLC	51.43
ICI INDUSTRIAL EXPORTADORA LTDA	BRAZIL	N/A	QUOTAS	Imperial Chemical Industries PLC	100.00
ICI INSTRUMENTS PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI INTEC SAIC	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI INTERNATIONAL INVESTMENTS	CAYMAN ISLANDS	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI INTERNATIONAL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI INVESTMENT MANAGEMENT LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI IOTA B.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI ITALIA S.p.a.	ITALY	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI JAPAN LIMITED	JAPAN	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
ICI KERN	VENEZUELA	N/A	ORDINARY	Imperial Chemical Industries PLC	55.00
ICI KOREA LIMITED	KOREA	N/A	COMMON	Subsidiary(ies)	100.00
ICI LACKE FARBEN GMBH	GERMANY	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
ICI LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI MEXICANA, S.A. DE C.V.	MEXICO	N/A	ORDINARY CLASS I ORDINARY CLASS II	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ICI NEW ZEALAND LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI NORDEN AB	SWEDEN	N/A	ORDINARY A	Subsidiary(ies)	100.00
ICI NORTH AMERICA INC	U.S.A	N/A	COMMON	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI NORTH AMERICA LIMITED	UNITED KINGDOM	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI OMICRON B.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI OSTERREICH GmbH	AUSTRIA	N/A	CAPITAL STOCK	Subsidiary(ies)	100.00
ICI OVERSEAS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI PAINTS (CANADA) INC.	CANADA	N/A	COMMON CLASS A SPECIAL	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ICI PAINTS (FUJI) LIMITED	FUJI	N/A	ORDINARY	Subsidiary(ies)	88.00
ICI PAINTS (SINGAPORE) PRIVATE LIMITED	SINGAPORE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI PAINTS (THAILAND) LIMITED	THAILAND	N/A	ORDINARY 25% PAID	Imperial Chemical Industries PLC	66.67
ICI PAINTS ESPANA SA	SPAIN	N/A	ORDINARY	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI PAINTS ITALIA S.R.L.	ITALY	N/A	QUOTAS	Subsidiary(ies)	100.00
ICI PAKISTAN LIMITED	PAKISTAN	N/A	ORDINARY	Subsidiary(ies)	61.46
ICI PAKISTAN POWERGEN LIMITED	PAKISTAN	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI PETROLEUM EXPLORATION LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI PETROLEUM SERVICES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI POLSKA Sp. zo. o	POLAND	N/A	COMMON	Subsidiary(ies)	100.00
ICI POLYURETHANES (CHINA) LTD	CHINA PR	N/A	REGISTERED COMMON SHARES	Subsidiary(ies)	100.00
IC PRETECHNIK GESELLSCHAFT FUER POLYURETHAN-ROHSTOFFE MBH	GERMANY	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI PROCESS PLANT SERVICES LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI PU CHINA (HOLDINGS) B.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI RENORY SA/NV	BELGIUM	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI RESOURCES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
ICI SLOVAKIA SRO.	SLOVAKIA	N/A	ORDINARY STOCK	Subsidiary(ies)	100.00
ICI SOUTH AFRICA (PTY) LTD	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI SWIRE PAINTS (CHINA) LIMITED	CHINA P.R.	N/A	ORDINARY	Subsidiary(ies)	54.00
ICI SWIRE PAINTS LIMITED	HONG KONG	N/A	ORDINARY	Subsidiary(ies)	60.00
ICI SYSTEMES S.A.R.L.	FRANCE	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI TAIWAN LIMITED	TAIWAN (R.O.C.)	N/A	ORDINARY STOCK	Subsidiary(ies)	44.37
			ORDINARY STOCK	Imperial Chemical Industries PLC	55.63

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ICI THETA B.V.	HOLLAND	N/A	ORDINARY	Subsidiary(ies)	100.00
ICI VENEZOLANA S.A	VENEZUELA	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI WILHELMSHAVEN GMBH	GERMANY	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
ICI WILMINGTON INC	U.S.A.	N/A	COMMON	Imperial Chemical Industries PLC	100.00
ICI WORKERS PENSIONS TRUSTEE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ICI-NOF POWDER COATINGS (MALAYSIA) SDN BHD	MALAYSIA	N/A	ORDINARY	Subsidiary(ies)	71.00
ICI-WOOBANG CO., LTD.	KOREA	N/A	ORDINARY	Subsidiary(ies)	60.00

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**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
IDAC PORTUGUESA LDA	PORTUGAL	N/A	QUOTAS QUOTAS	Imperial Chemical Industries PLC Subsidiary(ies)	98.00 2.00
IMPERIAL CHEMICAL INDUSTRIES OF CANADA LIMITED	CANADA	N/A	COMMON NPV PAR VALUE CLASS A SPECIAL	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
IMPKEMIX (IRAN) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 46) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 17) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 2) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 23) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 32) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
IMPKEMIX (NO. 47) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
IMPKEMIX (NO. 45) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 48) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 49) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX (NO. 50) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
IMPKEMIX ENERGY LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
IMPKEMIX HOLDINGS (NZ) LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
IMPKEMIX HOLDINGS SOUTH-EAST ASIA PTE LTD	SINGAPORE	N/A	ORDINARY	Subsidiary(ies)	100.00
IMPKEMIX INVESTMENTS (NZ) LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
IMPKEMIX INVESTMENTS PROPRIETARY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
IMPKEMIX TASMAN PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
INCITEC INVESTMENTS LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
INCITEC LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	71.03
INCITEC SERVICES PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
INCITEC TRADING PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
INDUSTRIAL EFFICIENCY SYSTEMS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
INDUSTRIAL SOFTWARE PRODUCTS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
INITIATING EXPLOSIVES SYSTEMS PTY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	70.00
INNOVATIVE CHEMICAL APPLICATORS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

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<b>Full Name</b>	<b>Country of Incorporation</b>	<b>Country of Registration (UK Only)</b>	<b>Class of Capital</b>	<b>Held by</b>	<b>Held %</b>
INTEX YARNS (MANUFACTURING) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
IRISH INDUSTRIAL FINISHES LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY	Subsidiary(ies)	100.00
J. F. McDOUGALL & CO. LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
JAMES SYDNEY AND COMPANY (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
JAMES SYDNEY SALES (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
JOHN PEAK & COMPANY LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY 6.5% PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
K C CHEMICAL INDUSTRIES PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
KAOHSIUNG MONOMER CO LTD	TAIWAN (R.O.C.)	N/A	ORDINARY A	Subsidiary(ies)	60.00
KATALCO LIMITED	UNITED KINGDOM	ENGLAND	COMMON	Subsidiary(ies)	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings**  
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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
LES EXPLOSIFS CHRETIEN LTEE	CANADA	N/A	COMMON CLASS A PREFERRED	Subsidiary(ies)	59.97
LIQUID FERTILISERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	83.67
LIQUID NUTRITION LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
LONG ING FIBRE COMPANY LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
MAIDGOLD LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
MASTER DISTRIBUTION SA	FRANCE	N/A	ORDINARY	Subsidiary(ies)	100.00
MELINAR LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
MITRELLE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
MORTAR INVESTMENTS INTERNATIONAL LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
MORTAR INVESTMENTS UK LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
NEW ZEALAND PHARMACEUTICALS LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
NITROAMONIA DE MEXICO, S.A. DE C.V.	MEXICO	N/A	ORDINARY STOCK 'B1'	Subsidiary(ies)	100.00
NOBEL'S EXPLOSIVES COMPANY (HOLDINGS) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
NOBEL'S EXPLOSIVES COMPANY LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
OAKWORTH CHEMICAL COMPANY LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
OLEFINES PTY LTD	AUSTRALIA	N/A	ORDINARY A ORDINARY B PREFERENCE	Subsidiary(ies) Subsidiary(ies) Subsidiary(ies)	100.00 100.00 100.00

SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings  
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Fund Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
ORBEA 9 DE JULIO S A I C.	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	100.00
ORBEA ARGENTINA SOCIEDAD ANONIMA	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	100.00
PACIFIC CHEMICALS PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
PARAFIL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
PATCO CHEMICALS LIMITED	UNITED KINGDOM	ENGLAND	DEFERRED ORDINARY	Imperial Chemical Industries PLC Imperial Chemical Industries PLC	100.00 100.00
PENLON PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
PERSPEX LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
PHILIPPINES EXPLOSIVES CORPORATION	PHILIPPINES	N/A	ORDINARY	Subsidiary(ies)	77.94

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
PRO-LOG GESELLSCHAFT FÜR LOGISTISCHE DIENSTEISTUNGEN MBH	GERMANY	N/A	ORDINARY	Subsidiary(ies)	100.00
PT ICI PAINTS INDONESIA	INDONESIA	N/A	ORDINARY	Subsidiary(ies)	55.00
R R PERRY AND SONS LIMITED	UNITED KINGDOM	ENGLAND	CUMULATIVE PARTICIPATING PREF 7.5% CUM PREFERENCE 10%	Imperial Chemical Industries PLC	100.00
				Imperial Chemical Industries PLC	100.00
				Imperial Chemical Industries PLC	100.00
RETEC LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
RICHARDSONS (ULSTER) LIMITED	NORTHERN IRELAND	NORTHERN IRELAND	ORDINARY	Imperial Chemical Industries PLC	100.00
SAI (SOUTH) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
SAI MERCHANTS LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
SAI NO. 1 LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
SAI NO. 2 LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
SAI TUBULAR SERVICES LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
SALTA SHIPPING CORPORATION LTD	U.S.A	N/A	COMMON	Subsidiary(ies)	100.00
SARKEM LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
SCOTOIL SERVICES LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
SCOTTISH AGRICULTURAL INDUSTRIES LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
SCOTTISH AGRICULTURAL MERCHANTS LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Subsidiary(ies)	100.00
SECURITY PAC TEXAS INC	U.S.A	N/A	COMMON	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
SELLEYS CHEMICAL CO NZ LIMITED	NEW ZEALAND	N/A	ORDINARY	Subsidiary(ies)	100.00
SELLEYS CHEMICAL CO PTY	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
SENTINEL S.A	LUXEMBOURG	N/A	ORDINARY	Subsidiary(ies)	100.00
SETTLE LINES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
SHOCKTUBE INDUSTRIES (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	100.00
SILENUS INSTRUMENTS PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
SILENUS INTERNATIONAL PTY LTD	AUSTRALIA	N/A	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
STAR EXPORT SERVICES, INC.	U.S.A.	N/A	COMMON	Subsidiary(ies)	100.00
STAUFFER DE MEXICO S A	MEXICO	N/A	COMMON	Subsidiary(ies)	100.00
STRAUSS 9 DE JULIO S.A I C.	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	100.00
IAPL SUPPLY CO.PTY LTD	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
TECHMASTER WELL SERVICES INC	CANADA	N/A	COMMON	Subsidiary(ies)	100.00



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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
THE INDUSTRIAL HOUSING ASSOCIATION (NO 3) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
THE IRISH SALT COMPANY LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY	Imperial Chemical Industries PLC	100.00
THE IRVINE HARBOUR COMPANY	UNITED KINGDOM	SCOTLAND	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
THE NEPTUNE MILLS LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
THOMSON & BRADLEY LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE (MALAYSIA) SDN BHD	MALAYSIA	N/A	ORDINARY CUMULATIVE RED PREFERENCE	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
TIOXIDE (SOUTH EAST ASIA) SDN. BHD.	MALAYSIA	N/A	ORDINARY	Subsidiary(ies)	100.00

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Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
TIOXIDE AMERICAS INC	U.S.A.	N/A	COMMON STOCK	Subsidiary(ies)	100.00
TIOXIDE AUSTRALIA PROPRIETARY LIMITED	AUSTRALIA	N/A	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE CANADA INC	CANADA	N/A	COMMON STOCK	Subsidiary(ies)	100.00
TIOXIDE EUROPE AB	SWEDEN	N/A	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE EUROPE GMBH	GERMANY	N/A	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE EUROPE LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE EUROPE NV/SA	BELGIUM	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00
TIOXIDE EUROPE S.A.	SPAIN	N/A	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE EUROPE SA	FRANCE	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00

SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
consolidated accounts of Imperial Chemical Industries PLC and its  
subsidiary undertakings  
(Companies Act 1985 - S231; Schedule 5 Part II)  
As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
TIOXIDE EUROPE SRL	ITALY	N/A	QUOTAS	Subsidiary(ies)	100.00
TIOXIDE GROUP LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE GROUP SERVICES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE INVESTMENTS HOLDINGS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE JAPAN KK	JAPAN	N/A	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE OVERSEAS HOLDINGS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE OVERSEAS INVESTMENTS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TIOXIDE SOUTHERN AFRICA (PTY) LTD	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	60.00
TIOXIDE SPECIALTIES LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00

SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the consolidated accounts of Imperial Chemical Industries PLC and its subsidiary undertakings  
(Companies Act 1985 as amended, Schedule 5 Part II)  
As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
TRACERCO LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
TRACERCO RADIOACTIVE DIAGNOSTIC SERVICES CANADA, INC.	CANADA	N/A	COMMON	Subsidiary(ies)	100.00
TRIMPELL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
ULSTER FERTILIZERS	REPUBLIC OF IRELAND	N/A	ORDINARY STOCK	Imperial Chemical Industries PLC	100.00
UNITED PACIFIC DRILLING (PNG) PTY LIMITED	PAPUA NEW GUINEA	N/A	ORDINARY	Subsidiary(ies)	100.00
VALCHEM (AUSTRALIA) PTY LTD	AUSTRALIA	N/A	ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies)	100.00 100.00
VIKING ENGINEERING COMPANY LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00

**SHAREHOLDINGS IN SUBSIDIARY UNDERTAKINGS included in the  
consolidated accounts of Imperial Chemical Industries PLC and its  
subsidiary undertakings  
(Companies Act 1985 - S231; Schedule 5 Part II)  
As at 31st December 1994**

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
W T. SCALES LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
WEST AFRICAN EXPLOSIVES & CHEMICALS LIMITED	LIBERIA	N/A	ORDINARY A ORDINARY B	Subsidiary(ies) Subsidiary(ies)	72.73 61.51
WILES FERTILISERS LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
WILLIAM TATTON & COMPANY LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	100.00
Z-TECH CORPORATION	U S A	N/A	COMMON	Subsidiary(ies)	100.00
Z-TECH LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	100.00
ZWEIHORN-WERK GMBH	GERMANY	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	100.00

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
AECI CAPTIVE INSURANCE COMPANY LTD	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	25.50
ARABIAN POLYOL COMPANY LIMITED	SAUDI ARABIA	N/A	ORDINARY	Imperial Chemical Industries PLC	40.00
ARDROSSAN SALTCOATS STEVENSTON ENTERPRISE PROPERTIES LIMITED	UNITED KINGDOM	SCOTLAND	ORDINARY	Imperial Chemical Industries PLC	33.33
ASAHI-ICI FLUOROPOLYMERS CO., LTD	JAPAN	N/A	STOCK	Subsidiary(ies)	50.00
ASSOCIATED IRISH GASES LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY	Subsidiary(ies)	37.30
B&E AFRICA (PROPRIETARY) LIMITED	SWAZILAND	N/A	ORDINARY	Subsidiary(ies)	50.00
B&E BOTSWANA (PROPRIETARY) LIMITED	BOTSWANA	N/A	ORDINARY	Subsidiary(ies)	50.00

**Imperial Chemical Industries PLC and subsidiary undertakings**  
**SHAREHOLDINGS IN ASSOCIATED UNDERTAKINGS**  
**(Companies Act 1985 - S231; Schedule 5 Part II)**  
**As at 31st December 1994**

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
B&E LESOTHO (PROPRIETARY) LIMITED	LESOTHO	N/A	ORDINARY	Subsidiary(ies)	50.00
BELASIS HALL TECHNOLOGY PARK LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Subsidiary(ies)	50.00
BLASTING & EXCAVATING (PROPRIETARY) LIMITED	SOUTH AFRICA	N/A	ORDINARY	Subsidiary(ies)	50.00
BLASTING & EXCAVATING NAMIBIA (PROPRIETARY) LIMITED	NAMIBIA	N/A	ORDINARY	Subsidiary(ies)	50.00
BORIPOL	YUGOSLAVIA	N/A	JOINT VENTURE	Imperial Chemical Industries PLC	25.00
BXI BULK EXPLOSIVES LIMITED	CANADA	N/A	COMMON	Subsidiary(ies)	50.00
CANSO CHEMICALS LTD	CANADA	N/A	COMMON	Subsidiary(ies)	33.33
CHEMICAL INDUSTRIES (COLOMBO) LIMITED	SRI LANKA	N/A	ORDINARY CLASS X NON-VOTING	Subsidiary(ies) Subsidiary(ies)	49.00 14.86
CHAI INTERNATIONAL DEVELOPMENT CO. LTD	THAILAND	N/A	COMMON A	Subsidiary(ies)	100.00



Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
MILDENER AKTIENBAUSELLSCHAFT	GERMANY	N/A	ORDINARY STOCK 'A'	Subsidiary(ies)	30.90
IC INSURANCE HOLDINGS LTD	UNITED KINGDOM	ENGLAND	ORDINARY STOCK	Subsidiary(ies)	49.00
IC INSURANCE SERVICES LTD	UNITED KINGDOM	ENGLAND	ORDINARY STOCK	Imperial Chemical Industries PLC	50.00
ICI TELJIN FLUOROchemicals LTD	JAPAN	N/A	ORDINARY	Subsidiary(ies)	50.00
IEE LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY B	Subsidiary(ies)	100.00
INTERPICOAT	RUSSIA	N/A	ORDINARY	Subsidiary(ies)	31.10
IRISH FERTILIZER INDUSTRIES LIMITED	REPUBLIC OF IRELAND	N/A	ORDINARY B	Subsidiary(ies)	100.00
L'ENVIRONNEMENT EAGLEBROOK (QUEBEC) LTEE	CANADA	N/A	COMMON A	Subsidiary(ies)	25.00

**Imperial Chemical Industries PLC and subsidiary undertakings**  
**SHAREHOLDINGS IN ASSOCIATED UNDERTAKINGS**  
 (Companies Act 1985 - S231; Schedule 5 Part II)  
 As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
MARAVAL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY CUM RED PREFERENCE 6%	Imperial Chemical Industries PLC	50.00
MIDDLESBROUGH FOOTBALL & ATHLETIC COMPANY (1986) LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	31.68
NALCO CHEMICALS INDIA LIMITED	INDIA	N/A	EQUITY	Subsidiary(ies)	40.00
NIPPON POLYURETHANE INDUSTRY CO LTD	JAPAN	N/A	ORDINARY	Imperial Chemical Industries PLC	25.00
OLIGO SOCIEDAD ANONIMA	SPAIN	N/A	ORDINARY	Subsidiary(ies)	50.00
PHILLIPS-IMPERIAL PETROLEUM LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY B	Subsidiary(ies)	100.00
PIGMENT MANUFACTURERS OF AUSTRALIA LTD	AUSTRALIA	N/A	ORDINARY B	Subsidiary(ies)	100.00
ROCK ENVIRONMENTAL LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY A	Subsidiary(ies)	100.00
RUBICON INC	U.S.A	N/A	COMMON B	Subsidiary(ies)	100.00

**Imperial Chemical Industries PLC and subsidiary undertakings**  
**SHAREHOLDINGS IN ASSOCIATED UNDERTAKINGS**  
 (Companies Act 1985 - S231; Schedule 6 Part II)  
 As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
SHIRE PARK CLUB LTD	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	32.00
SHIRE PARK LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY	Imperial Chemical Industries PLC	31.29
TECHNICAL TRAINING ENTERPRISE LIMITED	UNITED KINGDOM	ENGLAND	LIMITED BY GUARANTEE	Subsidiary(ies)	Not applicable
TEESSIDE GAS TRANSPORTATION LIMITED	UNITED KINGDOM	ENGLAND	ORDINARY PREFERENCE	Subsidiary(ies) Subsidiary(ies)	50.00 100.00
TEESSIDE TRAINING ENTERPRISE	UNITED KINGDOM	ENGLAND	LIMITED BY GUARANTEE	Subsidiary(ies)	Not applicable
UISCE GLAN TEORANTA	REPUBLIC OF IRELAND	N/A	ORDINARY	Subsidiary(ies)	50.00
ULSTER INDUSTRIAL EXPLOSIVES LIMITED	UNITED KINGDOM	NORTHERN IRELAND	'C' SHARES ORDINARY	Subsidiary(ies) Associated Undertaking	100.00 100.00

Imperial Chemical Industries PLC and subsidiary undertakings  
 OTHER SIGNIFICANT SHAREHOLDINGS  
 (Companies Act 1985 - S231; Schedule 5 Part II)  
 As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
EVC INTERNATIONAL NV	THE NETHERLANDS	N/A	ORDINARY	Imperial Chemical Industries PLC	15.82
PETROQUIMICA BAHIA BLANCA SA	ARGENTINA	N/A	ORDINARY	Subsidiary(ies)	10.62
TEESSIDE POWER LTD	UNITED KINGDOM	UK	SPECIAL B	Subsidiary(ies)	100.00
TRAVANCORE TITANIUM PRODUCTS LTD	INDIA	N/A	EQUITY SHARES	Subsidiary(ies)	10.77

Imperial Chemical Industries PLC and subsidiary undertakings  
SHAREHOLDINGS IN PROPORTIONALLY CONSOLIDATED ASSOCIATED UNDERTAKINGS  
(Companies Act 1985 - S231; Schedule 5 Part II)  
As at 31st December 1994

Full Name	Country of Incorporation	Country of Registration (UK Only)	Class of Capital	Held by	Held %
LOUISIANA PIGMENT COMPANY, L.P.	USA	N/A	PARTNERSHIP	Subsidiary(ies)	50.00

Our objective is to maximise value for our shareholders by focusing on businesses where we have market leadership, a technological edge and a world competitive cost base. We will promote a culture of continuous improvement in everything we do.

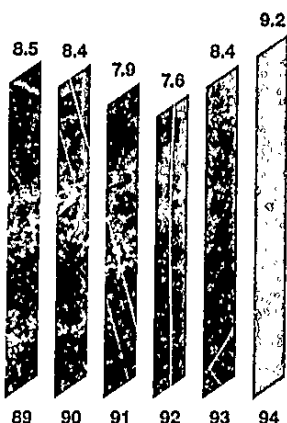
## financial highlights

21809

	1994 £m	1993† £m	1992 £m
<b>Financial results – continuing operations*</b>			
Turnover	9,189	8,430	7,557
Trading profit before exceptional items°	588	325	173
Profit before exceptional items and taxation	514	280	163
Exceptional items before taxation	(108)	(94)	(595)
Net profit (loss) attributable to parent company	188	25	(621)
<b>Earnings and dividends</b>			
Earnings (loss) per £1 Ordinary Share			
Continuing operations – before exceptional items	37.3p	19.6p	3.2p
Total earnings (loss)	26.0p	17.9p	(79.9)p
Dividend per £1 Ordinary Share (note 2, page 23)	27.5p	27.5p	55.0p

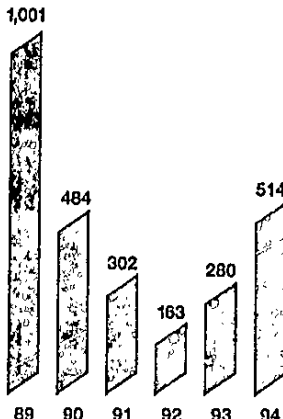
Turnover

£ billion



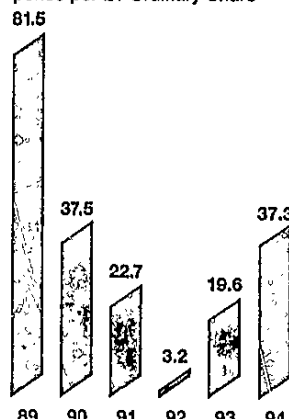
Profit before exceptional items and taxation

£ million



Earnings before exceptional items

pence per £1 Ordinary Share



\* Continuing operations – unless otherwise stated, all comparative figures refer to ICI's continuing operations which exclude the results of Zeneca and the Group's European fibres business.

† Restated, see note 5, page 24.

° Unless otherwise stated, all references to trading profit are in respect of trading profit before exceptional items.

# ICI today

paints

materials

explosives

industrial chemicals  
Chemicals & Polymers (C&P) and Tioxide

regional businesses

ICI Paints is a world leader in decorative paint, coatings for food and drinks cans, and refinish paints for vehicles. It owes its success to excellent customer service, innovative technology and strong brands such as 'Dulux', 'Glidden' and ICI Autocolor.

ICI Materials produces chemicals and related materials from which products can be fabricated. It focuses on acrylics (used for coatings, baths, lighting products and vehicle components); on high-performance plastic films (uses range from packaging to data storage); and on polyurethanes for applications such as insulation, seat cushioning, shoe soles and adhesives.

ICI Explosives is the world's leading supplier of blasting services including industrial explosives and initiating systems for the mining, quarrying and construction industries. Other activities include making components for vehicle airbags.

C&P is one of the world's largest manufacturers of industrial chemicals. It includes the high-growth, global businesses of pure terephthalic acid (PTA), 'Melinar' PET resins, surfactants, catalysts and 'Klea' CFC-replacements.

Tioxide is a world's second largest producer of titanium dioxide pigments, used to give whiteness and opacity to products such as paints, plastics, textiles, inks and coatings.

Where market conditions and ICI's strengths offer clear competitive advantages, the Group invests in opportunities outside its global businesses. Within their markets, ICI's regional businesses aim to excel against both local and international competition.

**Herman Scopes**  
Chief Executive Officer

**Bill Madden**  
Chief Executive Officer

**Peter Clinch**  
Chief Executive Officer

**Mike Brogdon**  
Chief Executive Officer, C&P  
**Alan Pedder**  
Chief Executive Officer, Tioxide

Each regional business is managed locally.



Trading profit  
Turnover

**£600m**  
net operating assets and capital under construction

15,400 employees



Trading profit  
Turnover

**£1,250m**  
net operating assets and capital under construction

8,400 employees



Trading profit  
Turnover

**£350m**  
net operating assets and capital under construction

13,700 employees



Trading profit  
Turnover

**£2,200m**  
net operating assets and capital under construction

17,800 employees



Trading profit  
Turnover

**£810m**  
net operating assets and capital under construction

10,900 employees

ICI has emerged from recession with a strong balance sheet, sound strategies, a competitive cost base, innovative technology and well established positions for its main products in many markets. We are hungry for growth.

# chairman's statement

1994 was a better year for the Group. As I had predicted, ICI benefited from the recovery in the world economic cycle.

Sales rose by 9 per cent to £9.2 billion. Profit before exceptional items and tax was 84 per cent higher at £514 million and cash flow was extremely strong with net gearing falling to 3 per cent. The Board has declared a second interim dividend of 17.0p to bring the total for the year to 27.5p.

Corporate governance properly continues to attract a great deal of public attention. ICI's long established record in this area was recognised in January this year when the Company became the first winner of the British Quality of Governance award. This accolade is also a tribute to our Non-Executive Directors whose wisdom, integrity and international experience contribute significantly to our corporate decision making.

As part of good governance, we have always communicated frankly and openly with our shareholders on issues such as directors' contracts and remuneration. This year, you will find an even fuller statement of each director's emoluments in the Notes to the Summary Financial Statement on page 24 of this document. I hope shareholders will find this helpful.

Congratulations are due to our Chief Executive, Ronnie Hampel, who received a knighthood in the 1995 New Year's Honours. As we announced last June, he will succeed me as Chairman on 27 April and Charles Miller Smith, who recently joined us from Unilever, will take his place as Chief Executive on the same date.

Sir Ronald and Mr Miller Smith will make a powerful team. Their particular blend of ICI continuity and external experience will bring precisely the qualities we need to maintain the Group's momentum, and I will hand over my responsibilities with great confidence.

On 1 January 1995 we welcomed George Simpson as a Non-Executive Director. He is Chief Executive of Lucas Industries and his wide business experience will be of great benefit.

Colin Short will retire at the end of April. During his five years on the Board, Colin has made a valuable contribution to the Group and I particularly welcomed his support during the demerger process when he and I worked closely together. We will all miss his calm, expert guidance and wish him well for the future.

At the conclusion of this year's AGM, I shall myself retire after eight exciting and fulfilling years as Chairman. Those years have not been short of challenges with the Stock Market collapse of October 1987, the longest recession for 60 years, the chaos in Eastern Europe which affected the defence and aerospace industries, and the emergence of a rapidly growing chemical industry in Asia Pacific, bringing with it both threats and opportunities. There were also momentous changes in ICI itself – not least the demerger of Zeneca.

The decisions associated with these changes have been difficult and often painful. Nevertheless, the ICI team has responded vigorously to secure the long term prosperity of the Group in today's fiercely competitive world climate.



Throughout this turbulent period, I have greatly appreciated the support of ICI's shareholders as we have sought, year on year in good times and bad, to enhance the value of the Group. I am also extremely grateful for the loyalty and dedication of our employees generally and my close colleagues in particular. I am proud to have served as Chairman of this great Company with its strong tradition of style, quality and good fellowship which I have striven to maintain.

We shall continue to move forward under an excellent management team who are hungry for growth. I wish them every success – plus that little bit of good fortune we all need!

**Sir Denys Henderson**  
Chairman

# chief executive's review



**We now have a family of businesses able to form the core of a growing ICI Group... The task now is to build on the considerable opportunities for growth contained in our chosen portfolio... As we pursue the growth opportunities, we will in no way slacken our resolve to control costs and improve our productivity continuously.**

This has been a year of considerable achievement in increasing value for our shareholders. By the end of 1994, our performance in profit and cash was ahead of the market's expectations, and our own, at the time of demerger. With no real help from the global economic upturn until the last quarter, our progress was largely the result of our own efforts in the form of cost-cutting and higher productivity. For this achievement, our employees throughout the world deserve much credit.

Reviews of our individual businesses appear on the following pages, so I need not go into detail here. However, I would like to draw attention to the main themes underlying the year's performance.

## **Productivity and reshaping**

Firstly, greater productivity across all our businesses has contributed to an increase in return on assets. We have stretched the capacity of many of our plants and benefited from business re-engineering as well as the more traditional control of costs. Staff numbers in the Group are down by 6 per cent, after adjusting for acquisitions and divestments, while sales have increased by 9 per cent.

Secondly, we have continued to reshape the portfolio in order to focus still more closely on ICI's global strengths. We have floated EVG International, our joint venture in polyvinyl chloride (PVC), and successfully sold our remaining stake in AECL, following last year's reorganisation in South Africa under which we acquired a majority share

of AECL's explosives division. We have also disposed of our holding in Chemical Company of Malaysia while retaining our stake in ICI Paints (Malaysia). Shortly after the year end, we completed an agreement to divest C&P's ethylene oxide and derivatives business.

## **Expansion**

Thirdly, we have pursued opportunities for profitable growth. The opening by the Chairman of a new paint factory in China marks our first manufacturing presence in this vast potential market. I had the pleasure of opening the new 'Klea' 134a plant in Japan – our third in five years. Other expansions, either sanctioned or announced, include new capacity for 'Klea' 134a in the USA, a new US 'Melinar' plant, an MDI plant in Holland for Polyurethanes, a paint factory in Indonesia, new capacity for pure terephthalic acid (PTA) in Taiwan and, in Pakistan, an expansion of capacity in polyester fibre.

In addition, Paints acquired two new businesses in the USA and Australia, and Explosives has signed an agreement to explore the possibility of joint manufacturing ventures with the Government of China. We are also building a pipeline in Australia to supply competitively-priced ethane to our petrochemical complex at Botany Bay.

## **Corporate culture**

Fourthly, we have kept up the momentum in creating a new corporate culture. Structures have

been streamlined with greater emphasis on autonomy, accountability and achievement. New training programmes are helping employees to understand the principles of shareholder value and how they themselves can enhance it. The results are coming through in that staff at all levels are becoming more financially aware. Managers are noticeably more prudent in their use of cash and this has contributed to ICI's strong cash position.

After intensive restructuring, we now have a family of businesses able to form the core of a growing ICI Group. Of course some restructuring will always be necessary and this year's further rationalisation in Explosives is an example. That said, the task now is to build on the considerable opportunities for growth contained in our chosen portfolio. We are well placed to do so.

#### **Towards our targets**

As I mentioned in my statement last year, we will measure our progress principally by return on net assets. Last year's figure was over 10 per cent and is a considerable improvement on a year ago. However, all in ICI recognise that it still falls short of our target of 20 per cent per annum averaged over five years. As we pursue the growth opportunities, we will in no way slacken our resolve to control costs and improve our productivity continuously.

Progress will also be measured by our record on safety, health and the environment. This year had its setbacks in the tragic deaths of 12 employees and three contractors – 11 of them in

our explosives operations in South Africa. The sympathies of the Board go to all those affected. No death is acceptable and we will not be satisfied until accidents at work are a thing of the past.

Sadly, these losses came in a year when ICI's overall record was improving. Our new unified policy on safety, health and the environment underlines the importance of an integrated approach and has helped to reduce the number of lost-time injuries to a new low. For the first time this year, one of our businesses – ICI Acrylics – achieved a full 12 months with no lost-time injuries at all. That is our ambition for the Group as a whole.

#### **The environment**

ICI's environmental record continues to improve. Our programme of defining the problems inherited from the past is now largely complete and the task of resolving them is well in hand. Our strategy is to ensure that new products and processes do not create problems for the future. Some of our 1995 environmental targets – set in 1990 – have already been met and new goals are now being agreed as we look towards the end of the decade. Details of our environmental performance are in the separate report that accompanies this document.

#### **Improving performance**

A year ago I looked forward to an improving performance in 1994. My confidence has been more than justified. Everyone in ICI can be proud of the achievements of the last

#### **Sir Denys Henderson**

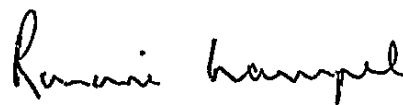
**Denys Henderson retires from ICI at the 1995 Annual General Meeting after 38 years of service – the last 15 on the Board and as Chairman since 1987.**

**His contribution to the Group is immense. We on the Board will miss his leadership, his judgement, his balance and his steadfastness in times of pressure. He will be remembered above all – and deserves so to be – as the Chairman who had the courage to question the fundamental structure of the Group and then to preside over the successful demerger of Zeneca.**

**All in ICI wish him a long, healthy and happy retirement.**

12 months and my thanks go to all our staff for their contribution.

The key now is to grow selectively in our core businesses while continuing the drive for productivity. The winners in our industry will be those that can do both. ICI intends to be among them.



**Sir Ronald Hampel**  
Chief Executive



# board of directors

Left to right/back row – Roger Hurn, Alan Spall, Miss Ellen Schneider-Lenné, Mike Brogden and Colin Short.  
Front row – Sir Antony Pilkington, Sir Ronald Hampel, Sir Denys Henderson, Charles Miller Smith, George Simpson and Rob Margetts.

## Sir Denys Henderson

A Director since 1980 and Chairman since 1987. He will retire on 27 April 1995. He is also Chairman of Zeneca Group PLC and The Rank Organisation Plc, and a Non-Executive Director of Barclays PLC and The RTZ Corporation PLC. Aged 62.

## Sir Ronald Hampel

A Director since 1935 and Deputy Chairman and Chief Executive since 1993. He will succeed Sir Denys Henderson as Chairman with effect from 27 April 1995. He is also a Non-Executive Director of British Aerospace PLC, the Commercial Union Assurance Company plc and the Aluminium Company of America. Aged 62.

## C Miller Smith

Appointed a Non-Executive Director in 1993 and an Executive Director in October 1994, he will succeed Sir Ronald Hampel as Chief Executive with effect from 27 April 1995. He is also a Non-Executive Director of Midland Bank PLC. Aged 55.

## Sir Antony Pilkington

Appointed a Non-Executive Director in 1991. He is also Chairman of Pilkington plc. Aged 59.

## Miss Ellen R Schnelder-Lenné

Appointed a Non-Executive Director in 1991. She is a member of the Board of Managing Directors of Deutsche Bank AG and a Director of Morgan Grenfell Group plc. Aged 52.

## C M Short

A Director since 1990, he has territorial responsibility for the Eastern Hemisphere. He is also a Non-Executive Director of United Biscuits (Holdings) plc. He will retire on 30 April 1995. Aged 60.

## R J Margetts

A Director since 1992, he is Group Personnel and Group Research and Technology Director, and has territorial responsibility for the Western Hemisphere. He is also a Non-Executive Director of English China Clays plc. Aged 48.

## F R Hurn

Appointed a Non-Executive Director in 1993. He is also Chairman and Chief Executive of Smiths Industries plc, and a Director of S G Warburg Group plc. Aged 53.

## A G Spall

Appointed a Director in January 1994, he is Group Finance Director and has overview responsibility for Insurance, Investments and property. Aged 50.

## M E Brogden

Appointed a Director in May 1994, he is Group Planning and Group Safety, Health and Environment Director, and is Chief Executive Officer of ICI Chemicals & Polymers. Aged 56.

## G Simpson

Appointed a Non-Executive Director in January 1995. He is also Chief Executive of Lucas Industries plc and a Director of Pilkington plc. Aged 52.

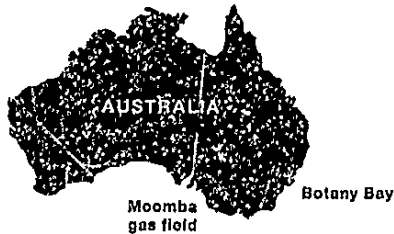
Under Article 74 of the Company's Articles of Association, Mr M E Brogden and Mr G Simpson retire together with Mr R J Margetts, Sir Antony Pilkington and Miss Ellen R Schneider-Lenné who retire under Article 92. All are recommended for re-election.

Mr M E Brogden and Mr R J Margetts each has a service contract with the Company, which is subject to termination by either party giving not less than two years' notice to expire on, or at any time after the third anniversary of the date of appointment.

The Audit Committee and the Remuneration and Nomination Committee comprise all the Non-Executive Directors, except that the Chairman is a member of the Remuneration and Nomination Committee when acting as a Nomination Committee.

### Advanced new plastic

In July, ICI announced its decision to build the world's largest single stream plant for PET resin, the raw material for plastic bottles. The new plant in the USA will produce 'Laser +', an advanced version of ICI's 'Melinar' PET which has proved immensely popular with bottle makers in recent years.



### Australian pipeline

ICI Australia secured a ten-year supply of ethane – an economic, environmentally-friendly alternative to its present feedstocks. A new 1,380 km, underground pipeline will carry the ethane from South Australia's Moomba gas field to ICI's ethylene plant at Botany. The switch to ethane will make ICI Australia one of the world's most cost-effective ethylene producers.

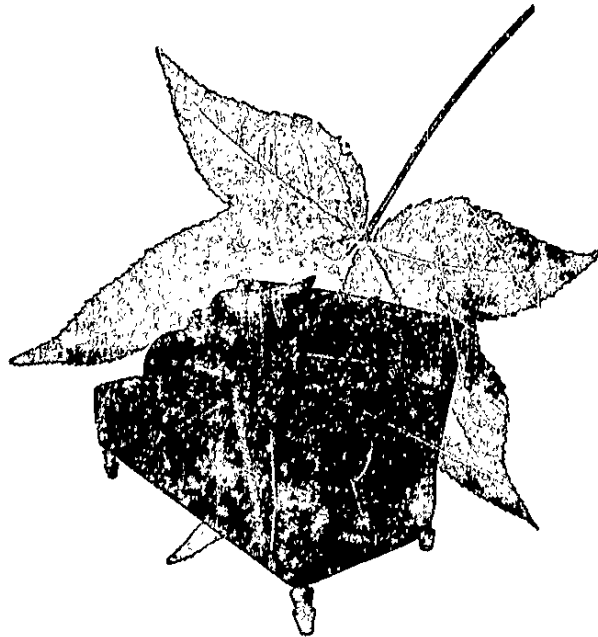
### Tioxide success

In the first year of its joint-venture manufacturing operation in the USA, Tioxide sold the entire production from its half-share in the new titanium dioxide plant in Louisiana. It is now looking at ways to extend the plant's capacity in order to sustain its growing share of the global market.

## a year of achievement

### Unique cushioning

First launched at the Milan Furniture Fair in 1993, ICI's 'Waterlily' comfort cushioning has completed its first year of sales and has been welcomed by designers and furniture makers for its unique technical properties. The environmental benefits were recognised by an award from the US Environmental Protection Agency.

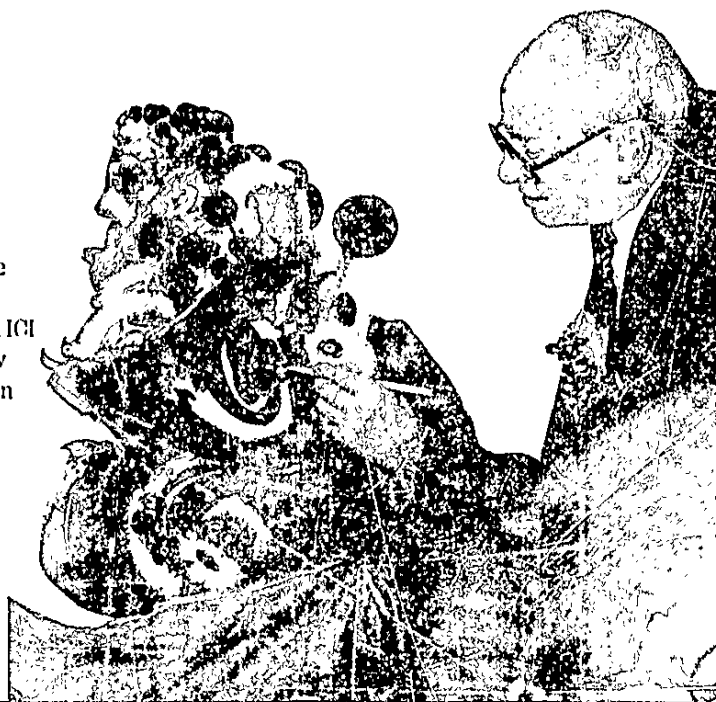


### Paints in China

In March, the Chairman, Sir Denys Henderson, opened a new \$15 million paint factory in China. This is ICI's first manufacturing venture in China and an important advance in this huge potential market.

### Components for cars

In North America, half the airbags in new cars now include components from ICI Explosives. A third of new air-conditioning systems in North American vehicles use ICI's CFC-alternative, 'Klea' 134a.



# it all starts with the customer

**ICI succeeds by understanding what customers want and being fast on its feet to meet their needs. World leading technology, skilled people, a responsive organisation and a commitment to working in partnership all contribute to its customers' prosperity and success.**

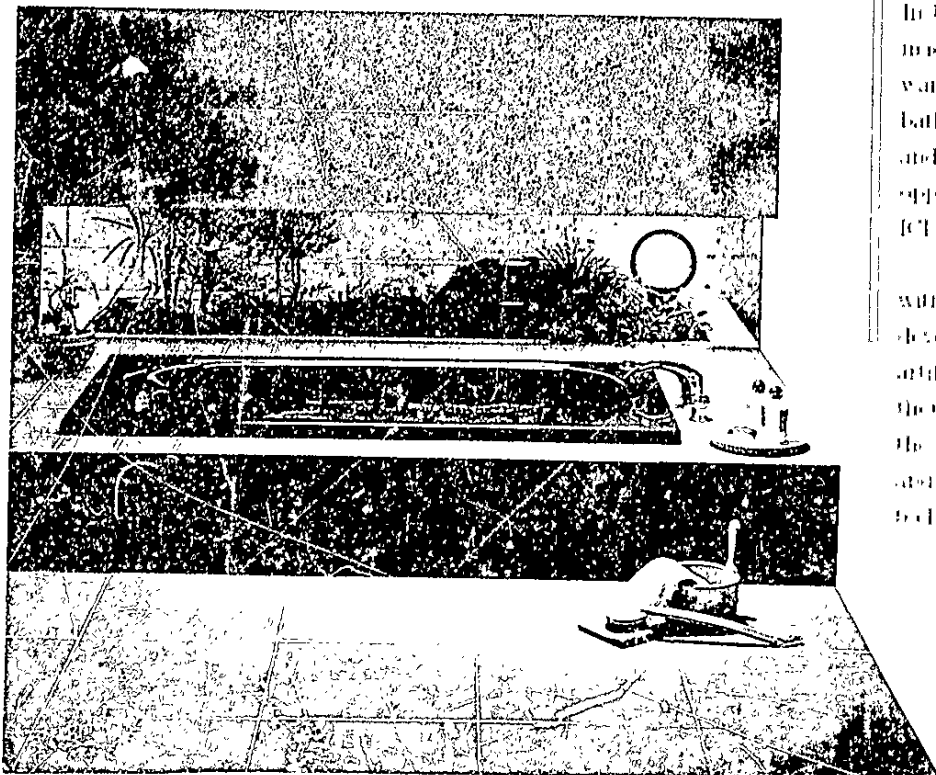
## Bath appeal

"We chose 'Asterite' because it offered design flexibility and an excellent range of colours and textures. These features helped us to develop our own unique products."

Kyoichi Inoue, President  
Cleanup Corporation Japan

In Japan, hot tub baths have traditionally been made of stamless steel. Realising that consumers wanted something new and different, Japanese bath manufacturers Iseba, Matsuda, Hoshino and Cleanup Corporation saw a market opportunity to develop new materials that ICI was willing to licence to Japan.

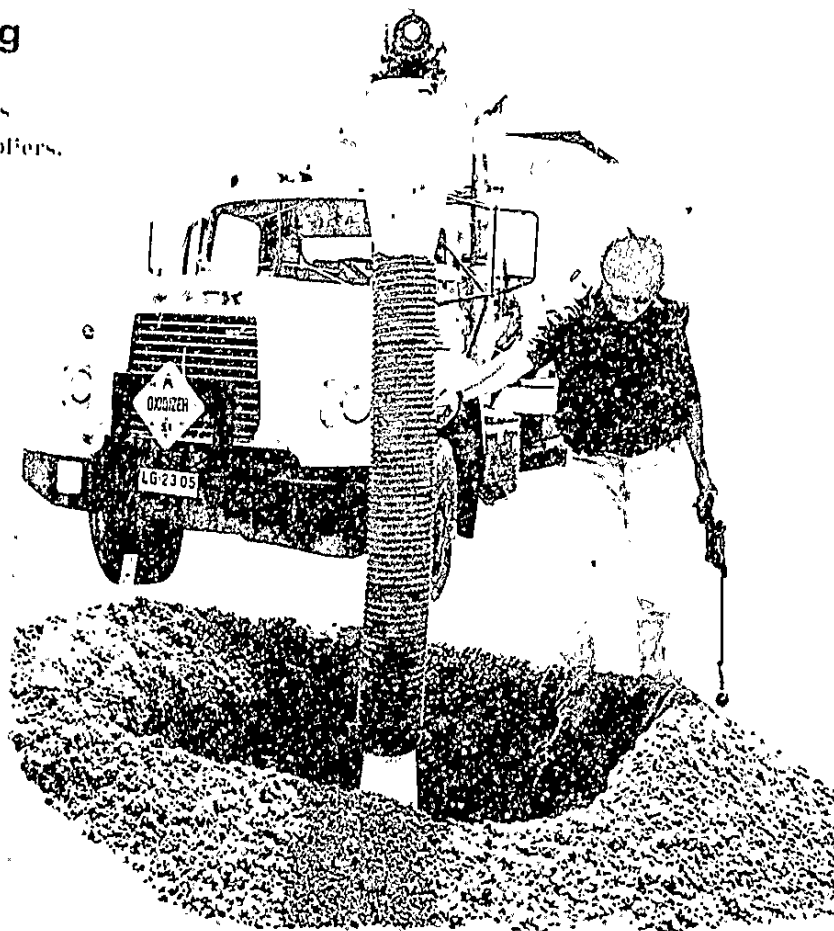
Working closely with its customers, and with their customers, the general public, ICI developed a new formulation of 'Asterite', artificial marble. Among other benefits, the high thermal resistance of 'Asterite' immediately set the Japanese firm toward Iseba's plan, bath-filled and heated 24 hours a day. ICI also provided technical assistance to help its customers switch their manufacturing to the new material. Sales have soared and 'Asterite' now accounts for a growing proportion of new baths in Japanese homes.



## Cutting the cost of blasting

"It is Disputada's policy to implement continuous improvement programmes with all its major suppliers. ICI Explosives played a pioneering role in the implementation of such initiatives."

Ivan Atoche,



## New material, faster production

"In 1991 we became the first company in Europe to make two litre Coca Cola contour bottles. We owe part of this success to 'Melinar' which guaranteed good bottle strength and excellent shape retention."

"Now, with the unmatched re-heat properties of 'Laser +', we can blow bottles even faster and have raised our productivity by over ten per cent."

Dr. Pietro Bruseschi,



ICI paint covers  
more houses in  
more countries  
than any other.

# paints



	91	92	93	94
Turnover	1,540	1,691	1,712	
Trading profit	115	101	122	

**"After several years of intensive change, ICI Paints is the most sharply-focused coatings enterprise in the world. Our dedication to three core activities, backed by unrivalled coverage of North America, Europe and Asia Pacific, puts us in a powerful position as the paints industry becomes more international.**

**"We're now structured in a way that allows our people to concentrate on the essentials – serving the customer, developing exciting new products, improving our manufacturing processes and adding to the value of the business. The prospects in all our main markets are encouraging. The challenge now is to build on the strengths we have developed over recent years."**

Herman Scopes – Chief Executive Officer

In a difficult market, a combination of outstanding service and high-quality, innovative products produced a 21 per cent rise in ICI Paints' trading profit.

The business faced stiff competition, generally sluggish markets and sharp increases in the price of raw materials and packaging. Consumers, particularly in North America and Europe, remained extremely price-conscious, so higher costs had to be absorbed by improvements in efficiency and productivity.

Sales continued to grow strongly in Asia Pacific, supported by extensions to existing factories in Thailand, Taiwan and Australia and by new plants in Malaysia and China. The Chinese plant, opened in March, is the Group's first in the country. China offers great potential for sales and ICI Paints is rapidly expanding its distribution network. This year, 100 more Colour Centre display shops were opened in Chinese towns and cities.

In Europe, there was good progress in France, Germany, Ireland and the Benelux countries. Results in North America were an improvement on 1993.

Users of coatings are constantly looking for better performance, easier application and greater value for money. ICI Paints has responded during the year in a number of ways. 'Aquabase', the revolutionary, water-based car refinish paint, has been made available in more markets. The range of can coatings has been broadened, particularly in the Americas. The decorative range in the UK and Continental Western Europe has been supplemented with new products such as 'Roller Coaster', 'Ultra', 'Brushwood', 'Onetua', 'Creatone', 'Silk Reflex' and 'Quantum', each offering fresh benefits to the customer. And the introduction of 'Dulux' in the USA has taken ICI Paints' flagship brand into the world's biggest market.

The business completed two acquisitions – Deccatrend, a California-based chain of stores for the professional painter; and Cabots, a supplier of woodcare products in Australia.

**"We're now clearly concentrating on the three strong businesses where ICI Materials enjoys competitive advantages and good prospects for growth. We're seeing the benefits of all the streamlining of the last few years and we're pressing on towards even greater productivity. The imperatives now are to grow globally and increase our profitability by offering our customers quality, differentiated products based on strong research and development."** Bill Madden – Chief Executive Officer

# materials

ICI Materials continues to focus on its three global businesses – acrylics, films and polyurethanes. These now account for over 90 per cent of turnover and all three have seen markets improving during the year. North America has been particularly strong, Europe has improved significantly and Japan has shown signs of recovery.

The second half of the year brought a sharp rise in the price of key raw materials, particularly in acrylics. Although its own product prices have improved, ICI Materials has suffered a squeeze between buying and selling prices.

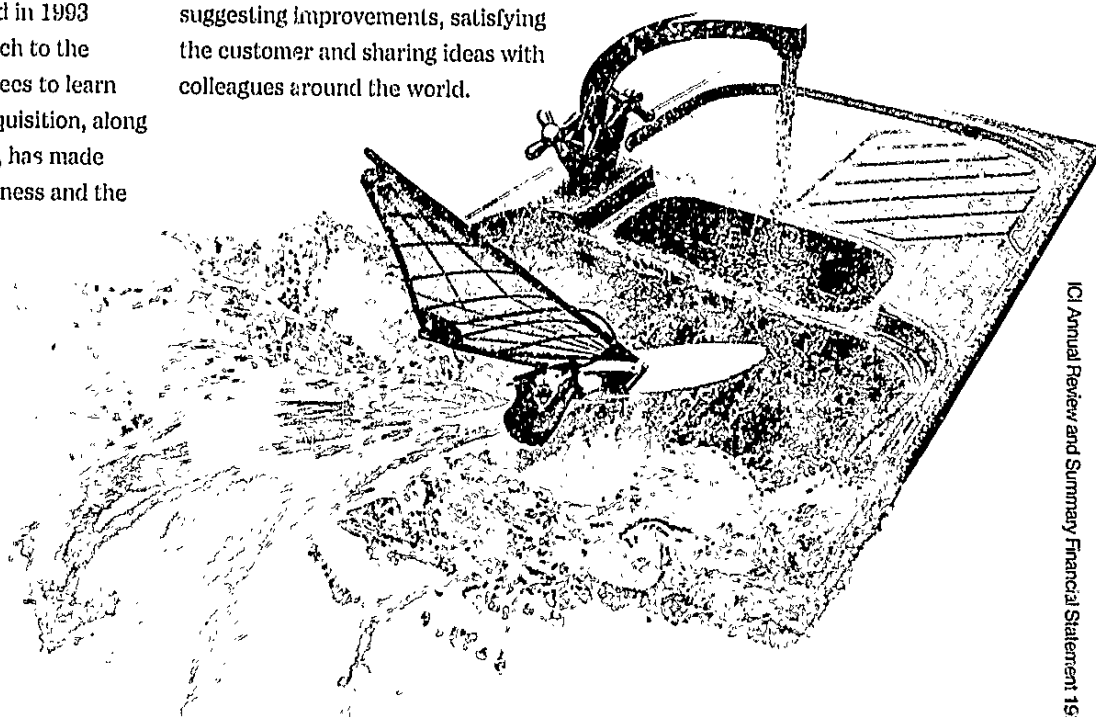
ICI Acrylics has now integrated the US business acquired in 1993 and its success owes much to the willingness of all employees to learn from each other. The acquisition, along with recent investments, has made ICI Acrylics a global business and the

world's largest producer of methyl methacrylate. The financial benefits of the acquisition have been partly offset this year by the rise in raw material prices and production difficulties in Europe. However, the benefits should become more apparent in 1995.

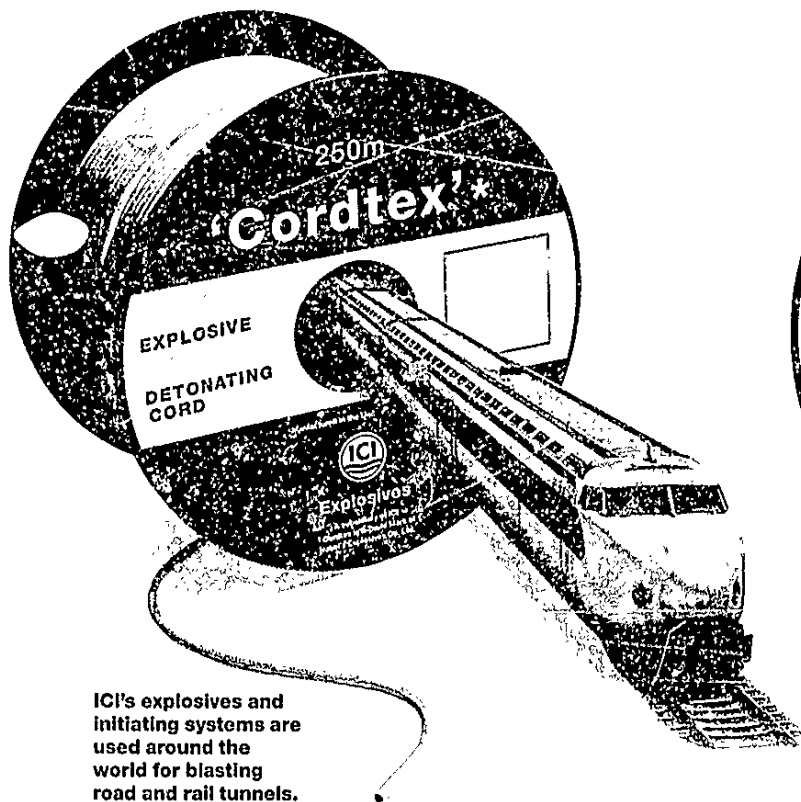
ICI Films has concentrated on making its plants more productive and now produces far more from the same assets than it did a year ago. It has extended its product range, particularly in packaging, and today is better able to supply exactly what its customers want. In a clear change of culture, staff at every level are more willing to take the initiative in suggesting improvements, satisfying the customer and sharing ideas with colleagues around the world.

ICI Polyurethanes faces rising demand, particularly as many of its products have attractive environmental advantages. Plants are fully loaded and in many cases capacity has been increased. In October, the business announced its intention to build a large MDI plant in Holland – MDI being the basis of most of its products. The innovative, cushioning material, 'Waterlily', has had a successful first year in the market. Designed to offer better environmental performance throughout its lifecycle, it recently won an International award from the US Environmental Protection Agency.

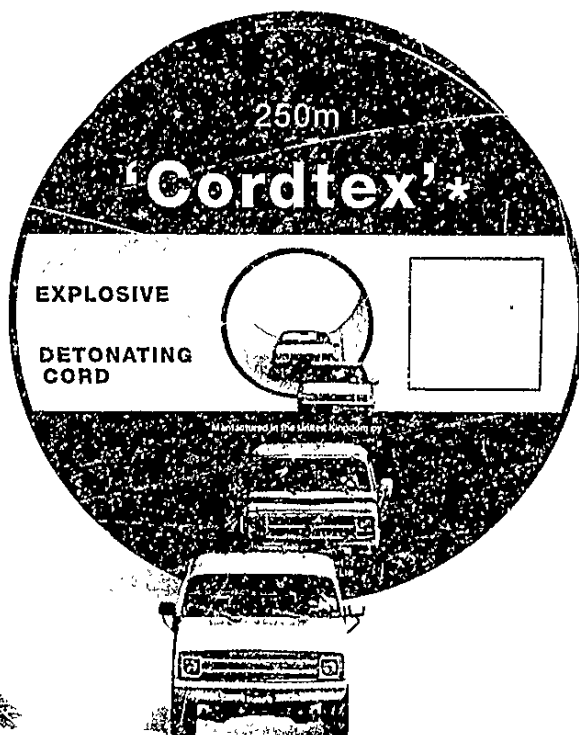
	91	92	93	94
Turnover	1,226	1,494	1,748	
Trading profit		14	76	



From sails to kitchen sinks, ICI has helped to make the material.



ICI's explosives and initiating systems are used around the world for blasting road and rail tunnels.



# explosives

**"We're determined to remain the world's number one explosives company. As opportunities increase, we're expanding capacity across the whole spectrum of our business from ammonium nitrate production, to small-scale plants on site at our customers' mines and quarries, to new detonator assembly lines.**

**"Our aim is to use technology to help our customers succeed. That means going where the mining industry goes and solving problems on the spot. Our growth depends on small, scattered teams of ICI people giving terrific service to their customers."**

**Peter Clinch - Chief Executive Officer**

Despite strong growth in sales and profits in Australia, Asia and South America, overall financial performance in 1994 was disappointing.

In South Africa, demand was seriously affected by the election and subsequent labour unrest. In addition, two separate explosions, with the tragic loss of eleven lives, have accelerated the closure of some plants and the decision to restructure the business using more modern products and processes.

The North American explosives business reported lower profits due to intense competition and substantial increases in the cost of major raw materials. In the UK, losses increased as demand continued to decline with the closure of more coal mines.

The widening geographic spread of the mining industry, together with the introduction of new products, has resulted in decisions to scale down or close old sites. An exceptional charge of \$80 million to cover restructuring

and closure costs has been provided in the 1994 accounts.

The mining industry continues to seek new, lower cost operations across the globe and ICI is responding by building dedicated explosives plants to support new mines. New facilities include plants in Ghana, Chile, Vietnam and Indonesia with further plants and joint ventures under investigation in several countries.

The new ammonium nitrate plant in Australia is to be doubled in size to keep pace with demand. ICI Explosives is also doubling its capacity for making initiating systems with new facilities in Australia, India, Brazil and South Africa. Further growth and investments are planned for the automotive airbag sector, and the environmental services business in the USA is commissioning its high technology incinerator for civil and military waste explosives.

# industrial chemicals

## Chemicals & Polymers

**"After three difficult years of recession, the self-help measures that raised C&P's profits last year have now been augmented by recovery in our markets. We're determined that these measures should continue during the upswing to make us still more competitive and to protect the business against future downturns."**

**"Success depends on empowered people. During the year, our staff have responded magnificently by getting the best from our plants and working hard at pleasing our customers. Thanks to their efforts, we've achieved a first-class performance."**

**Mike Brogden** – Chief Executive Officer, ICI Chemicals & Polymers

As world economies improved, so did the markets for most of C&P's products. Selling prices have risen, though many have some way to go to reach those of the late 1980s and justify reinvestment.

The benefit from stronger markets has reinforced the improvement in performance resulting from the radical internal changes of the last few years. Restructuring, cutting costs, raising quality and boosting productivity were having a major impact before the recovery began. As markets improve, the continued emphasis on self-help measures is adding impetus to C&P's progress.

When recovery began, it was crucial that C&P's plants were able to respond – as indeed they did. With many at full stretch, C&P has been working hard to increase capacity.

It was a good year for the growth businesses of PTA, 'Melinar' PET resins, surfactants, catalysts and the CFC-replacement, 'Klea'. Common to all these businesses is technological leadership based on world-class research and processes. In each case there are plans to build on success by expanding capacity still further.

In July, ICI announced a \$100 million investment in 'Melinar' PET capacity in the USA to meet rapidly growing demand. The Group is also planning a second PTA plant in Taiwan alongside the first, which is now at full capacity just a little over two years from its opening. Along with another projected PTA plant in Pakistan, the Taiwanese plant will use advanced technology to achieve low-cost production.

Petrochemicals and fertilizers showed an encouraging recovery, but chlor-alkali products remained under competitive pressure for much of the year.

Industrial chemicals			
Turnover	3,577	3,699	3,881
Trading profit	(17)	103	265

In order to focus on its growth businesses, C&P has divested its West European polypropylene business, its polyols business in the USA and The Monckton Coke & Chemical Company Limited in the UK. EVC, the Group's joint venture in PVC, was successfully floated on the Amsterdam Stock Exchange. In February 1995, C&P completed the disposal of the ethylene oxide and derivatives business.

**Shampoo without tears from Johnson & Johnson – thanks to surfactants from C&P.**



# industrial chemicals

## Tioxide

**"In the last few years, Tioxide has built up the assets, technologies and market positions it needs for future profitable growth. We intend to use these strengths to expand in our chosen markets, particularly North America and Asia Pacific, while maintaining our leadership in Europe.**

**"By focusing on sectors where Tioxide has a competitive advantage, and by developing products specifically for these sectors, we hope to enjoy the benefits not only of world economic recovery but of greater added value."**

Alan Pedder - Chief Executive Officer,  
Tioxide Group Limited

1994 brought a sharp recovery in demand as continental Europe followed the USA and the UK out of recession and Japan's economy began to improve. A balance of supply and demand has allowed prices to rise, though they still lag well behind their pre-recession levels. The expected growth in demand in 1995 should lift prices further in all Tioxide's markets.

Despite the recession, Tioxide has invested heavily to bring all its plants into line with environmental standards around the world. This year saw the commissioning of new environmental projects in the UK, France, Spain, Italy, Australia and South Africa. In addition, the recently acquired chloride-process plant in Louisiana, USA, and a new sulphate-process plant in Malaysia both came fully on stream.

The task of starting up so much new production so quickly presented problems at some of the plants. These, however, were resolved during the year and Tioxide was able to increase both its sales and its market share.

The new investments provide environmentally sound capacity just at a time when world demand is recovering. They give Tioxide a strong manufacturing presence in the three main regions of Europe, North America and Asia Pacific as well as in South Africa. They also provide a good balance between the chloride and sulphate production routes.

Tioxide has completed the process of focusing its business on three market sectors - coatings, plastics and specialities. Having thoroughly overhauled its manufacturing, research and marketing functions, it is now concentrating on developing its product line and introducing specialised products within these sectors. It has also set up a new business, Tioxide Materials, to find markets for co-products from the manufacturing process.

Strength in research has made possible a further group of businesses that are helping to extend the range and make Tioxide less susceptible to the economic cycle. These include innovative products such as advanced engineering ceramics, 'Spectraveil' inorganic dispersants increasingly used in cosmetics and suncreams, and a widening range of organometallic compounds for end uses such as catalysts and adhesion promoters.



**'Spectraveil' products from Tioxide -  
a revolution in sunscreen technology.**



ICI invests in strong businesses  
in selected local markets.

£m	92	93	94
turnover	1,322	1,416	1,477
trading profit	8%	45	80

# regional businesses

**ICI invests in businesses that create value for shareholders. These include not just the global businesses of Paints, Materials, Explosives, Chemicals & Polymers and Tioxide, but also a number of regional businesses where ICI is strong in the local market.**

As with the global businesses, ICI continues to streamline its regional portfolio in order to focus on its strengths. During 1994 it completed the disposal of some of its businesses in India and Argentina. It also sold its stake in Chemical Company of Malaysia Berhad to a management buy-out while retaining its 60 per cent holding in ICI Paints (Malaysia) Sdn. Bhd.

Elsewhere ICI invested heavily, sanctioning \$250 million in capital projects for regional businesses.

Well over half of ICI's regional sales are in **Australia**. Although drought affected the fertilizers and crop-care businesses, the improving Australian economy produced better results in the chemicals businesses. Plastics, in particular, benefited from rising demand, lower feedstock costs and better international prices, all helped by further rationalisation and strenuous efforts to reduce costs. Two big investments – the ethane pipeline mentioned on page 7 and further capacity in PVC – are important steps

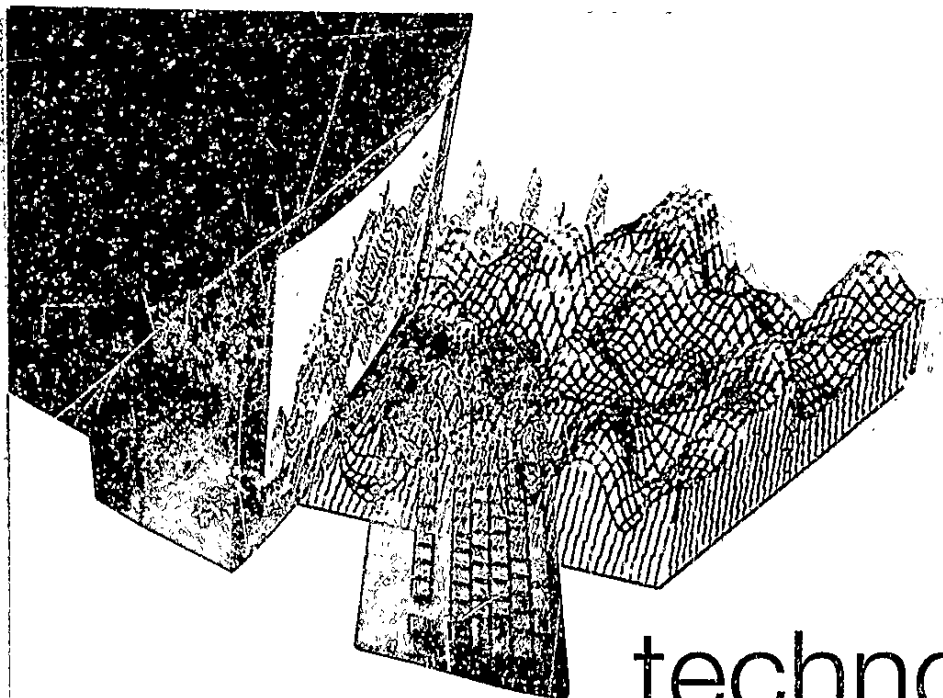
in making ICI Australia a world-competitive business.

In **Pakistan**, polyester fibres had an excellent year and the Group has sanctioned a further expansion of capacity. The strong growth of the country's fibres industry is one of the factors that has led C&P to consider building a PTA plant in Pakistan. The soda ash business also performed well and an extension to the plant was commissioned ahead of schedule in December.

In **India**, sales and trading profit both rose. In rubber chemicals, the price-weakening effect of cheap imports was more than countered by greater efficiencies and lower fixed costs.

In **Canada**, the Forest Products business improved its performance as a result of vigorous cost reductions and more favourable market conditions.

The Duperial Group in **Argentina** had a better year after recent restructuring and now looks set to benefit from the country's economic growth.



The ability to plot the surface topography of polyester film in minute detail helps ICI Films to endow its products with new and valuable properties.

# research, technology and engineering

**The products and processes generated by ICI's research, technology and engineering (RT&E) are central to the Group's ambition of enhancing shareholder value. RT&E helps the Group to outflank its competitors and satisfy its customers more fully. It strengthens the ICI of today and renews it for the future.**

1994 has brought further innovation across the Group.

In France and Germany, Paints has launched new gloss and semi-gloss paints with better coverage and half the solvent levels of existing products. It has also introduced a waterborne exterior woodstain system in the UK; waterborne spray-applied linings for the insides of food cans in the USA; and 'Mouldshield' paints from Paints in Australia for use in tropical climates.

Films has the broadest portfolio of polyester films in the industry. The 'Melinex' range has been extended with an easily-peelable seal for yogurt pots and ready-meal containers along with new environmentally-friendly films for labels and food packaging.

Polyurethanes has replaced CFC blowing agents with water in most of its foams.

Explosives uses a suite of computer models to supply sophisticated blasting services to the world's mines and quarries. Its advanced product and process technology provides strong competitive edge as it seeks out new opportunities in countries such as China.

Chemicals & Polymers has further developed its process technology for PTA, 'Melinar' PET and 'Klea' and added new products to its range of PET resins, lubricants, surfactants and environmental catalysts.

Tioxide is developing innovative products such as advanced engineering ceramics, UV-absorbing inorganic dispersants and organo-metallic compounds.

To achieve this spectrum of results, ICI spends around £250 million a year on R&T, including technical service, and has over 4,000 people working full-time in RT&E.

These staff apply their expertise directly to ICI's products and processes. The Group has a core of science and technology skills ranging

from colloids and catalysts to process technology, engineering and manufacturing. These capabilities are networked across ICI so that any business can draw at any time on the Group's total resource.

ICI's core skills are kept up to date through joint research projects in universities around the world. Money spent on academic collaboration rose sharply in 1994 and now totals around £5 million a year.

An important development in 1994 was the emergence of ICI Engineering Technology and its relocation to the technical centres at Runcorn and Wilton in the UK. ICI's corporate engineering staff provide skills and processes vital for business advantage but not sustainable in any one business. The move integrates ICI's engineering capability with the technological and business concerns of the wider Group, so making RT&E projects faster and more effective.

The new subsidiary, Eutech Engineering Solutions Limited, offers engineering services to customers both inside and outside the Group and has just completed a successful first year of trading.

# safety, health and the environment

**The Group remains committed to a constantly improving record on safety, health and environmental performance.**

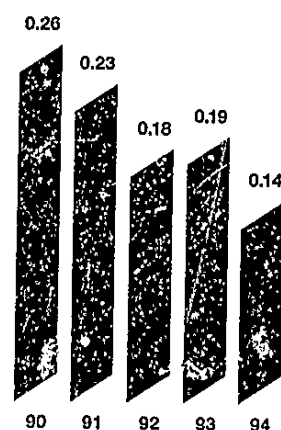
ICI deeply regrets that twelve employees and three contract workers died on Group business in 1994. Eleven employees died in two separate incidents at ICI's explosives operations in South Africa. After a review by the ICI Executive Directors, the local management has been reinforced and better safety programmes have been implemented.

Despite these sad events, the overall number of reportable injuries fell to a new low during the year. New initiatives have heightened safety awareness among employees and contractors across the Group.

The inaugural winner of the Chief Executive's Safety Award was a team from Paints in Malaysia which achieved remarkable safety standards during the building of a new factory. The 300-strong construction force – mainly contract workers – passed 500,000 man hours without a reportable injury.

ICI makes comprehensive provision for occupational healthcare for its employees and others on site. It also provides all necessary information to its customers to enable its products to be used safely.

Group reportable injuries per 100,000 working hours



The Group has also made further progress towards the environmental objectives it set itself in 1990. Details are in the environmental report issued with this Review.

## ICI's people

**The Group's overall aim is to maximise value for its shareholders. This means releasing the energy of ICI's people and stripping away anything that stifles their creativity.**

In 1994, the average number of people employed by the worldwide Group was 67,500. Of this total, 31 per cent are in the UK, 9 per cent in Continental Europe, 22 per cent in the Americas, 20 per cent in Asia Pacific and 18 per cent in other countries.

The reshaping and cost-cutting of the last few years have created a flatter, leaner organisation with

devolved responsibilities and fewer obstacles to quick decision-making. These changes are helping to foster the responsive, entrepreneurial spirit of a small organisation within the framework of a large one. The aim is a Group in which everybody knows what is expected of them, has the freedom to take initiatives, is accountable for the result and is properly rewarded for their contribution. Only by becoming this kind of organisation will ICI continue to deliver excellent products and service to its customers.

The Group's training and education are aimed at creating just such a culture. The worldwide Shareholder

Value programme encourages staff to identify with their businesses and understand how their actions can help or hinder the growth of shareholder value.

The Group's worldwide expenditure on charitable donations in 1994 amounted to £2.0 million. Of this total, £0.9 million was spent in the UK. In addition, £1.0 million was spent by local units in the UK on community projects. These units also gave some 45 years of staff time to their communities. Within the UK, ICI also spent £1.0 million on academic liaison and related activities. As in previous years, the Company made no donations for political purposes.

# financial review

## Summary Directors' Report :

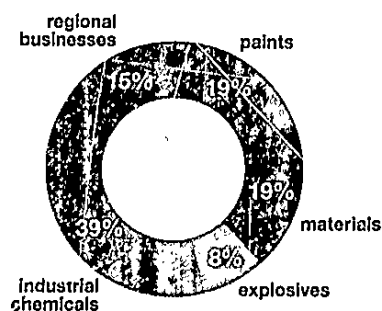
A review of the business during 1994 and an indication of the future developments in the Group are given in the Chairman's Statement, the Chief Executive's Review and the Business Review on pages 3 to 15 which are adopted as part of this Report.

## Economic background and turnover

Growth in the OECD at nearly 3% was more than double the rate in 1993 with industrial production recovering even more strongly. The US and UK economies expanded rapidly and Continental Europe recovered from the sharp fall of 1993. Japan also started to recover in the second half of the year.

Total chemical demand in ICI's markets rose by about 5% compared to 1% in 1993 whilst ICI's own sales volumes grew by 7%. Exchange rate movements had little effect on the year's results. Despite much greater demand for chemical products, 1994 was another year of fierce competition making it difficult to raise selling prices, except in Industrial Chemicals' markets in the second half of the year.

## Turnover by business sector



Group turnover of £9,189m was 9% above 1993 reflecting improved

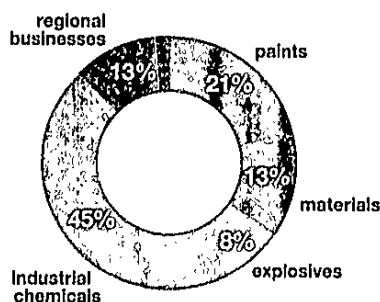
volumes in all geographic markets and selling prices which, on average, were 2% higher.

Encouraging improvements in sales volumes occurred in all businesses except Explosives. Increased turnover in Explosives was primarily due to the inclusion of AECI Explosives Ltd (AEL). Price increases in Industrial Chemicals also made a significant contribution but turnover was affected by the sale of the US polyols and European polypropylene businesses.

## Profits before exceptional items

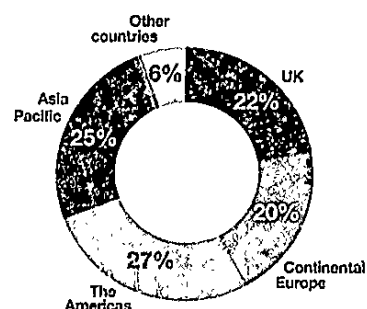
At £588m trading profit was over 80% higher than in 1993, due mainly to the effects of price and volume partly offset by higher raw material costs, primarily in Materials.

## Trading profit before exceptional items by business sector



Significant improvements arose in Industrial Chemicals with profits of £265m up by 157% and Materials, where profits have grown fivefold to £76m strengthened by the US Acrylics business acquired in 1993. Regional businesses increased profits by 78%, due mainly to an improved performance in ICI Australia's chemicals business and in Argentina following withdrawal from the PVC business.

## Turnover by market



Income from associated undertakings fell sharply by £31m to £14m, due mainly to the Group's disposal of its holding in AECI Limited.

Net interest payable of £88m was slightly less than in 1993, reflecting the lower average level of net indebtedness and the repayment of some high coupon borrowings.

Profit before tax for the year at £514m was 84% higher than in 1993.

The taxation charge was £182m giving an effective rate of 35%. This reflected the utilisation of tax losses in certain overseas subsidiaries as these returned to profit. No ACT was written off in the year.

## Productivity

Productivity continued to improve in terms of both turnover per employee (up from £120,000 in 1993 to £136,000) and added value per employee (up from £35,000 to £40,000 in 1994).

During 1994 the major cost reduction and restructuring programmes initiated in 1990 and 1992 contributed an additional £100m to Group pre-tax profit. The annualised rate of savings at the end of the year was £475m compared with 1990. Staff numbers adjusted for divestments and acquisitions fell by 6% in the year.

## Exceptional items

The charge against trading profit of £67m was in respect of the restructuring of the Explosives operations, principally in the USA, the UK and South Africa.

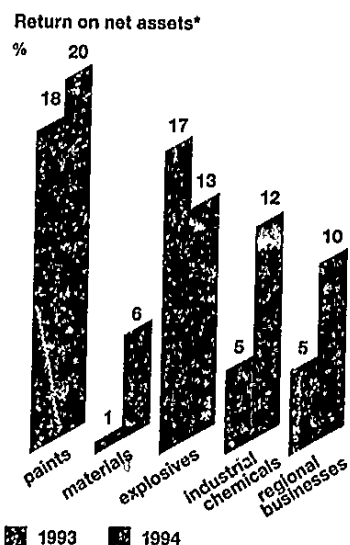
The charge against associated undertakings was in respect of exceptional asset write-downs by EVC prior to its flotation. The flotation of EVC, together with the reduction of ICI's holding and the transfer of its related operations to EVC, resulted in a total charge to profit and loss account of £112m.

Net losses on sale or closure of operations included the costs of withdrawing from the nitroglycerine explosives business, the sale of related operations to EVC, the sales of the US polyols and European polypropylene businesses and of ICI's shareholding in Chemical Company of Malaysia Berhad.

Profits on the disposal of fixed assets related to the sale of part of the Group's holding in EVC, the disposal of the remaining holding in AECL and ICI's interest in Westralian Sands Limited.

## Earnings and dividends

The Group continues the drive to improve its return on net assets.



\* trading profit as a % of net operating assets and capital under construction

Earnings from continuing operations before exceptional items increased by over 90% to £270m (1993 £141m). This represented earnings per £1 Ordinary Share of 37.3p compared with 19.6p in the previous year. After exceptional items, total earnings for the year were £188m equivalent to 26.0p per share.

The Annual General Meeting will be asked to confirm a second interim Ordinary dividend to shareholders of 17.0p per £1 Ordinary Share as the final dividend for 1994, payable on 26 April 1995. Together with the interim dividend of 10.5p per £1 Ordinary Share paid on 3 October 1994, this makes a total cash dividend of 27.5p for the year. The gross equivalent including the related tax credit is 34.4p, and the payment of these dividends requires appropriations totaling £199m of which £11m will be met from reserves.

The dividend remains unchanged from 1993 but dividend cover, before exceptional items, has improved to 1.4. The Board's objective is to build dividend cover and to ensure that the future level of dividends will reflect the strength and sustainability of underlying earnings through the trade cycle.

## Investments and disposals

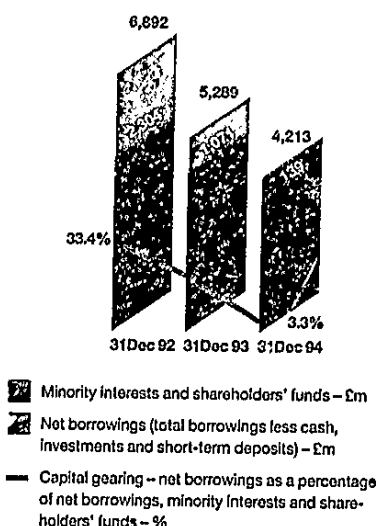
Capital expenditure authorised in 1994 amounted to £613m. Major sanctions included the world's largest single stream plant to manufacture 'Melinar' PET in the USA, a 1,380 km ethane pipeline in Australia, a major polyester fibre expansion in Pakistan, additional airbag initiator capacity in North America, increased 'Klean' 134a capacity in the USA and a new decorative paint plant in Indonesia.

Acquisitions in the year included decorative paint outlets in the west of the USA, and a small strategic stake in China's largest polyester fibre producer.

The major disposals in 1994 have already been referred to above.

## Capital gearing

£ million



## Cash flow and finance

The Group's cash flow was strong during the year and capital gearing fell to 3.3%.

The net cash inflow from operating activities was £888m compared to £1,026m in 1993 (which included £200m from the pre-demerger Zeneca operations). Working capital increased only marginally despite a significant increase in sales.

Income from investments was down by £54m reflecting the disposal of the shareholding in AECL, and net interest payable was reduced due to lower net indebtedness.

Tax payments were down due mainly to tax repayments associated with loss relief claims.

Expenditure on fixed assets amounted to £373m and was similar to the 1993 level for continuing operations. Acquisitions of £37m included AEL, and disposals of £310m included £83m in respect of EVC and £80m in respect of AECL.

Net cash inflow, before financing, totalled £775m, of which £223m was used to reduce borrowings and, after taking into account share issues in respect of options, the Group's cash and cash equivalents increased by £562m.

The management of the Group's cash flows continues to be given the highest priority.

# summary group profit and loss account

for the year ended 31 December 1994

	Notes	1994			Total	1993†			Total
		Continuing operations		Discontinued operations		Continuing operations		Discontinued operations	
		Before exceptional items £m	Exceptional items £m	£m		Before exceptional items £m	Exceptional items £m	£m	
<b>Turnover</b>	1	<b>9,189</b>	–	–	<b>9,189</b>	8,430	–	2,262	10,632
<b>Trading profit (loss)</b>	1	<b>588</b>	<b>(67)</b>	–	<b>521</b>	325	–	294	619
Share of losses less profits of associated undertakings		14	(70)	–	(56)	45	–	2	47
Losses less profits on sale or closure of operations		–	(39)	–	(39)	–	(94)	(59)	(153)
Profits on disposal of fixed assets		–	70	–	70	–	–	–	–
<b>Profit (loss) on ordinary activities before interest</b>	1	<b>602</b>	<b>(106)</b>	–	<b>496</b>	370	(94)	237	513
Net interest payable		(88)	–	–	(88)	(90)	–	(63)	(153)
<b>Profit (loss) on ordinary activities before taxation</b>		<b>514</b>	<b>(106)</b>	–	<b>408</b>	280	(94)	174	360
Tax on profit (loss) on ordinary activities		(132)	18	–	(164)	(101)	(18)	(70)	(189)
<b>Profit (loss) on ordinary activities after taxation</b>		<b>382</b>	<b>(88)</b>	–	<b>294</b>	179	(112)	104	171
Attributable to minorities		(62)	6	–	(56)	(38)	(4)	–	(42)
<b>Net profit (loss) for the financial year</b>		<b>270</b>	<b>(82)</b>	–	<b>188</b>	141	(116)	104	129
Dividends	2								
Cash					(199)				(199)
Demerger									(363)
					(199)				(562)
<b>Loss retained for year</b>					<b>(199)</b>				<b>(433)</b>
<b>Earnings (loss) per £1 Ordinary Share</b>	3	<b>37.3p</b>	<b>(11.3)p</b>	–	<b>26.0p</b>	19.6p	(16.1)p	14.4p	17.9p

Note: Directors' remuneration is set out in note 4, page 23.

## statement of group total recognised gains and losses

for the year ended 31 December 1994

	Notes	1994 £m	1993† £m
<b>Net profit for the financial year</b>		<b>188</b>	129
Currency translation differences on foreign currency net investments and related loans		(96)	(23)
Share of other reserve movements of associated undertakings and other items		(7)	–
<b>Total recognised gains and losses relating to the year</b>		<b>85</b>	106
Prior year adjustment	5	(95)	–
<b>Total gains and losses recognised since last annual report</b>		<b>(10)</b>	106

† Restated figures

# summary group balance sheet

at 31 December 1994

	1994 £m	1993† £m
<b>ASSETS EMPLOYED</b>		
<b>Fixed assets</b>		
Tangible assets	3,861	4,324
Investments	171	458
	4,032	4,482
<b>Current assets</b>	4,972	4,747
<b>Total assets</b>	9,004	9,229
<b>Creditors due within one year</b>	(2,608)	(2,452)
<b>Net current assets</b>	2,364	2,295
<b>Total assets less current liabilities</b>	6,396	6,777
<b>FINANCED BY</b>		
<b>Creditors due after more than one year</b>		
Loans	1,522	1,717
Other creditors	95	123
	1,617	1,840
<b>Provisions for liabilities and charges</b>	675	680
<b>Deferred income: Grants not yet credited to profit</b>	30	39
<b>Minority interests – equity</b>	339	330
<b>Shareholders' funds – equity</b>		
Called up share capital	724	722
Reserves	3,012	3,166
<b>Total capital and reserves attributable to parent company</b>	3,736	3,888
	6,396	6,777
<b>Capital gearing</b>		
Net borrowings (total borrowings less cash, current asset investments and short-term deposits) as a percentage of net borrowings, minority interests and shareholders' funds.	3.3%	20.2%

## reconciliation of movements in shareholders' funds

for the year ended 31 December 1994

	1994 £m	1993† £m
Net profit for the financial year	188	129
Dividends		
Cash	(199)	(199)
Demerger		(363)
Loss retained for year	(11)	(433)
Issues of ICI Ordinary Shares	10	67
Goodwill movement	(46)	80
Other recognised losses related to the year	(103)	(23)
<b>Net reduction in shareholders' funds</b>	<b>(152)</b>	<b>(309)</b>
Shareholders' funds at beginning of year (1994 originally was £3,935m (1993 £4,286m) before deduction of prior year adjustment of £95m (£89m))	3,998	4,197
<b>Shareholders' funds at end of year</b>	<b>3,736</b>	<b>3,888</b>

† By the Directors

Financial statements for the year ended 31 December 1994

# statement of group cash flow

for the year ended 31 December 1994

	1994 Pm	1993 Pm
<b>Cash inflow from operating activities</b>		
Net cash inflow from trading operations	1,002	1,100
Outflow related to exceptional items	(444)	(270)
<b>Net cash inflow from operating activities</b>	<b>558</b>	<b>1,020</b>
<b>Returns on investments and servicing of finance</b>		
Interest and dividends received	105	159
Interest paid	(182)	(254)
Dividends paid by parent company	(195)	(318)
Dividends paid by subsidiary undertakings to minority interests	(32)	(20)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(308)</b>	<b>(433)</b>
<b>Tax paid</b>	<b>(93)</b>	<b>(144)</b>
<b>Investing activities</b>		
Capex expenditure on tangible fixed assets	(373)	(485)
Acquisitions and new fixed asset investments	(37)	(286)
Disposals	310	413
Repayment of debt by Zeneca	568	1,364
Purchase of short-term investments and deposits	(175)	(436)
Cash and cash equivalents of Zeneca at date of demerger		(153)
<b>Net cash inflow from investing activities</b>	<b>293</b>	<b>447</b>
<b>Net cash inflow before financing</b>	<b>775</b>	<b>896</b>
<b>Financing</b>		
Issues of ICI Ordinary Shares	10	67
Net decrease in loans	(199)	(379)
Net decrease in lease finance	(30)	(15)
Net increase (decrease) in short-term borrowings	6	(3)
Issue of shares to minorities by subsidiary undertakings	-	6
<b>Net cash outflow from financing</b>	<b>(213)</b>	<b>(324)</b>
<b>Increase in cash and cash equivalents</b>	<b>562</b>	<b>572</b>

## auditors' statement

To the Members of Imperial Chemical Industries PLC.

We have examined the Summary Financial Statement on pages 18 to 24

### Respective responsibilities of directors and auditors

The Summary Financial Statement is the responsibility of the Directors. Our responsibility is to issue an independent opinion on the Summary Financial Statement.

### Basis of opinion

We conducted our examination in accordance with guidelines issued by the Auditing Practices Board and followed such procedures as we considered necessary to support our opinion. Our report on the Group's full annual accounts describes the basis of our audit opinion on those accounts.

### Opinion

In our opinion the Summary Financial Statement is consistent with the Annual Accounts and Directors' Report of Imperial Chemical Industries PLC for the year ended 31 December 1994 and complies with the requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

London  
6 March 1995

**KPMG**  
Chartered Accountants  
Registered Auditors

The Auditors' Report on the full accounts for the year ended 31 December 1994 was unqualified and did not include a statement under sections 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 238 (failure to obtain necessary information and explanations) of the Companies Act 1985.

# notes relating to the summary financial statement

## 1 Segment information

CLASSES OF BUSINESS	Turnover		Operating profit (loss)		Discontinued operations	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
Paints	1,712	1,691	122	101	117	127
Materials	1,749	1,494	76	14	83	(81)
Explosives	786	643	45	51	(35)	51
Industrial Chemicals	3,881	3,691	265	103	253	102
Regional Businesses	1,477	1,416	30	45	134	21
Inter-class eliminations	(415)	(373)	-	11	-	11
Share of losses less profits of associated undertakings					(56)	45
	<b>9,189</b>	<b>8,562</b>				
Sales to discontinued operations	-	(132)				
	<b>9,189</b>	<b>8,430</b>	<b>588</b>	<b>325</b>	<b>496</b>	<b>276</b>
<b>Discontinued operations</b>						
Sales to continuing operations	-	2,256	-	294	-	237
	-	(54)				
	-	2,202	-	294	-	237
	<b>9,189</b>	<b>10,632</b>	<b>588</b>	<b>619</b>	<b>496</b>	<b>513</b>

## 2 Dividends

	1994 pence per £1 Share	1993 pence per £1 Share	1994 2m	1993 £m
Interim, paid 3 October 1994	10.5p	10.5p	76	76
Second interim, to be confirmed as final, payable 26 April 1995	17.0p	17.0p	123	123
	27.5p	27.5p	199	199
Demerger dividend - This comprised the net assets of Zeneca at date of demerger				363
			199	562

## 3 Earnings (loss) per £1 Ordinary Share

Earnings (loss) per £1 Ordinary Share has been calculated based on the average Ordinary Shares in issue during the year, weighted on a time basis	million 723	million 719
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## 4 Remuneration policy and directors' contracts, emoluments and interests in share options

The Company pays competitive wages and salaries to its employees around the world. These include incentive payments which reward enhanced shareholder value. Levels of pay and the structure of arrangements in each country reflect the competitive environment in that country. Whilst ICI does not have global pay scales, it has to have regard to its need to be able to move staff around the world.

The contracts and emoluments of executive directors and senior executives are determined by the Remuneration and Nominations Committee ('the Remuneration Committee'), which for this purpose is composed wholly of non-executive directors of the Company. The remuneration package comprises short and long term and longer term benefits, with the incentive element geared to shareholder value enhancement.

**Service contracts** - Normally executive directors are employed on rolling contracts subject to two years' notice at any time save

on first appointment, when the contract is for an initial period of three years. Contracts expire at normal retirement age of 62. Sir Denys Henderson's contract as Chairman, and Sir Ronald Hampel's contract as Chief Executive, expire at the conclusion of the AGM in 1995.

**The short-term benefits** - are an annual salary, health plan and pension benefits and participation in the Annual Performance Related Bonus Scheme. No annual cost of living or inflation adjustment is made, but each year the salary scale is measured against external benchmarks to ensure it remains competitive. Annual assessment of each individual executive director's performance is carried out by the Remuneration Committee.

**1994** there was no adjustment to the executive directors' salary scale and no salary increase was awarded to any executive director, including the Chairman and Chief Executive.

# notes relating to the summary financial statement

## 4 Remuneration policy and directors' contracts, emoluments and interests in share options (continued)

The level of bonus (if any) under the Annual Performance Related Bonus Scheme is determined by the Remuneration Committee on the basis of criteria established at the beginning of the year.

*For 1994 the bonus for executive directors was linked entirely to increased earnings per share ("EPS"). The trigger point was established at a covered dividend of 27.5p. This figure was above the budget accepted by the Board as the 1994 plan and significantly above the 19.6p EPS achieved in 1993. The 37.3p achieved EPS in 1994 has resulted in the payment of a bonus at the maximum level of 40%. The level of bonus paid in 1993 was 10%; no bonuses were paid in the previous four years.*

*The medium-term benefit* – is the Bonus Conversion Plan, designed to encourage the conversion of any annual bonus into shares in the Company and the holding of those shares for a minimum of three years. Shares purchased in the Plan are released at the end of a three year retention period and are then matched by an equal number of shares by the Company on which the individual is required to pay income tax.

*The long-term benefit* – is the Share Option Scheme under which options over the Company's Ordinary Shares may be granted each year to executive directors and senior executives at a multiple of 0.8 times salary for directors (except on first appointment) subject to an overall maximum holding of four times salary.

*Post-retirement benefits* – All executive directors, other than Mr C M Short and Mr C Miller Smith, are members of the ICI Pension Fund, which is open to all UK employees. The Company made a contribution for all employees, including executive directors in the ICI Pension Fund, at a rate of 13.68% of salary in 1994 except for the Chairman and Sir Ronald Hampel, who are the last two long serving members of the Pension Fund whose contributions were capped at significantly lower levels.

Mr C Miller Smith has a Funded Unapproved Pension Scheme to which the Company makes a contribution equivalent to 25% of his salary. Mr C M Short is entitled by contract to an unfunded pension from the Company on retirement.

Emoluments of directors	1994				1993
	Salary £000	Benefits £000	Bonus £000	Total £000	Total £000
<b>Remuneration of executive directors</b>					
Sir Denys Henderson – Chairman	313	6	125	444	493
Sir Ronald Hampel – Chief Executive	425	12	170	607	479
C. Miller Smith (appointed executive director 1 October 1994)	87	3	35	125	
M. E. Brogden (appointed 1 May 1994)	167	7	67	241	
C. Hampson (retired 29 April 1994)	100	4	40	144	342
R. J. Margetts	250	8	100	358	255
C. M. Short	300	17	120	437	353
A. G. Spall (appointed 1 January 1994)	250	8	100	358	
Directors who ceased to be directors of ICI on demerger of Zeneca					367
	1,892	65	757†	2,714	2,289
<b>Fees to non-executive directors</b>				97	194
<b>Pension fund contributions</b>				111	70
<b>Total emoluments</b>				2,922	2,553
Remuneration of executive directors 1993	1,815	60	414		

† Excludes the benefit of shares under the Bonus Conversion Plan (see The medium-term benefit, above) which will be included in emoluments in the year in which the benefit of the extra shares provided by the Company is received by the director.

### Interests in share options

Directors at 31 December 1994	1 January 1994	Options granted		Options exercised			31 December 1994			
	Number	Number	Weighted average price £	Number	Exercise price £	Market price £	Number	Weighted average exercise price £	Date from which exercisable	Expiry date
Sir Denys Henderson	177,765						177,765	5.79	2.4.89	28.5.02
Sir Ronald Hampel	281,926						281,926	6.03	2.4.89	24.6.03
C. Miller Smith		178,300	7.85				178,300	7.95	7.11.97	7.11.04
M. E. Brogden	34,500*			1,000	5.26	7.76½	33,560	6.47	3.4.94	22.3.04
R. J. Margetts	154,092	1,371	6.34				155,463	6.00	2.4.89	25.11.03
C. M. Short	52,199						52,199	6.90	3.4.94	25.11.03
A. G. Spall	15,500	58,664	7.53				74,164	7.35	24.6.96	22.3.04

\* Interest at date of appointment.

No options lapsed during the year. The options outstanding are exercisable at prices between £4.97 and £7.85. The market price of the shares at 31 December 1994 was £7.48½ and the range during 1994 was £7.28½ to £8.67½.

## 5 Restatement

All comparative figures for 1993 have been restated to reflect the adoption of the accounting requirements in respect of accounting for post-retirement benefits other than pensions.

## 6 Approval of Summary Financial Statement

This Summary Financial Statement was approved by the directors on 6 March 1995 and signed on their behalf by Sir Denys Henderson and Mr A G Spall

# shareholder information

## Quarterly results

Unaudited trading results of the ICI Group for 1995 are expected to be announced as follows:

First quarter	27 April 1995
Half year	27 July 1995
Nine months	26 October 1995
Full year	22 February 1996

## Dividend payments

A second interim dividend for the year 1994, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 27 July 1995 to Ordinary shareholders registered in the books of the Company on 23 March 1995. Dividends are normally paid as follows:

First interim: Announced with the Half year results and paid in early October.  
Second interim: Announced with the Full year results and paid in late April.

## Taxation

In certain circumstances, when a shareholder in the UK sells shares, his liability to tax in respect of capital gains is computed by reference to the market value of the shares on 31 March 1982 adjusted for inflation between that date and the date of disposal. The market value of ICI Ordinary Shares at 31 March 1982, for the purposes of capital gains tax, was 309p.

Shares in Zeneca acquired on demerger from ICI will be treated as having a base cost for capital gains tax purposes ascertained by reference to the values of ICI and Zeneca shares on 1 June 1993 calculated in accordance with the provisions of Section 272 of the Taxation of Chargeable Gains Act 1992. The base cost of any holding of ICI shares on that date will be adjusted on the same basis.

The relevant prices on The London Stock Exchange on 1 June 1993 were:

ICI – 631.75p and Zeneca – 625.75p.

Base costs in the pre-demerger ICI shares will, therefore, be split between the post-demerger ICI and Zeneca shares in the proportion:

ICI – 0.50239 and Zeneca – 0.49761.

The Company is not, and has not been, a close company within the provisions of the Income and Corporation Taxes Act 1988.

## Auditors

The remuneration and expenses of the Auditors in respect of the statutory report to the members

of the Company for the year 1994 amounted to \$289,000 (1993: \$282,000). The total figure for the Group was \$3.5m (1993: \$3.4m) 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 subsidiaries operate.

## Shareholders

The following table analyses the holdings of £1 Ordinary Shares at the end of 1994:

Size of holding	Number of Ordinary shareholders' accounts	Number of shares	%
1-250	120,899	14,432,716	2.0
251-500	65,419	24,400,468	3.4
501-1,000	46,844	33,901,775	4.7
1,001-5,000	25,204	44,149,636	6.1
5,001-10,000	809	5,753,751	0.8
10,001-50,000	762	16,219,501	2.5
50,001-1,000,000	775	171,565,418	23.7
Over 1,000,000	91	411,474,652	56.8
All holdings	260,803	723,897,914	100.0

In addition to the number of registered shareholders shown, there are approximately 43,000 holders of American Depositary Receipts (ADRs). The ADRs, each of which is equivalent to four £1 Ordinary Shares, are issued by Morgan Guaranty Trust Company of New York.

As at 21 February 1995 (one month prior to the date of Notice of Meeting) Morgan Guaranty Trust Company of New York had a non-beneficial interest in 97,811,423 Ordinary Shares of the Company (13.51% of the issued Ordinary Share Capital), all of which were registered in the name of their nominee company, Guaranty Nominees Limited, in respect of ADRs. No other person held an interest in shares, comprising 3% or more of the issued Ordinary Share Capital of the Company, appearing in the register of interests in shares maintained under the provisions of Section 211 of the Companies Act 1985.

ICI Ordinary Shares are listed on The London Stock Exchange and other major European stock exchanges. In the form of ADRs, they are also listed on the New York Stock Exchange.

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 12 months can be inspected by any shareholder or ADR holder during normal business hours at the offices of ICI at 9 Millbank, London, SW1P 3JF and at Olympic Tower, 645 Fifth Avenue, New York.

## Personal Equity Plans (PEPs)

Details of the ICI General PEP and the ICI Single Company PEP may be obtained from The Plan Manager, Bradford & Bingley (PEPs) Limited. Telephone helpline: (01274) 565677.

## Registered Office

Imperial Chemical House  
Millbank  
London SW1P 3JF  
Telephone: (0171) 334 4444

## Registrar and Transfer Office

ICI Parkinson  
PO Box 251  
Wexham Road  
Slough SL2 5DP  
Telephone: (01753) 877008

## Auditors

KPMG  
8 Salisbury Square  
Blackfriars  
London EC4Y 8BB

Design  
Bamber, Forsyth Limited

Text  
The Company Writers Limited

Printed in England  
By Walmoughs

Our objective is to maximise value for our shareholders by focusing on businesses where we have market leadership, a technological edge and a world competitive cost base. We will promote a culture of continuous improvement in everything we do.

## operating and financial review

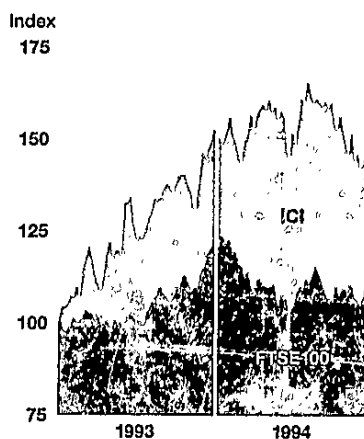
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### CREATING VALUE

ICI's objective is to maximise value for its shareholders. This will be achieved by:

- Providing unrivalled, international service to its customers.
- Focusing on businesses which are, or can become, world leaders and which offer potential for profitable growth.
- Completing the restructuring which will make ICI competitive in all its markets.
- Investing selectively in growth opportunities where ICI enjoys technological or other advantages.
- Increasing the Group's presence in the fast-growing markets of Asia Pacific.
- Investing in research and technology to strengthen existing businesses, develop innovative products and processes and create new businesses to regenerate the Group.
- Maintaining high standards of safety, health and environmental performance.

### Share price and FTSE 100 share price Index



Source: Datastream

The ICI share price prior to 1 June 1993 has been adjusted to reflect the demerger of Zeneca.

### ECONOMIC BACKGROUND

#### The market

As the economic recovery gathered pace in 1994, demand and activity in the leading industrialised economies strengthened considerably. The economies in the Organisation of Economic Co-operation and Development (OECD) grew by nearly 3%, more than double the rate in 1993,

OECD industrial production, which fell slightly in 1993, recovered strongly to grow by over 3%.

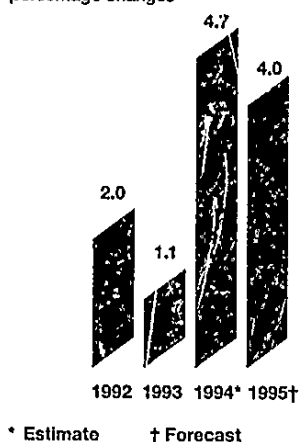
This overall improvement reflected developments in all ICI's main markets. The US and UK economies expanded rapidly through the year, although interest rates were raised on several occasions to dampen demand. GDP and industrial production in Continental Europe recovered well from the sharp falls of 1993. Growth in Asia Pacific was at much the same high rate as in 1993, helped by strong expansion in Australia. The Japanese economy started to recover in the second half of the year.

Faster economic growth was accompanied by much greater demand for chemicals and by higher chemical production in most of ICI's markets.

Unless otherwise stated, the Operating and Financial Review refers to ICI's continuing operations. Figures for 1993 have been restated to account for post-retirement benefits other than pensions. See note 2, page 15.

# operating and financial review

OECD chemical production volume  
percentage changes

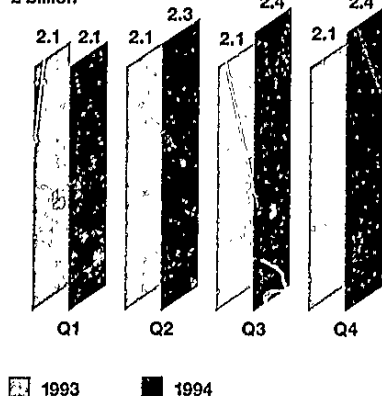


While the price of some intermediate chemical products rose sharply, final output prices increased more slowly, particularly in the first half of the year.

## Demand and volumes

Total chemical demand in ICI's markets rose by about 5% compared with only 1% in 1993. Within these markets, ICI's own sales volumes grew by 7%. Every market showed an increase with the greatest rises in Asia Pacific, USA, the UK and Germany. Sales volumes increased in all businesses, apart from Explosives where volumes were flat.

Turnover  
£ billion



ICI's total turnover increased by 9% mainly from higher volumes. Average selling prices increased by 2% and

exchange rate movements had only a minor effect on the year's results.

## Competition and prices

Despite buoyant demand and a growing take-up of capacity, 1994 was another year of fierce competition and cost-conscious customers. This made it difficult in most markets to raise selling prices. With some raw material prices increasing sharply, all businesses found their margins under pressure.

After falling in most western European countries in 1993, Industrial Chemicals' selling prices improved strongly in the latter part of 1994 in all the major OECD countries. This reflected strong demand and shortages of many commodity products, especially in North America and Asia Pacific.

## BUSINESS DEVELOPMENTS IN 1994

### Rising productivity

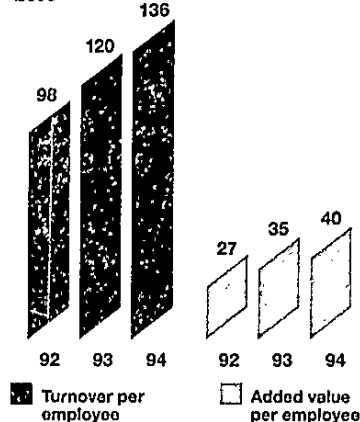
Productivity continues to improve in terms of both turnover per employee and added value per employee. A major contribution has been ICI's restructuring which has significantly reduced the break-even point for the Group. Improving productivity, both labour and capital, remains a priority for all ICI's businesses.

### Group reshaping

Since 1990, the total benefits of ICI's two major restructuring programmes have amounted to £1,130m. Annualised cost savings are now running at \$475m.

Since the publication of ICI's last Annual Report, further action has been taken.

Turnover and added value per employee  
£000



In November 1994, EVC International NV, a joint venture in PVC between ICI and EniChem S.p.A. of Italy, undertook a global offering involving the issue of new shares and the disposal of shares held by both its parents. EVC is now publicly quoted on the Amsterdam Stock Exchange with ICI's interest reduced from 50% to 15.8%.

In December, ICI sold its remaining 13.3% share in AECL Ltd. The move follows the reorganisation of ICI's interests in South Africa earlier in the year under which ICI acquired a direct 51% stake in AECL's explosives business.

The Group has also restructured its interests in Malaysia, selling its 50.1% holding in Chemical Company of Malaysia Berhad but retaining its 60% stake in ICI Paints (Malaysia) Sdn. Bhd.

Other 1994 disposals were The Monckton Coke & Chemical Company Limited in the UK; the starch-based polyols business in the USA; and the acrylics operation at Compton, California – a disposal required by the US Federal Trade Commission as part of the 1993 nylon-acrylics transactions.

These divestments reflect the Group's strategy of developing its core global businesses and concentrating resources in businesses which can grow and prosper.

# operating and financial review

## Electricity prices

In February 1994, action by the industry regulator, OFFER, halted the rising trend in electricity prices. However, power costs for large, intensive users are still much higher in the UK than in most European countries and are harming ICI's chlor-alkali business. In addition, the large fluctuations of price within short periods hinder efficient management of the business.

ICI is exploring every avenue for securing better terms, including considering a project for a gas-fired power station at Runcorn.

## INVESTMENT FOR THE FUTURE

Creating shareholder value requires market leadership, technological edge and world-competitive costs. ICI has continued to pursue these objectives by investing in its people, its plant and its research and technology.

### Training

The Group's Shareholder Value training courses help ICI's people to understand the return that shareholders expect from their investment and how the external financial markets affect the internal financial targets of each business. It also helps them see how their actions can contribute to shareholder value.

Most senior managers around the world have now attended, and the programme is cascading through the organisation, in appropriate form, to all ICI staff.

The Company's Market Focus Bureau is adding corporate management education and training to its portfolio.

## Group authorisations and expenditure on fixed assets

	Authorised			Expenditure		
	1992 £m	1993 £m	1994 £m	1992 £m	1993 £m	1994 £m
<b>Tangible fixed assets</b>						
United Kingdom	91	94	64	160	92	94
Continental Europe	50	36	45	82	68	38
The Americas	167	(12)*	187	111	78	117
Asia Pacific	109	82	230	155	93	108
Other countries	39	6	87	15	17	23
	456	206	613	523	348	385
Total authorised but unspent at end of year				463	321	549
<b>Acquisitions and new investments</b>				59	294	125
<b>Disposals</b>				(102)	(490)	(388)

\* Adjusted for Tioxide capacity in North America previously sanctioned but subsequently substituted by investment in joint venture.

## Capital expenditure

Fixed capital expenditure in 1994 stood at £385m. The figure is expected to rise in 1995 as opportunities for profitable growth in ICI's core businesses are pursued.

During the year the Group sanctioned capital expenditure of £613m. This is being spent on a large number of projects worldwide.

In the USA, C&P will expand its 'Klea' 134a plant and build a new 'Melinar' PET plant to manufacture the innovative 'Laser +' co-polymer. ICI Explosives will strengthen its position in automotive airbags with a new igniter line in the USA. ICI Paints is to build a new factory in Indonesia to help meet rising demand in Asia Pacific.

Among the regional businesses, ICI Australia will benefit from a 1,380 km pipeline carrying ethane to its plant at Botany Bay. The use of ethane, along with modifications to the plant itself, will make ICI Australia a world-competitive producer of ethylene. Following the closure of outdated assets in New South Wales, ICI Australia will also double capacity at its PVC plant in Victoria. In Pakistan, an expansion of capacity in polyester fibre

will enhance competitiveness and take advantage of a rapidly growing market.

As well as projects already sanctioned, the Group announced plans for a £100 million MDI plant in Holland for ICI Polyurethanes. It is also considering expanding its production of PTA by enlarging its plant in Taiwan and building a new plant in Pakistan.

The decision in March 1994 to take a 2.5% share in the flotation of Yizheng Chemical Fibre Company reflects the growing strategic importance of China and the value to ICI of its major PTA trading relationships in Asia Pacific. Yizheng is China's largest producer of polyester fibre.

## Research and technology (R&T)

ICI is committed to developing innovative and competitive products and processes. It currently employs over 4,000 people in research, technology and engineering. Research expenditure in 1994 totalled \$241m, including \$57m spent on technical service.

ICI continues to make its R&T more effective by integrating it closely with the strategy and objectives of the businesses. This is leading to a much improved contribution by ICI's

# operating and financial review

scientists and engineers to business success through direct exposure to the marketplace.

## OUTLOOK

### Market growth

The stronger economic growth of 1994 is expected to continue in 1995 with GDP in the OECD area expanding by about 3%. In the USA and the UK, the growth of GDP is forecast to slow to more sustainable rates as policies to constrain inflationary pressures take effect. On the other hand, the upswing in Continental Western Europe is expected to strengthen, as is the Japanese economy.

With the authorities in many countries tightening monetary conditions and reducing public sector deficits, inflationary pressures in the OECD are expected to moderate for this stage of the economic cycle. OECD inflation is forecast to accelerate to nearly 3% compared with about 2.5% in 1994.

Having expanded much faster than GDP or industrial production during 1994, chemical demand is likely to grow less rapidly in 1995. The rate, however, is expected to be above that of GDP.

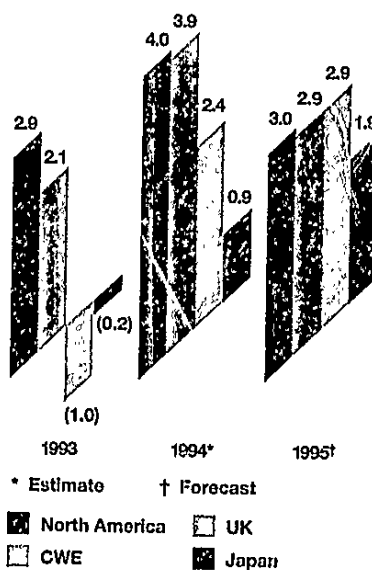
### Sales and prices

In 1995, ICI's sales volumes should continue to increase broadly in line with the growth of chemical demand in the Group's main markets. As in 1994, the fastest growth in sales is expected to be in Asia Pacific. The outlook in other major markets is for continued growth at slightly slower rates than in 1994.

With supply pressures in many products and in all the main regions,

chemical selling prices are likely to increase at faster rates than in 1994. However, some raw material prices are also expected to increase more quickly.

Real GDP growth  
percentage changes (%)



### Investment

Initiatives by the Group to grasp market opportunities are well advanced. They include further expansion for Paints in Thailand and Indonesia, building on new production in China and Australia. In 1996, Explosives will expand ammonium nitrate facilities at Yarwun, Australia, and open a new driver-side airbag igniter line in the USA.

The CFC replacement, 'Klea', continues to grow with a plant expansion due to be commissioned in the UK in 1995 and further capacity becoming available in the USA in 1996. With plans for new plants, the PTA business continues to reinforce its position as a global player. In Materials, Acrylics and Polyurethanes plan extensions of capacity in Europe, the USA, China and Taiwan.

## FINANCIAL REVIEW

### Profits before exceptional items

Trading profit amounted to £588m, more than 80% higher than the previous year which in turn was double that in 1992. The increase was due primarily to sales volume and improved productivity together with higher selling prices achieved in Industrial Chemicals, particularly in the second half of the year. Selling prices in other international businesses remained under pressure and, with raw material price increases, margins in these businesses were squeezed.

Significantly improved performances came from Industrial Chemicals (profits of £265m up by 157%), Materials (where profits have increased fivefold to £76m) and from Regional Businesses (up 78% at £80m).

Income from associated undertakings at £14m was lower by £31m, mainly reflecting the reduced investment in AECI which ceased to be equity accounted from the beginning of 1994. (This remaining holding of 13% was sold in December 1994).

Net interest payable at £88m was slightly lower than the previous year due to the lower average level of net indebtedness and the repayment of some high coupon borrowings.

### Exceptional items

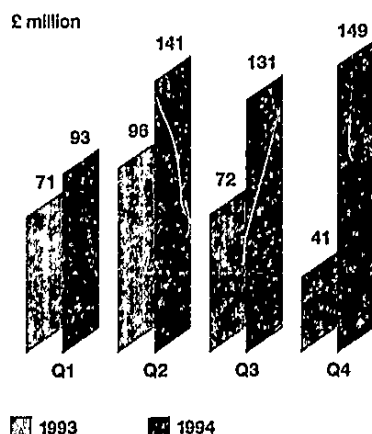
The exceptional charge of £67m against trading profit relates to the Explosives business and comprises the costs of exiting from the US aerospace business, the closure of the initiating systems facility in Scotland and restructuring operations principally in the US, the UK and South Africa. The charge against associated undertakings of £70m was the Group's share of the write-down of assets by EVC, as part of

# operating and financial review

its flotation referred to on page 2.

Losses on sale or closure of operations consisted of losses arising on the sale of related operations to EVC, the exit from the Group's worldwide nitro-glycerine explosives business and the closure of operations in Canada and Argentina. These were partly offset by profits on the sale of the US polyols business, the European polypropylene business, and the 50% holding in Chemical Company of Malaysia Berhad. Profits on the sale of fixed assets consisted of gains on the disposal of the remaining 13% holding in AECI, the disposal of 2.8m shares in EVC, and the 45% holding in Westralian Sands Limited.

Profit before exceptional items and taxation



## Taxation

The taxation charge on profit before exceptional items was £182m representing a rate of 35% (1993 36%). This reflected the utilisation of past losses in certain overseas countries as profitability returned. No ACT was written off in the year. The exceptional taxation credit of £18m related to relief on the Explosives rationalisation costs, partly offset by tax on gains arising on the disposal of fixed assets referred to above.

## Earnings and dividends

The profit after taxation, but before exceptional items, amounted to £332m, an improvement of over £150m compared to the previous year. Earnings before exceptional items attributable to minority interests were £62m, significantly higher than 1993's figure of £38m and due mainly to the improved performance of ICI Australia and the acquisition of AECI Explosives Ltd (AEL) at the beginning of the year. The net profit before exceptional items attributable to shareholders of £270m was over 90% higher than in 1993 producing earnings per share of 37.3p compared to 19.6p in the previous year. Exceptional items reduced earnings per share by 11.3p to 26.0p.

As previously stated, the Board's objective is to build dividend cover and to ensure that the future level of dividends will reflect the strength and sustainability of underlying earnings through the trade cycle. The interim dividend of 10.5p per £1 Ordinary Share paid in October, together with the recommended second interim dividend of 17.0p, makes a total dividend for 1994 of 27.5p per share. This is the same level as last year and results in dividend cover, before exceptional items, of 1.4.

## Shareholders' funds

In arriving at the total recognised gains for the year, the net profit of £188m has been reduced by translation losses of £96m, due primarily to the effects of the depreciation of the US dollar.

On 1 January 1994, shareholders' funds stood at £3,888m which were increased by total recognised gains of £85m and the issue of shares under employee share schemes of £10m. Goodwill of £48m, primarily in respect of the acquisition of AEL, and dividends of £199m have reduced

shareholders' funds to give a year end balance of £3,736m.

## Capital structure

At 31 December 1994, the ICI Group's net indebtedness (net of cash and short-term investments) was £139m (1993 £1,071m) and net gearing stood at 3.3% (1993 20.2%).

The Group's loans are denominated mainly in US dollars and European currencies, including sterling, and have an average maturity of five years. The currency and interest rate exposure arising on borrowings, and cash not immediately required by the business, is managed on a net basis, through the use of interest rate and currency swaps to reduce, where possible, the currency and interest rate risk of the Group. Further information on financial instruments is given in Notes 5, 8 and 20 relating to the Accounts.

The most significant impact of this approach is that the exposure created by the US dollar and US dollar related long-term loans (£1,078m, of which £923m is fixed rate) has been reduced, by holding cash in US dollars and by transacting interest rate and cross-currency swaps, into a net exposure of approximately £280m equivalent, of which £140m is at fixed rates.

The currency disposition of the Group's net debt takes into account the availability and cost of funding in varying currencies, the effectiveness of currency debt as a hedge against future cashflows, and the sensitivity of Group gearing and earnings ratios to exchange rate movements.

## Treasury policies

Group Treasury operates as a cost centre, its purpose being to reduce or eliminate financial risk and to invest cash assets safely and profitably within policies, financing plans and

# operating and financial review

monitoring procedures approved by the Board. These policies and procedures include controls surrounding the usage of financial instruments in managing the Group's risk. Group Treasury does not undertake any trading activity in financial derivatives.

The Group's exposure to credit risk is controlled by continuously reviewing the credit ratings of counterparties and limiting the aggregate credit exposure to any one of them.

## Currency hedging

The Group uses the forward foreign exchange markets to hedge its net transactional currency exposures 100%.

The Group selectively hedges its anticipated cash flow exposures for up to 12 months ahead using forward contracts and purchased currency options. At the year end, cover for this purpose of a net £330m was in place, representing approximately 55% of the Group's anticipated currency exposures.

## Liquidity and investments

The Group has at its disposal over £800m equivalent in unutilised committed credit facilities with varying maturities up to 1997 and substantial uncommitted facilities.

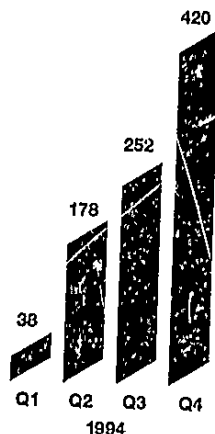
Surplus funds are invested in high quality liquid marketable instruments including money market instruments, government securities, repurchase agreements and mortgage backed securities. The interest rate risk on these investments is managed on a net basis with the Group's borrowings. £210m equivalent of the Group's cash assets are managed by external fund managers under guidelines consistent with the Group's overall currency and interest rate policies.

The Group considers the possibility of material loss in the event of non-performance by a financial counterparty to be unlikely.

## Cash flows

The Group continues to exercise tight management disciplines over its cash flows. The Group's cash flow was strong during the year and the capital gearing of the Group fell from 10.5% (after taking account of the repayment by Zeneca of its £575m loan) to 3.3%.

Net cash inflow from operating activities  
£ million



Operating cash inflow of £888m was down by £138m compared to 1993. Cash flows for 1993 included the cash flows of Zeneca prior to its demerger on 1 June 1993 and included £200m of operating cash flow. Outflow due to working capital increased only marginally despite a significant increase in sales. Expenditure on rationalisation programmes begun in previous years is now nearing completion which principally accounts for the reduction in exceptional cash outflows.

The cash outflow from returns on investments and servicing of finance reflected a lower level of dividend receipts (due to disposals of investments) as well as lower interest

received on cash investments. Interest payments were significantly lower due to the lower level of net debt. Dividend payments in 1993 included the higher final dividend for 1992 prior to the demerger.

Tax paid was £98m, £46m lower than in 1993 due primarily to tax repayments associated with loss relief claims.

The net cash inflow from investing activities was £154m lower than in 1993. Reduced cash inflows arising from a reduction in debt repayments by Zeneca together with lower disposal proceeds (including EVC and AECI in 1994 and Fibres in 1993) partly offset by lower outflows for acquisitions (including Acrylics in 1993) were the principal factors.

Net cash inflow, before financing, totalled £775m of which £223m was used to reduce the Group's net debt. With the issue of shares to satisfy the exercise of options, cash and cash equivalents increased by £562m during the year.

A valuation of the ICI Pension Fund was carried out by the Company's actuaries which revealed a deterioration in its solvency position as at 31 March 1994. Payments into the Fund are being accelerated and further details are given in Note 33 to the Accounts on page 32.

# board of directors

## **Sir Denys Henderson**

A Director since 1980 and Chairman since 1987. He will retire on 27 April 1995. He is also Chairman of Zeneca Group PLC and The Rank Organisation Plc, and a Non-Executive Director of Barclays PLC and The RTZ Corporation PLC. Aged 62.

## **Sir Ronald Hampel**

A Director since 1985 and Deputy Chairman and Chief Executive since 1993. He will succeed Sir Denys Henderson as Chairman with effect from 27 April 1995. He is also a Non-Executive Director of British Aerospace PLC, the Commercial Union Assurance Company plc and the Aluminium Company of America. Aged 62.

## **C Miller Smith**

Appointed a Non-Executive Director in 1993 and an Executive Director in October 1994, he will succeed Sir Ronald Hampel as Chief Executive with effect from 27 April 1995. He is also a Non-Executive Director of Midland Bank PLC. Aged 55.

## **Sir Antony Pilkington**

Appointed a Non-Executive Director in 1991. He is also Chairman of Pilkington plc. Aged 59.

## **Miss Ellen R Schneider-Lenné**

Appointed a Non-Executive Director in 1991. She is a member of the Board of Managing Directors of Deutsche Bank AG and a Director of Morgan Grenfell Group plc. Aged 52.

## **C M Short**

A Director since 1990, he has territorial responsibility for the Eastern Hemisphere. He is also a Non-Executive Director of United Biscuits (Holdings) plc. He will retire on 30 April 1995. Aged 60.

## **R J Margetts**

A Director since 1992, he is Group Personnel and Group Research and Technology Director, and has territorial responsibility for the Western Hemisphere. He is also a Non-Executive Director of English China Clays plc. Aged 48.

## **F R Hurn**

Appointed a Non-Executive Director in 1993. He is also Chairman and Chief Executive of Smiths Industries plc and a Director of S G Warburg Group plc. Aged 56.

## **A G Spall**

Appointed a Director in January 1994, he is currently Group Finance Director and has overview responsibility for insurance, investments and property. Aged 50.

## **M E Brogden**

Appointed a Director in May 1994, he is Group Planning and Group Safety, Health and Environment Director, and is Chief Executive Officer of ICI Chemicals & Polymers. Aged 56.

## **G Simpson**

Appointed a Non-Executive Director in January 1995. He is also Chief Executive of Lucas Industries plc and a Director of Pilkington plc. Aged 52.

Under Article 74 of the Company's Articles of Association, Mr M E Brogden and Mr G Simpson retire together with Mr R J Margetts, Sir Antony Pilkington and Miss Ellen R Schneider-Lenné who retire under Article 92. All are recommended for re-election.

Mr M E Brogden and Mr R J Margetts each has a service contract with the Company, which is subject to termination by either party giving not less than two years' notice to expire on, or at any time after, the third anniversary of the date of appointment.

The Audit Committee and the Remuneration and Nomination Committee comprise all the Non-Executive Directors, except that the Chairman is a member of the Remuneration and Nomination Committee when acting as a Nomination Committee.

# directors' report

The Directors of Imperial Chemical Industries PLC present their Annual Report for the year ended 31 December 1994 together with the Accounts of the Company for the year. These will be laid before the shareholders at the Annual General Meeting to be held on Thursday, 27 April 1995.

## Principal activities

The principal activities of the Company are research, manufacture and sale of paints, materials, explosives and industrial chemicals. A review of the Company and its subsidiaries' businesses, including research and development, is given on pages 3 to 5 and 10 to 16 of the Annual Review and Summary Financial Statement and in the Operating and Financial Review on pages 1 to 6 of this Report.

## Dividends

The Directors have declared the payment of a second interim dividend of 17.0 pence per Ordinary Share to be paid on 26 April 1995 to Ordinary shareholders registered in the books of the Company on 23 March 1995. An interim dividend of 10.5 pence per Ordinary Share was paid on 3 October 1994 making a total of 27.5 pence (1993 - 27.5 pence).

## Share capital

Changes in the Company's Ordinary share capital during the year are given in Note 22 on page 27.

## Purchase of own shares

The Directors are authorised by the shareholders to purchase, in the market, the Company's own shares, as is permitted under the Company's Articles of Association. Although no such purchases have been made, the Directors will seek to renew the authority from its

shareholders at the Annual General Meeting.

## Directors

The names of the Directors of the Company at the date of this Report and brief biographical details are given on page 7.

Mr C Hampson and Mr P A Volcker retired from the Board on 29 April 1994.

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 the shares and debentures of the Company and its subsidiaries is set out in Note 39 on page 36.

## Directors' and officers' liability insurance

The Company maintains directors' and officers' liability insurance which provides insurance cover for Directors and Officers of Group companies, including those of the Company.

## Employment policies

To encourage all employees to make a full contribution to business success, ICI has extensive arrangements for team and individual employee involvement in continuous improvement activities. This is backed-up by a streamlined system of consultation which makes sure that management opinion and employee views are brought together at every relevant management level.

It is ICI's policy that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. The Group aims to attract, retain and motivate people by recognising and rewarding superior performance; to ensure that people are equipped and trained to perform well; to communicate

effectively within the organisation and to encourage initiative and innovation.

In accord with the Company's equal opportunity policy, disabled people are given the same consideration as others when they apply for jobs. Depending on their skills and abilities, they enjoy the same career prospects and scope for realising their potential as other employees.

After one year of operation, most of ICI's businesses are continuing with Profit Related Pay schemes. These reward employees' contribution by paying a bonus to each employee which is dependent on the performance of the business in which the employee is engaged. A new Sharesave scheme for UK employees was introduced in 1994.

## Political and charitable donations

The Group's worldwide expenditure on charitable donations in 1994 amounted to £2.0m. Of this total, £0.9m was spent in the UK. The Company made no donations for political purposes.

## Taxation status

The Company is not, and has not been, a close Company within the provisions of the Income and Corporation Taxes Act 1988.

## Auditors

On 11 February 1995, the auditors, KPMG, advised the Company under which they practise to KPMG and, accordingly, they have signed their report in their new name. KPMG have expressed their willingness to continue in office as auditors of the Company, and a resolution to propose their re-appointment and to authorise the Directors to agree their remuneration will be put to the Annual General Meeting.

# directors' report

## Annual general meeting

The Notice of Annual General Meeting to be held on Thursday, 27 April 1995 is contained in a separate letter from the Chairman accompanying this Annual Report and Accounts.

## Corporate governance

The Company remains in full compliance with the Code of Best Practice published in December 1992 by the Committee on the Financial Aspects of Corporate Governance, in respect of the provisions of the Code currently in force. The Auditors have confirmed to the Directors that they are satisfied that this statement appropriately reflects the Company's compliance with the Code, insofar as it relates to the paragraphs of the Code which The London Stock Exchange has specified for their review. They have also confirmed that, with respect to the Directors' comments on going concern set out below, the Directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and such statement is not inconsistent with the information of which they are aware based on their audit work on the financial statements. They have carried out their review in accordance with Bulletin 1994/1 issued by the Auditing Practices Board, which does not require them to extend their normal audit work in order to express a separate opinion on the ability of a company to continue in operational existence.

## Internal control

The Directors are responsible for the Group's system of internal control. The Audit Committee has reviewed the effectiveness of the system from information provided by the management and the internal auditors.

Thus can provide only reasonable and not absolute assurance of meeting control objectives.

The key elements of the control system which have been established are as follows:-

Within the financial and overall objectives for the Group, agreed by the Board, the management of the Group as a whole is delegated to the Chief Executive and the Executive Directors. The conduct of ICIs in individual businesses is delegated to the Chief Executive Officers of the International Businesses, the Chief Executives of major subsidiaries and the Regional Executive. They are accountable for the conduct and performance of their businesses within the agreed business strategy. They have full authority to act subject to the reserved powers and sanctioning limits laid down by the Board and to Group policies and guidelines.

Units are responsible for meeting the defined reporting timetables and compliance with Group accounting manuals which set out accounting policies, controls and definitions.

The Audit Committee receives reports from the internal and external auditors on a regular basis.

The Group's strategic direction is regularly reviewed by the Board, and the Executive Directors consider the strategy for the individual businesses on approximately an annual basis. Annual plans and performance targets for each business are set by the Executive Directors and reviewed at Group level by the Board in the light of the overall objectives.

Directors receive a summary of financial results monthly from each business, and the Group's published quarterly financial statements are based on a standardised reporting process.

Controls are designed to ensure that all activities operate efficiently,

effectively and to high ethical standards.

On completion of all major investments, post event reviews are carried out by the relevant Businesses and reviewed by the Executive Directors. This process helps improve the quality of business judgements through the understanding and experience gained.

The Audit Committee, on behalf of the Board, receives a written annual assurance from senior managers of the adequacy of the controls in the operations for which senior managers are responsible. The Audit Committee reviews these assurances and the reports from the internal audit function and the external auditors. Corrections to any weaknesses found are monitored and controls are developed to match changing circumstances.

## Going concern

The operation of the Group's control procedures gives the Directors a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the Group accounts.



On behalf of the Board  
**V O White**  
Secretary

6 March 1995

**Registered office**  
Imperial Chemical House  
Millbank  
London SW1P 3JF

**Registered number:** 218019

# financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy

at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them for safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

## auditors' report

To the Members of Imperial Chemical Industries PLC.

We have audited the financial statements on pages 11 to 37.

### Respective responsibilities of directors and auditors

As described above, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an

assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### KPMG

Chartered Accountants  
Registered Auditors  
London  
6 March 1995

# accounting policies

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable 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.

## Depreciation

The Group's policy is to write-off the book value of each tangible fixed asset to its residual value 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. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 17 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 average rates for the relevant accounting periods. Assets and liabilities are translated at exchange rates ruling at the date of the Group balance sheet. Exchange differences on short-term currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to trading profit. In the Group accounts, exchange differences arising on consolidation of the net investments in overseas subsidiary undertakings and associated undertakings are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on relevant foreign currency loans are taken to reserves and offset against the differences on net investments.

## Goodwill

On the acquisition of a business, fair values are attributed to the net assets

acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. UK Accounting Standards require that purchased goodwill be eliminated from the balance sheet either upon acquisition against reserves or by amortisation over a period. Elimination against reserves has been selected as appropriate to the goodwill purchases made during recent years. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

## Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within, or creditors due after, one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to profit and loss account as incurred.

## Pension costs

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which should be a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans.

With minor exceptions, non-UK subsidiaries recognise the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries.

## Associated undertakings

The Group's share of the profits less losses of significant associated undertakings is normally included in the Group profit and loss account on the equity accounting basis. The holding value of significant associated undertakings in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such undertakings, as shown by the most recent accounts available, adjusted where appropriate. Proportional consolidation is adopted where this more accurately reflects the Group's interest in an associated undertaking.

## 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 and net realisable value, raw materials and other stocks at the lower of cost and 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 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, including post-retirement benefits, for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the future.

## Environmental liabilities

The Group is exposed to environmental liabilities relating to its past operations, principally in respect of soil and ground-water remediation costs. Provisions for these costs are made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

# group profit and loss account

for the year ended 31 December 1994

	Notes	1994				1993†			
		Continuing operations		Discontinued operations	Total	Continuing operations		Discontinued operations	Total
		Before exceptional items	Exceptional items			Before exceptional items	Exceptional items		
		£m	£m	£m	£m	£m	£m	£m	£m
Turnover	4	9,189	-	-	9,189	8,430	-	2,202	10,632
Operating costs	3,5	(8,691)	(67)	-	(8,758)	(8,228)	-	(1,941)	(10,169)
Other operating income	5	90	-	-	90	123	-	33	156
Trading profit (loss)	3,4,5	588	(67)	-	521	325	-	294	619
Share of losses less profits of associated undertakings	3,7	14	(70)	-	(56)	45	-	2	47
Losses less profits on sale or closure of operations	3	-	(39)	-	(39)	-	(94)	(59)	(153)
Profits on disposal of fixed assets	3	-	70	-	70	-	-	-	-
<b>Profit (loss) on ordinary activities before interest</b>	4	602	(106)	-	496	370	(94)	237	513
Net interest payable	8	(83)	-	-	(88)	(90)	-	(63)	(153)
<b>Profit (loss) on ordinary activities before taxation</b>		514	(106)	-	408	280	(94)	174	360
Tax on profit (loss) on ordinary activities	9	(182)	18	-	(164)	(101)	(18)	(70)	(189)
<b>Profit (loss) on ordinary activities after taxation</b>		332	(88)	-	244	179	(112)	104	171
Attributable to minorities		(62)	6	-	(56)	(38)	(4)	-	(42)
<b>Net profit (loss) for the financial year</b>		270	(82)	-	188	141	(116)	104	129
Dividends	10								
Cash					(199)				(199)
Demerger									(363)
					(199)				(562)
<b>Loss retained for year</b>	23				(11)				(433)
<b>Earnings (loss) per £1 Ordinary Share</b>	11	37.3p	(11.3)p	-	26.0p	19.6p	(16.1)p	14.4p	17.9p

## statement of group total recognised gains and losses

for the year ended 31 December 1994

	Notes	1994 £m	1993† £m
<b>Net profit for the financial year</b>		188	129
Currency translation differences on foreign currency net investments and related loans		(96)	(23)
Share of other reserve movements of associated undertakings and other items		(7)	-
<b>Total recognised gains and losses relating to the year</b>		85	106
Prior year adjustment	2	(95)	
<b>Total gains and losses recognised since last annual report</b>		(10)	

† Restated (note 2)

# balance sheets

at 31 December 1994

		Group		Company	
	Notes	1994 £m	1993† £m	1994 £m	1993† £m
<b>ASSETS EMPLOYED</b>					
<b>Fixed assets</b>					
Tangible assets	12	3,861	4,024	424	311
Investments					
Subsidiary undertakings	13			6,883	6,179
Participating and other interests	14	171	458	56	268
		4,032	4,482	7,363	6,758
<b>Current assets</b>					
Stocks	15	1,233	1,199	88	70
Debtors	16	1,980	1,887	1,197	1,033
Investments and short-term deposits	17	1,524	1,467	232	629
Cash	17	235	194	37	31
		4,972	4,747	1,554	1,763
<b>Total assets</b>		<b>9,004</b>	<b>9,229</b>	<b>8,917</b>	<b>8,521</b>
<b>Creditors due within one year</b>					
Short-term borrowings	18	(142)	(145)	(50)	(1)
Current instalments of loans	20	(181)	(220)	(63)	(62)
Other creditors	19	(2,285)	(2,087)	(4,840)	(3,774)
		(2,608)	(2,452)	(4,953)	(3,837)
<b>Net current assets (liabilities)</b>		<b>2,364</b>	<b>2,295</b>	<b>(3,399)</b>	<b>(2,074)</b>
<b>Total assets less current liabilities</b>		<b>6,396</b>	<b>6,777</b>	<b>3,964</b>	<b>4,684</b>
<b>FINANCED BY</b>					
<b>Creditors due after more than one year</b>					
Loans	20	1,522	1,717	200	263
Other creditors	19	95	123	1,141	1,190
		1,617	1,840	1,341	1,453
<b>Provisions for liabilities and charges</b>					
Deferred income: Grants not yet credited to profit	21	675	680	40	51
Minority interests - equity		30	39	1	1
Shareholders' funds - equity		338	330		
Called-up share capital					
Reserves	22	724	722	724	722
Share premium account		560	561	569	561
Revaluation reserve		37	46	-	-
Associated undertakings' reserves		60	66		
Profit and loss account		2,346	2,493	1,289	1,896
<b>Total reserves</b>	23	<b>3,012</b>	<b>3,166</b>	<b>1,858</b>	<b>2,457</b>
<b>Total capital and reserves attributable to parent company (page 14)</b>		<b>3,736</b>	<b>3,888</b>	<b>2,582</b>	<b>3,179</b>
		<b>6,396</b>	<b>6,777</b>	<b>3,964</b>	<b>4,684</b>

† Restated (note 2)

The accounts on pages 11 to 37 were approved by the Board of Directors on 6 March 1995 and were signed on its behalf by:

Sir Denys Henderson Director  
A G Spall Director

# statement of group cash flow

for the year ended 31 December 1994

	Notes	1994 £m	1993 £m
<b>Cash inflow from operating activities</b>			
Net cash inflow from trading operations	24	1,032	1,305
Outflow related to exceptional items	25	(144)	(279)
<b>Net cash inflow from operating activities</b>		888	1,026
<b>Returns on investments and servicing of finance</b>			
Interest and dividends received	26	105	159
Interest paid		(182)	(254)
Dividends paid by parent company		(199)	(318)
Dividends paid by subsidiary undertakings to minority interests		(32)	(20)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(308)	(433)
<b>Tax paid</b>		(98)	(144)
<b>Investing activities</b>			
Cash expenditure on tangible fixed assets	12	(373)	(485)
Acquisitions and new fixed asset investments	27	(37)	(286)
Disposals	28	310	443
Repayment of debt by Zeneca		568	1,364
Purchase of short-term investments and deposits		(175)	(436)
Cash and cash equivalents of Zeneca at date of demerger			(153)
<b>Net cash inflow from investing activities</b>		293	447
<b>Net cash inflow before financing</b>		775	896
<b>Financing</b>			
Issues of ICI Ordinary Shares		10	67
Net decrease in loans		(199)	(379)
Net decrease in lease finance		(30)	(15)
Net increase (decrease) in short-term borrowings		6	(3)
Issue of shares to minorities by subsidiary undertakings		-	6
<b>Net cash outflow from financing</b>	29	(213)	(324)
<b>Increase in cash and cash equivalents</b>	30	562	572

## reconciliation of movements in shareholders' funds

for the year ended 31 December 1994

	1994 £m	1993† £m
Net profit for the financial year	188	129
Dividends		
Cash	(199)	(199)
Demerger		(363)
Loss retained for year	(11)	(433)
Issues of ICI Ordinary Shares	10	67
Goodwill movement	(48)	80
Other recognised losses related to the year	(103)	(23)
<b>Net reduction in shareholders' funds</b>	(152)	(309)
Shareholders' funds at beginning of year	3,888	4,197
(1994 originally was £3,983m (1993 £4,286m) before deduction of prior year adjustment of £95m (£89m))		
<b>Shareholders' funds at end of year</b>	<b>3,736</b>	<b>3,888</b>

† Rest. led (note 2)

# notes relating to the accounts

## 1 Composition of the Group

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiary undertakings, of which there were 363 at 31 December 1994. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 62 subsidiaries made up

their accounts to dates earlier than 31 December, but not earlier than 30 September; one subsidiary makes up its accounts to 31 March but interim accounts to 31 December are drawn up for consolidation purposes.

## 2 Basis of presentation of financial information

At an Extraordinary General Meeting on 28 May 1993 the shareholders of ICI approved a resolution to demerge its bioscience operations ("Zeneca"). The demerger was effective 1 June 1993 and Zeneca has operated as a separate, publicly listed company since that date.

The results of Zeneca to the date of demerger and of the European nylon fibres business were reported as discontinued operations in the 1993 Group Profit and Loss Account together with the loss on disposal of the fibres business. The 1993 Group Cash Flow Statement includes the cash flows of Zeneca to the date of demerger.

The results reflect the initial adoption of the accounting requirements of pronouncement UITF6 "Accounting for Post-retirement Benefits other than Pensions". The cumulative cost of the benefits relating to previous years

has been recognised in the accounts as a prior year adjustment and comparative figures for 1993 have been restated. The effect on continuing operations of implementing this new accounting policy was to reduce trading profit for the year by £12m (1993 £10m), to reduce the tax charge by £4m (1993 £4m) and to reduce the value of Group reserves at 1 January 1994 by £95m (1993 £89m) (Company £3m, 1993 £3m).

The Accounting Standards Board published Financial Reporting Standard No.4 - "Capital Instruments" in December 1993, No.5 - "Reporting the Substance of Transactions" in April 1994, No.6 - "Acquisitions and Mergers" in September 1994 and No.7 - "Fair Values in Acquisition Accounting" in September 1994 all of which have been applied to the 1994 Accounts.

## 3 Exceptional Items before tax

	Continuing operations £m	1994 Discontinued operations £m	Total £m	Continuing operations £m	1993 Discontinued operations £m	Total £m
<b>Charged in arriving at trading profit (loss)</b>						
Provisions for restructuring in the Explosives business, principally severance costs of £44m and asset write-downs and demolition of £13m	(67)	-	(67)	-	-	-
<b>Charged after trading profit (loss)</b>						
Share of losses of associated undertakings*	(70)	-	(70)	-	-	-
Losses less profits on sale or closure of operations and related provisions						
Losses/provisions*	(78)	-	(78)	(148)	(72)	(220)
Profits	39	-	39	54	13	67
Profits on disposal of fixed assets*	(39)	-	(39)	(94)	(59)	(153)
	70	-	70	-	-	-
<b>Exceptional Items within profit (loss) on ordinary activities before taxation</b>	<b>(106)</b>	<b>-</b>	<b>(106)</b>	<b>(94)</b>	<b>(59)</b>	<b>(153)</b>

\* Exceptional Items include the following relating to the flotation and partial disposal of EVC International NV:

- (i) £70m being a write-down of assets by EVC as part of the flotation (included in share of losses less profits of associated undertakings),
- (ii) £55m being losses on sale of residual operations to EVC (included in losses on sale or closure of operations) and
- (iii) £13m being profit on disposal of shares in EVC (included in profits on disposal of fixed assets).

# notes relating to the accounts

## 4 Segment information

### CLASSES OF BUSINESS

	Turnover		Trading profit before exceptional items		Profit before interest and taxation after exceptional items	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
Paints	1,712	1,691	122	101	117	127
Materials	1,748	1,494	76	14	83	(81)
Explosives	786	643	45	51	(35)	51
Industrial Chemicals	3,881	3,691	265	103	253	102
Regional Businesses	1,477	1,416	80	45	134	21
Inter-class eliminations	(415)	(373)	-	11	-	11
Share of losses less profits of associated undertakings					(56)	45
	<b>9,189</b>	<b>8,562</b>				
Sales to discontinued operations	-	(132)				
	<b>9,189</b>	<b>8,430</b>	<b>588</b>	<b>325</b>	<b>496</b>	<b>276</b>
<b>Discontinued operations</b>						
Sales to continuing operations	-	2,256	-	294	-	237
	-	(54)				
	-	2,202	-	294	-	237
	<b>9,189</b>	<b>10,632</b>	<b>588</b>	<b>619</b>	<b>496</b>	<b>513</b>

The Group's policy is to transfer products internally at external market prices. Inter-class turnover affected several businesses the largest being sales from Industrial Chemicals to Materials of £178m (1993 £163m).

	Total assets less current liabilities		Capital expenditure (note 12)		Depreciation (note 12)	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
Paints	578	533	61	65	36	38
Materials	1,162	1,221	53	58	102	109
Explosives	333	302	50	46	43	24
Industrial Chemicals	1,995	2,160	146	122	158	159
Regional Businesses	753	790	75	57	68	87
Net operating assets	<b>4,824</b>	<b>5,006</b>				
Net non-operating assets	<b>1,572</b>	<b>1,771</b>				
	<b>6,396</b>	<b>6,777</b>	<b>385</b>	<b>348</b>	<b>413</b>	<b>417</b>
<b>Discontinued operations</b>						
	-	-	-	117	-	88
	<b>6,396</b>	<b>6,777</b>	<b>385</b>	<b>465</b>	<b>413</b>	<b>505</b>

Net non-operating assets include assets in course of construction, investments in participating and other interests, current asset investments, short-term deposits and cash less short-term borrowings and current instalments of loans, and debtors and creditors relating to taxes and dividends.

# notes relating to the accounts

## 4 Segment Information (continued)

### GEOGRAPHIC AREAS

The information opposite is re-analysed in the table below by geographic area. The figures for each geographic area show the turnover and profit made by, and the net operating assets owned by, companies located in that area; export sales and related profits are included in the areas from which those sales were made.

	Turnover		Trading profit before exceptional items		Profit before interest and taxation after exceptional items	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>						
United Kingdom						
Sales in the UK	1,978	1,927				
Sales overseas	1,644	1,566				
	<b>3,622</b>	<b>3,493</b>	<b>130</b>	<b>38</b>	<b>98</b>	<b>46</b>
Continental Europe	1,392	1,486	56	21	66	32
The Americas	2,567	2,409	169	118	141	(11)
Asia Pacific	2,182	1,871	178	107	202	108
Other countries	414	374	53	40	43	55
	<b>10,177</b>	<b>9,633</b>	<b>586</b>	<b>324</b>	<b>548</b>	<b>230</b>
Sales to discontinued operations	-	(132)				
Inter-area eliminations	(988)	(1,071)	2	1	2	1
Share of losses less profits of associated undertakings					(56)	45
	<b>9,189</b>	<b>8,430</b>	<b>588</b>	<b>325</b>	<b>496</b>	<b>276</b>
<b>Discontinued operations</b>						
Sales to continuing operations	-	2,256	-	294	-	237
	-	(54)				
	-	2,202	-	294	-	237
	<b>9,189</b>	<b>10,632</b>	<b>588</b>	<b>619</b>	<b>496</b>	<b>513</b>

Inter-area turnover shown above includes sales of £359m (1993 £682m) from the United Kingdom to overseas subsidiaries.

	Net operating assets		Turnover by customer location	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Continuing operations</b>				
United Kingdom	1,514	1,531	2,001	1,876
Continental Europe	531	575	1,834	1,678
The Americas	1,211	1,362	2,515	2,393
Asia Pacific	1,411	1,424	2,256	1,957
Other countries	157	114	583	536
	<b>4,824</b>	<b>5,006</b>	<b>9,189</b>	<b>8,430</b>
<b>Discontinued operations</b>				
	-	-	-	2,202
	<b>4,824</b>	<b>5,006</b>	<b>9,189</b>	<b>10,632</b>

### EMPLOYEES

	1994		1993	
	Continuing operations	Total	Continuing operations	Total
Average number of people employed by the Group in				
United Kingdom	21,200	21,200	24,400	31,600
Continental Europe	6,300	6,300	7,200	11,500
The Americas	15,000	15,000	16,400	20,700
Asia Pacific	13,200	13,200	13,300	14,000
Other countries	11,300	11,300	9,100	9,300
Total employees	<b>67,000</b>	<b>67,000</b>	<b>70,400</b>	<b>87,100</b>

The number of people employed by the Group at the end of 1994 was 64,800 (1993 67,000)

# notes relating to the accounts

## 5 Trading profit (loss)

	1994			Total	1993			Total
	Continuing operations	Discontinued operations			Continuing operations	Discontinued operations		
	Before exceptional items	Exceptional items			Before exceptional items	Exceptional items		
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Turnover</b>	<b>9,189</b>	<b>-</b>	<b>-</b>	<b>9,159</b>	<b>8,430</b>	<b>-</b>	<b>2,202</b>	<b>10,632</b>
<b>Operating costs</b>								
Cost of sales	(6,502)	(27)	-	(6,529)	(6,095)	-	(1,124)	(7,219)
Distribution costs	(608)	(5)	-	(613)	(594)	-	(90)	(684)
Research and development	(184)	-	-	(184)	(177)	-	(189)	(366)
Administrative and other expenses	(1,397)	(35)	-	(1,432)	(1,362)	-	(538)	(1,900)
	<b>(8,691)</b>	<b>(67)</b>	<b>-</b>	<b>(8,758)</b>	<b>(8,228)</b>	<b>-</b>	<b>(1,941)</b>	<b>(10,169)</b>
<b>Other operating income</b>								
Government grants	8	-	-	8	10	-	1	11
Royalties	25	-	-	25	25	-	18	43
Other income	57	-	-	57	88	-	14	102
	<b>90</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>123</b>	<b>-</b>	<b>33</b>	<b>156</b>
<b>Trading profit (loss)</b>	<b>588</b>	<b>(67)</b>	<b>-</b>	<b>521</b>	<b>325</b>	<b>-</b>	<b>294</b>	<b>619</b>
Total charge for depreciation included above	404	7	-	411	398	-	88	486
Gross profit, as defined by the Companies Act 1985	<b>2,687</b>	<b>(27)</b>	<b>-</b>	<b>2,660</b>	<b>2,335</b>	<b>-</b>	<b>1,078</b>	<b>3,413</b>

Forward contracts hedging foreign currency working capital are revalued at year end and gains and losses are included in trading profit. Forward contracts and currency options hedging other anticipated cash flows are not revalued but, on realisation, gains and losses net of call premium are included in trading profit in the period that the hedged cash flow occurs. Net gains/losses deferred at year end were not material. Option premia are included in debtors until realised.

## 6 Note of historical cost profits and losses

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax in either 1994 or 1993.

## 7 Share of losses less profits of associated undertakings

	1994			Total	1993			Total
	Continuing operations	Discontinued operations			Continuing operations	Discontinued operations		
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Share of losses less profits</b>								
Share of undistributed losses less profit:	(59)	-	(59)	11	2	13		
Dividend income								
Listed companies	2	-	2	8	-	8		
Unlisted companies	5	-	5	22	-	22		
	<b>7</b>	<b>-</b>	<b>7</b>	<b>30</b>	<b>-</b>	<b>30</b>		
Share of losses less profits before taxation	(52)	-	(52)	41	2	43		
<b>Amounts written off investments</b> (including provisions raised £8m (1993 £1m) and released £4m (1993 £5m))	(4)	-	(4)	4	-	4		
	<b>(56)</b>	<b>-</b>	<b>(56)</b>	<b>45</b>	<b>2</b>	<b>47</b>		
Of which accounted for as exceptional	(70)	-	(70)	-	-	-		

The reduction in ICI's interest in AECI Ltd, effective from the beginning of the year, and in EVC International NV, in November, has resulted in these investments ceasing to be equity accounted from those dates.

# notes relating to the accounts

## 8 Net interest payable

	Continuing operations	1994 Discontinued operations	Total	Continuing operations	1993 Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
<b>Interest payable and similar charges</b>						
Bank loans, overdrafts and other loans wholly repayable within five years	100	—	100	151	1	152
Other loans not wholly repayable within five years	86	—	86	101	—	101
Interest between continuing and discontinued operations				—	62	62
	<b>186</b>	<b>—</b>	<b>186</b>	<b>252</b>	<b>63</b>	<b>315</b>
<b>Interest receivable and similar income</b>						
Listed investments	(10)	—	(10)	(4)	—	(4)
Unlisted investments and short-term deposits	(88)	—	(88)	(96)	—	(96)
Interest between continuing and discontinued operations				(62)	—	(62)
	<b>(98)</b>	<b>—</b>	<b>(98)</b>	<b>(162)</b>	<b>—</b>	<b>(162)</b>
<b>Net interest payable</b>	<b>88</b>	<b>—</b>	<b>88</b>	<b>90</b>	<b>63</b>	<b>153</b>

Interest on cross-currency and interest rate swaps is accrued and included with the interest flows of the underlying borrowing. Forward rate agreements are not revalued but, on realisation, gains or losses are spread over the period of the hedged borrowing or deposit. Net gains/losses deferred at year end were not material.

Interest allocated to discontinued operations in 1993 consisted of the interest applicable to Zeneca based on the debt assumed by Zeneca prior to demerger. No interest was allocated in that year in respect of the discontinued fibres business.

## 9 Tax on profit (loss) on ordinary activities

	1994			1993			
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
	Before exceptional items	Exceptional items		Before exceptional items	Exceptional items		
	£m	£m	£m	£m	£m	£m	£m
<b>ICI and subsidiary undertakings</b>							
<b>United Kingdom taxation</b>							
Corporation tax	72	(1)	71	2	4	60	66
Double taxation relief	(11)	—	(11)	(2)	—	—	(2)
Deferred taxation	5	(13)	(8)	7	2	(13)	(4)
	<b>66</b>	<b>(14)</b>	<b>52</b>	<b>7</b>	<b>6</b>	<b>47</b>	<b>60</b>
<b>Overseas taxation</b>							
Overseas taxes	110	5	115	87	8	34	129
Deferred taxation	2	(9)	(7)	(6)	4	(11)	(13)
	<b>112</b>	<b>(4)</b>	<b>108</b>	<b>81</b>	<b>12</b>	<b>23</b>	<b>116</b>
	<b>178</b>	<b>(18)</b>	<b>160</b>	<b>88</b>	<b>18</b>	<b>70</b>	<b>176</b>
<b>Associated undertakings</b>	<b>4</b>	<b>—</b>	<b>4</b>	<b>13</b>	<b>—</b>	<b>—</b>	<b>13</b>
<b>Tax on profit (loss) on ordinary activities</b>	<b>182</b>	<b>(18)</b>	<b>164</b>	<b>101</b>	<b>18</b>	<b>70</b>	<b>189</b>

UK and overseas taxation has been provided on the profits (losses) earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 33 per cent (1993 33 per cent).

The exceptional tax credit in 1994 is in respect of the Explosives restructuring costs and the transfer of operations to EVC partially offset by tax on disposals of other operations in the US and Australia. Taxation attributable to discontinued operations in 1993 comprised the taxation on the operating results of the discontinued businesses to the date of demerger/disposal together with tax relief on the losses on sale of the fibres business. The exceptional tax charge in 1993 reflected taxation on profits on disposals; losses on disposals, principally goodwill, did not attract significant tax relief.

# notes relating to the accounts

## 9 Tax on profit (loss) on ordinary activities (continued)

### Deferred taxation

The amounts of deferred taxation accounted for at the balance sheet date and the potential amounts of deferred taxation are disclosed below.

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Accounted for at balance sheet date (note 21)</b>				
Timing differences on UK capital allowances and depreciation	182	178	69	36
Miscellaneous timing differences	(92)	(90)	(38)	(17)
	90	88	31	19
<b>Not accounted for at balance sheet date</b>				
Timing differences on UK capital allowances and depreciation	-	-	-	-
Miscellaneous timing differences	22	(18)	-	(11)
	22	(18)	-	(11)
<b>Full potential deferred taxation</b>	<b>112</b>	<b>70</b>	<b>31</b>	<b>8</b>

## 10 Dividends

	1994 pence per £1 Share	1993 pence per £1 Share	1994 £m	1993 £m
Interim, paid 3 October 1994	10.5p	10.5p	76	76
Second Interim, to be confirmed as final, payable 26 April 1995	17.0p	17.0p	123	123
	27.5p	27.5p	199	199
Demerger dividend - This comprised the net assets of Zeneca at date of demerger.				363
			199	562

## 11 Earnings (loss) per £1 Ordinary Share

	1994 £m	1993 £m
Net profit for the financial year before exceptional items - continuing operations	270	141
Exceptional items after tax and minorities - continuing operations	(82)	(116)
Net profit on discontinued operations		104
Net profit for the financial year	188	129
Average Ordinary Shares in issue during year, weighted on a time basis	million 723	million 719
Earnings per £1 Ordinary Share before exceptional items - continuing operations	pence 37.3	pence 19.6
Earnings per £1 Ordinary Share - total operations	26.0	17.9

The effect on earnings per £1 Ordinary Share of the Issue of shares under option (note 22) would not be material.

Earnings per £1 Ordinary Share before exceptional items for continuing operations has also been calculated to exclude the impact of exceptional items and, in respect of 1993, of discontinued operations as these can have a distorting effect on earnings and therefore warrant separate consideration.

# notes relating to the accounts

## 12 Tangible fixed assets

	Land and buildings	Plant and equipment	Payments on account and accruals on course of construction	Total
	£m	£m	£m	£m
<b>GROUP</b>				
<b>Cost or as revalued</b>				
At beginning of year	1,285	6,609	267	8,161
Exchange adjustments	(1)	(14)	3	(12)
New subsidiary undertakings	23	23	4	50
Capital expenditure			385	385
Transfers of assets into use	33	292	(325)	
Disposals and other movements	(93)	(511)	(1)	(605)
At end of year	1,247	6,399	333	7,979
<b>Depreciation</b>				
At beginning of year	458	3,679		4,137
Exchange adjustments	2	4		6
Disposals and other movements	(45)	(393)		(438)
Charge for year	40	373		413
At end of year	455	3,663		4,118
<b>Net book value at end 1994</b>	792	2,736	333	3,861
Net book value at end 1993	827	2,930	267	4,024

The Group depreciation charge of £413m, shown above, comprises £411m charged in arriving at trading profit and £2m charged within losses on sale or closure of operations.

Capital expenditure in the year of £385m includes capitalised finance leases of £7m; creditors for capital work done but not paid for increased by £5m; the resulting cash expenditure on tangible fixed assets was £373m.

The net book value of the tangible fixed assets of the Group includes capitalised finance leases of £24m (1993 £39m) comprising cost of £104m (£114m) less depreciation of £80m (£75m). In respect of capitalised leases the depreciation charge for the year was £5m (1993 £4m) and finance charges were £4m (£7m).

Included in land and buildings is £228m in respect of the cost of land which is not subject to depreciation.

### COMPANY

#### Cost

At beginning of year	165	508	11	684
Capital expenditure			23	23
Transfers of assets into use	3	16	(19)	
Transfers from (to) subsidiary undertakings	2	191	(4)	169
Disposals and other movements	(3)	(23)	-	(26)
At end of year	167	692	11	870
<b>Depreciation</b>				
At beginning of year	44	329		373
Transfers from subsidiary undertakings		43		43
Disposals and other movements	6	(30)		(24)
Charge for year	5	49		54
At end of year	55	391		446
<b>Net book value at end 1994</b>	112	301	11	424
Net book value at end 1993	121	179	11	311

# notes relating to the accounts

## 12 Tangible fixed assets (continued)

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
The net book value of land and buildings comprised				
Freeholds	729	750	111	120
Long leases (over 50 years unexpired)	54	71	1	1
Short leases	9	6	-	-
	792	827	112	121

	Group		Company	
	Land and buildings 1994 £m	1993 £m	Plant and equipment 1994 £m	1993 £m
Revalued assets included in tangible fixed assets				
At revalued amount	104	102	127	129
Depreciation	41	37	112	112
Net book value	63	65	15	17
At historical cost	57	57	129	130
Depreciation	31	31	120	119
Net book value	26	26	9	11

## 13 Investments in subsidiary undertakings

	Shares £m	Loans £m	Total £m
<b>Cost</b>			
At beginning of year	4,606	1,721	6,327
Exchange adjustments	(10)	(67)	(77)
Transfers to subsidiary undertakings	(2,853)	(511)	(3,364)
Transfers from subsidiary undertakings	207	29	236
New investments/new loans	3,624	582	4,206
Disposals/loans repaid/transfers	(12)	(278)	(290)
At end of year	5,562	1,476	7,038
<b>Provisions</b>			
At beginning of year	(147)	(1)	(148)
Exchange adjustments	3	-	3
Additions	(21)	-	(21)
Disposals	11	-	11
At end of year	(154)	(1)	(155)
<b>Balance sheet value at end 1994</b>	5,408	1,475	6,883
Balance sheet value at end 1993	4,659	1,720	6,379

Cost includes scrip issues capitalised £6m (1993 £6m).

	1994 £m	1993 £m
Shares in subsidiary undertakings which are listed investments		
Balance sheet value	5	5
Market value	63	31

None of the listed investments were listed on The London Stock Exchange.

The Company's investment in its subsidiary undertakings consists of either equity or long term loans, or both. Normal trading balances are included in either debtors or creditors. Information on principal subsidiary undertakings is given on page 37.

# notes relating to the accounts

## 14 Investments in participating and other interests

	Associated undertakings		Other investments	Total
	Shares	Loans	Shares	
	£m	£m	£m	£m
<b>GROUP</b>				
<b>Cost</b>				
At beginning of year				
Exchange adjustments	398	7	-	405
Additions	(18)	-	-	(18)
Reclassification	22	6	7	35
Disposals and repayments	(137)	-	137	
Other movements	(213)	(5)	-	(218)
	(8)	(5)	-	(13)
At end of year	44	3	144	191
<b>Share of post-acquisition reserves less losses</b>				
At beginning of year				
Exchange adjustments	66			66
Retained losses less profits	(11)			(11)
Reclassification	(63)			(63)
Disposals	74			74
Other movements	3			3
	(9)			(9)
At end of year	60			60
<b>Provisions</b>				
At beginning of year				
Exchange	(13)	-	-	(13)
Net additions in year	(1)	-	-	(1)
Reclassification	(4)	-	-	(4)
Disposals	-	-	(74)	(74)
Other movements	7	-	(2)	5
	7	-	-	7
At end of year	(4)	-	(76)	(80)
<b>Balance sheet value at end 1994</b>	100	3	68	171
Balance sheet value at end 1993	451	7	-	458
The above investments included				
<b>1994</b>				
Listed investments - balance sheet value	-	-	57	57
- market value	-	-	72	72
<b>1993</b>				
Listed investments - balance sheet value	145	-	-	145
- market value	234	-	-	234

None of the listed investments were listed on The London Stock Exchange.  
Information on principal associated undertakings is given on page 36.

# notes relating to the accounts

## 14 Investments in participating and other interests (continued)

	Associated undertakings		Other investments	Total
	Shares £m	Loans £m	Shares £m	£m
<b>COMPANY</b>				
<b>Cost</b>				
At beginning of year	271	6	-	277
Exchange adjustments	15	-	-	15
Additions	14	-	-	14
Transfers from subsidiary undertakings	40	-	-	40
Reclassification	(151)	-	151	-
Disposals	(184)	(6)	-	(190)
At end of year	5	-	151	156
<b>Provisions</b>				
At beginning of year	(3)	(6)	-	(9)
Additions	-	-	(99)	(99)
Disposals	2	6	-	8
At end of year	(1)	-	(99)	(100)
<b>Balance sheet value at end 1994</b>	4	-	52	56
Balance sheet value at end 1993	268	-	-	268
The above investments included				
<b>1994</b>				
Listed investments - balance sheet value	-	-	52	52
- market value	-	-	66	66
<b>1993</b>				
Listed investments - balance sheet value	-	-	-	-

None of the listed investments were listed on The London Stock Exchange.

## 15 Stocks

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Raw materials and consumables	418	396	23	18
Stocks in process	75	84	8	4
Finished goods and goods for resale	740	719	57	48
	<b>1,233</b>	<b>1,199</b>	<b>88</b>	<b>70</b>

## 16 Debtors

<b>Amounts due within one year</b>				
Trade debtors	1,360	1,214	42	1
Amounts owed by subsidiary undertakings			993	912
Amounts owed by associated undertakings	9	18	-	-
Other debtors	260	341	26	25
Prepayments and accrued income*	112	104	31	24
	<b>1,741</b>	<b>1,677</b>	<b>1,092</b>	<b>962</b>
<b>Amounts due after more than one year</b>				
Advance corporation tax recoverable	-	-	56	29
Prepayments and other debtors*	239	210	43	42
	<b>239</b>	<b>210</b>	<b>105</b>	<b>71</b>
	<b>1,980</b>	<b>1,887</b>	<b>1,197</b>	<b>1,033</b>

\* Includes prepaid pension costs (note 33).

# notes relating to the accounts

## 17 Current asset investments and short-term deposits

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Securities listed on The London Stock Exchange	75	-	58	-
Other listed investments	187	-	59	-
Total listed investments	262	-	117	-
Unlisted investments and short-term deposits	1,262	892	115	54
	1,524	892	232	54
Amounts owed by Zeneca	-	575	-	575
	1,524	1,467	232	629
Included in cash and cash equivalents (note 30)	941	464		
Market value of listed investments	262	-	117	-

Included in unlisted investments and short-term deposits and cash are amounts totalling £61m (1993 £nil) held by the Group's insurance subsidiaries, of which some £49m (1993 £m) is not readily available for the general purposes of the Group.

## 18 Short-term borrowings

<b>Bank borrowings</b>				
Secured by fixed charge	3	3	-	-
Secured by floating charge	4	3	-	-
Unsecured	82	56	50	1
	89	62	50	1
<b>Other borrowings (unsecured)</b>	53	83	-	-
	142	145	50	1
Included in cash and cash equivalents (note 30)	139	144		

## 19 Other creditors

<b>Amounts due within one year</b>				
Trade creditors	993	888	128	130
Amounts owed to subsidiary undertakings			4,286	3,341
Amounts owed to associated undertakings	8	6	5	5
Corporate taxation	233	164	97	73
Value added and payroll taxes and social security	76	81	6	8
Other creditors*	539	531	57	62
Accruals	313	294	38	27
Dividends to Ordinary Shareholders	123	123	123	123
	2,285	2,087	4,840	3,774
<b>Amounts due after more than one year</b>				
Amounts owed to subsidiary undertakings			1,136	1,186
Other creditors*	95	123	5	4
	95	123	1,141	1,190

Includes obligations under finance leases (note 31) and accrued pension costs (note 33).

# notes relating to the accounts

## 20 Loans

Loans		Group		Company	
	Repayment dates	1994 £m	1993 £m	1994 £m	1993 £m
<b>Secured loans</b>					
US dollars	1995/1998	55	71		
Australian dollars		-	18		
Other currencies	1995/2004	113	135		
		<b>168</b>	224		
<b>Total secured</b>					
		<b>163</b>	205		
Secured by fixed charge	- bank loans	-	14		
	- other	5	5		
Secured by floating charge	- bank loans				
<b>Unsecured loans</b>					
Sterling					
9¼% to 11¼% Bonds	1995/2005	263	325	263	325
Others	1995/2002	98	74		
		<b>361</b>	399	<b>263</b>	325
US dollars					
8% eurodollar Bonds	1996	64	68		
8¾% Debentures	2006	160	169		
7.83% to 8.9% medium-term Notes	1995/2002	61	68		
8¾% Notes	2001	160	169		
7¾% Notes	1997	144	152		
9½% Notes	2000	192	203		
7½% Notes	2002	128	135		
Others	1995/2005	15	18		
		<b>924</b>	982		
Australian dollars (13.5%)	1995	37	62		
Swiss francs (4½% to 6¾%)	1997/1999	195	220		
Other currencies	1995/2005	18	50		
		<b>1,535</b>	1,713	<b>263</b>	325
<b>Total unsecured</b>					
		<b>1,703</b>	1,937	<b>263</b>	325
<b>Total loans</b>					

The Group has entered into currency swap, interest rate swap and forward rate agreements to manage the interest rate and currency exposures arising on borrowings and cash not immediately required by the business. At 31 December 1994, the Group had agreements outstanding with commercial banks which had principal amounts of £1,450m (1993 £1,763m) equivalent at the exchange rate on that date. Principal amounts under cross-currency agreements are revalued to balance sheet rates and any exchange gains or losses arising are included in the total sterling value of Group loans. The amount attributed to cross-currency swaps included in the above total is £9m (1993 (£5m)).

# notes relating to the accounts

## 20 Loans (continued)

Loan maturities	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
<b>Bank loans</b>				
Loans or instalments thereof are repayable				
After 5 years from balance sheet date	8	-		
Lump sums	53	82		
Instalments	61	82		
From 2 to 5 years	138	129		
From 1 to 2 years	45	43		
Total due after more than one year	244	254		
Total due within one year	46	42		
	<b>290</b>	<b>296</b>	<b>-</b>	<b>-</b>
<b>Other loans</b>				
Loans or instalments thereof are repayable				
After 5 years from balance sheet date	851	1,018	200	200
Lump sums	-	6	-	-
Instalments	851	1,024	200	200
From 2 to 5 years	361	304	-	-
From 1 to 2 years	66	135	-	63
Total due after more than one year	1,278	1,463	200	263
Total due within one year	135	178	63	62
	<b>1,413</b>	<b>1,641</b>	<b>263</b>	<b>325</b>
<b>Total loans</b>				
Due after more than one year	1,522	1,717	200	263
Due within one year	181	220	63	62
	<b>1,703</b>	<b>1,937</b>	<b>263</b>	<b>325</b>
<b>Total loans</b>				
Aggregate amount of loans repayable by instalments any of which fall due after 5 years	180	200	-	-

## 21 Provisions for liabilities and charges

	At beginning of year	Profit and loss account	Net amounts paid or becoming current	Exchange and other movements	At end of year
	£m	£m	£m	£m	£m
<b>GROUP</b>					
Deferred taxation (note 9)†	88	(15)	-	17	90
Advance corporation tax recoverable	(29)	-	-	(40)	(69)
Employee benefits * †	292	51	(27)	5	321
Reorganisation, environmental and other provisions	329	99	(78)	(17)	333
	<b>680</b>	<b>135</b>	<b>(105)</b>	<b>(35)</b>	<b>675</b>
<b>COMPANY</b>					
Deferred taxation (note 9)†	19	12	-	-	31
Advance corporation tax recoverable	-	-	-	(19)	(19)
Other provisions†	32	17	(22)	1	28
	<b>51</b>	<b>29</b>	<b>(22)</b>	<b>(18)</b>	<b>40</b>

\* Includes provisions for unfunded pension costs (note 33).

† Restated at 1 January 1994 to include prior year adjustment in respect of post-retirement healthcare obligations (notes 2 and 34). No provision has been released or applied for any purpose other than that for which it was established.

## 22 Called-up share capital of parent company

	Authorised	Allocated, called-up and fully paid	
	£m	1994 £m	1993 £m
Ordinary Shares (£1 each)	724	724	722
Unclassified shares (£1 each)	126		
	<b>850</b>	<b>724</b>	<b>722</b>

The number of Ordinary Shares issued during the year, wholly in respect of the exercise of options totalled 1.8m.

At 31 December 1994 there were options outstanding in respect of 8.3m Ordinary Shares of £1 under the Company's share option schemes for staff (1993 6.0m) normally exercisable in the period 1995 to 2004 (1994 to 2003) at subscription prices of £4.32 to £13.81 (£3.04 to £13.81). The weighted average subscription price of options outstanding at 31 December 1994 was £6.43.

Options granted to directors are shown in note 39.

During 1994 movements in the number of shares under option comprised new options issued £4.5m, options exercised £1.8m, and options lapsed or waived £0.4m. At the end of 1994 there were 15.3m shares available for the granting of options (1993 19.3m).

# notes relating to the accounts

## 23 Reserves

	Share premium account £m	Revaluation £m	Associated under- takings £m	Profit and loss account £m	1994 Total £m	1993 Total £m
<b>GROUP</b>						
<b>Reserves attributable to parent company</b>						3,572
At beginning of year as previously stated						(89)
Prior year adjustment (note 2)						
At beginning of year as restated	561	46	66	2,493	3,166	3,483
Profit (loss) retained for year			(63)	52	(11)	(433)
Amounts taken direct to reserves						
Share premiums	8				8	59
Goodwill				(48)	(48)	80
Exchange adjustments		(6)	(11)	(79)	(96)	(23)
Share of other reserve movements of associated undertakings and other items			(9)	2	(7)	-
	8	(6)	(20)	(125)	(143)	116
Other movements between reserves		(3)	77	(74)		
At end of year	569	37	60	2,346	3,012	3,166

In the Group accounts, £33m of net exchange gains (1993 losses £26m) on foreign currency loans have been offset in reserves against exchange losses (1993 gains) on the net investment in overseas subsidiaries and associated undertakings.

The movement in goodwill includes £54m of goodwill written off on the acquisition of new subsidiaries and £6m relating to goodwill transferred to the profit and loss account on the disposal of subsidiaries.

The cumulative amount of goodwill resulting from acquisitions during 1994 and prior years, net of goodwill attributable to subsidiary undertakings or businesses demerged or disposed of prior to 31 December 1994, amounted to £657m (1993 £609m).

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiary or associated

undertakings; 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 taxation relief) if they were to be 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 associated undertakings at equity accounted value.

For the purpose of calculating the basis of the borrowing limits in accordance with the Articles of Association, the total of the sums standing to the credit of capital and revenue reserves of the Company and its subsidiary undertakings, to be added to the nominal amount of the share capital of the Company, was £3,636m at 31 December 1994.

## COMPANY

### Reserves

At beginning of year as previously stated					3,070
Prior year adjustment (note 2)					(3)
At beginning of year as restated	561	1,896	2,457		3,067
Loss retained for year		(579)	(579)		(646)
Amounts taken direct to reserves					
Share premiums	8		8		59
Exchange adjustments		(28)	(28)		(23)
	8	(28)	(20)		36
At end of year	569	1,289	1,858		2,457

By virtue of S230 of the Companies Act 1985, the Company is exempt from presenting a profit and loss account.

# notes relating to the accounts

## 24 Net cash inflow from trading operations

	1994 £m	1993 £m
Trading profit	521	619
Exceptional charges within trading profit	67	-
Trading profit before exceptional items	588	619
Depreciation	404	486
Stocks (increase) decrease	(65)	130
Debtors increase	(161)	(87)
Creditors increase	210	189
Other non-cash movements, including exchange	58	(32)
	<b>1,032</b>	<b>1,305</b>

Net cash inflow from trading operations in 1994 included £251m relating to discontinued Zeneca operations.

## 25 Outflow related to exceptional items

This includes expenditure charged to exceptional provisions relating to business rationalisation and restructuring and for sale or closure of operations, including severance and other employee costs, plant demolition and site clearance. The major part of the 1994 expenditure relates to provisions raised in 1992.

Exceptional items outflow in 1993 included £51m relating to discontinued Zeneca operations.

## 26 Interest and dividends received

	1994 £m	1993 £m
Dividends received from equity accounted associated undertakings	6	31
Other dividends received	2	4
Interest received	97	124
	<b>105</b>	<b>159</b>

## 27 Acquisitions and new fixed asset investments

	1994 £m	1993 £m
<b>Acquisitions and new fixed asset investments</b>		
Acquisitions of subsidiary undertakings involving		
Fixed assets	50	299
Current assets	56	60
Total liabilities	(38)	(137)
Minority interests	(15)	-
Net assets of subsidiary undertakings acquired	55	252
Goodwill	54	31
Fair value of consideration for subsidiary undertakings	109	283
Investment in equity accounted undertakings	9	11
Other investments	7	1
	<b>125</b>	<b>295</b>
<b>Consideration for acquisitions and new fixed asset investments</b>		
Cash and cash equivalents acquired	1	7
Non-cash consideration	78	-
Deferred consideration	9	2
Net cash investment	37	286
	<b>125</b>	<b>295</b>

Fixed and current assets are adjusted to fair value based on external valuations and internal reviews.  
The principal acquisition in the year was a 51% interest in AECI Explosives Limited.

# notes relating to the accounts

## 28 Disposals

	1994 £m	1993 £m
<b>Disposals in the year resulted in the following net asset movements</b>		
Tangible fixed assets	166	263
Investments in participating interests	205	4
Other net current assets	54	205
Creditors due after more than one year	(6)	(2)
Provisions for liabilities and charges	(29)	89
Minority interests	(31)	7
	<b>359</b>	<b>566</b>
	(6)	111
Goodwill		
Profit and loss account	(9)	-
Ordinary activities	44	(140)
Exceptional items		
	<b>388</b>	<b>537</b>
<b>Satisfied by</b>		
Cash consideration	310	443
Non-cash consideration	78	-
Deferred consideration	-	94
	<b>388</b>	<b>537</b>

The cash consideration for disposals comprises £77m (1993 £408m) in respect of disposals of operations, £120m (£4m) in respect of equity accounted participating interests, £80m (nil) in respect of other investments and £33m (£31m) in respect of tangible fixed assets. £272m (1993 £439m) of the cash consideration was accounted for as exceptional.

Apart from the disposal proceeds, the contribution of the businesses and subsidiary undertakings divested in 1994 to the cash flows for the year was not material.

## 29 Changes in financing during the year

	Share capital £m	Share premium account £m	Loans £m	Finance leases £m	Short-term borrowings* £m	Total £m
At beginning of 1993	714	502	2,266	94	4	3,580
Exchange adjustments			21	(1)	-	20
New finance	8	59	31	6	-	104
Finance repaid			(410)	(15)	(3)	(428)
Introduced by acquisitions			72†	-	-	72
Zeneca demerger			(62)	(9)	-	(71)
Other movements			19	-	-	19
At beginning of 1994	722	561	1,937	75	1	3,296
Exchange adjustments			(33)	2	-	(31)
New finance	2	8	93	7	6	116
Finance repaid			(292)	(30)	-	(322)
Other movements			(2)	(1)	(1)	(4)
At end of 1994	<b>724</b>	<b>569</b>	<b>1,703</b>	<b>53</b>	<b>6</b>	<b>3,055</b>

\* Amount of short-term borrowings repayable more than 3 months from date of advance.

† The increase in loans due to acquisitions includes £69m in respect of the Group's investment in Louisiana Pigment Company, L.P.

No new finance was raised from the issue of shares to minorities in 1994 (1993 £6m).

# notes relating to the accounts

## 30 Cash and cash equivalents

	1994 £m	1993 £m
<b>Balance of cash and cash equivalents</b>		
Cash	235	194
Investments and short-term deposits which were within 3 months of maturity when acquired (note 17)	941	464
Short-term borrowings repayable within 3 months from date of advance (note 18)	(136)	(144)
	<b>1,040</b>	<b>514</b>
<b>Change in the balance of cash and cash equivalents</b>		
At beginning of year	514	(56)
Exchange adjustments	(36)	(2)
Increase for year	562	572
At end of year	<b>1,040</b>	<b>514</b>

## 31 Leases

	1994			1993		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Total rentals under operating leases, charged as an expense in the profit and loss account						
Hire of plant and machinery	67	-	67	69	2	71
Other	41	-	41	43	12	55
	<b>108</b>	<b>-</b>	<b>108</b>	<b>112</b>	<b>14</b>	<b>126</b>

Commitments under operating leases to pay rentals during the year following the year of these accounts, analysed according to the period in which each lease expires

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Land and buildings				
Expiring within 1 year	7	4	-	-
Expiring in years 2 to 5	14	18	1	1
Expiring thereafter	13	30	1	1
	<b>34</b>	<b>52</b>	<b>2</b>	<b>2</b>
Other assets				
Expiring within 1 year	9	10	1	5
Expiring in years 2 to 5	27	35	1	1
Expiring thereafter	17	7	1	2
	<b>53</b>	<b>52</b>	<b>3</b>	<b>8</b>

Obligations under finance leases comprise

Rentals due within 1 year	46	31	1	-
Rentals due in years 2 to 5	10	39	2	-
Rentals due thereafter	-	31	1	-
Less interest element	(3)	(26)	(1)	-
	<b>53</b>	<b>75</b>	<b>3</b>	<b>-</b>

Obligations under finance leases are included in other creditors (note 19).

The Group had no commitments under finance leases at the balance sheet date which were due to commence thereafter.

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# notes relating to the accounts

## 32 Employee costs

	1994			1993		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Salaries	1,340	—	1,340	1,421	405	1,826
Social security costs	132	—	132	138	52	190
Pension costs	154	—	154	137	38	175
Other employment costs	76	—	76	45	23	68
	1,702	—	1,702	1,741	518	2,259
Less amounts allocated to capital and to provisions set up in previous years	(26)	—	(26)	(59)	(21)	(80)
Severance costs charged in arriving at profit before tax	115	—	115	60	17	77
Employee costs charged in arriving at profit before tax	1,791	—	1,791	1,742	514	2,256

The average number of people employed by the Group in 1994 was 67,500 (1993 87,100) all of whom were engaged in continuing operations (1994 70,400).

## 33 Pension costs

The Group's subsidiaries operate retirement schemes for a large number of employees (including those in North America) and are generally of the defined contribution type. The benefits are based on the employee's salary and years of service. The Group's main pension scheme is the ICI Pension Fund, which is a defined contribution scheme. The Group's main pension scheme is the ICI Pension Fund, which is a defined contribution scheme.

The actuarial value of the fund at the end of the year was £137m (1993 £137m). The actuarial value of the fund at the end of the year was £137m (1993 £137m). The actuarial value of the fund at the end of the year was £137m (1993 £137m).

The actuarial value of the fund at the end of the year was £137m (1993 £137m). The actuarial value of the fund at the end of the year was £137m (1993 £137m). The actuarial value of the fund at the end of the year was £137m (1993 £137m).

The total pension cost for the Group for 1994 was £154m (1993 continuing operations - £137m). Accrued pension costs amounted to £29m (1993 £29m) and are included in other creditors (note 19); provisions for the benefit obligation of a small number of unfunded plans amounted to £130m (£119m) and are included in provisions for employee benefits (note 21). Prepaid pension costs amounting to £69m (£48m) are included in debtors (note 16).

costs amounted to £29m (1993 £29m) and are included in other creditors (note 19); provisions for the benefit obligation of a small number of unfunded plans amounted to £130m (£119m) and are included in provisions for employee benefits (note 21). Prepaid pension costs amounting to £69m (£48m) are included in debtors (note 16).

## ICI Pension Fund

The ICI Pension Fund accounts for approximately 80% of the Group's plans in asset valuation and projected benefit terms.

An actuarial valuation of the ICI Pension Fund was carried out as at 31 March 1994. From that date the Company will make payments into the Fund to reflect the extra liabilities arising from early retirement as retirements occur. In addition, the Company has agreed to make accelerated contributions to the Fund over the next six years commencing with £75m in 1995. The funding ratio on a current funding level basis is 96% and the ratio on a long-term market value basis will be eliminated over the next six years. The deficit in the Fund has been taken into account in the employers' pension cost charged in 1994 and 1995 by being amortised as a non-cash expense over the expected period of contributions.

## 34 Healthcare costs

The Group provides in North America, and to a lesser extent in some other countries, certain unfunded healthcare and life assurance benefits for retired employees. At 31 December 1994 approximately 28,000 current and retired employees were eligible to benefit from these schemes.

As stated in note 2, the results reflect the initial adoption of the accounting requirements of pronouncement UITF 6 "Accounting for Post-retirement Benefits other than Pensions" and the liabilities in respect of these benefits are now fully

The cost for the year ended 31 December 1994 was £137m (1993 £137m). The cost for the year ended 31 December 1994 was £137m (1993 £137m). The cost for the year ended 31 December 1994 was £137m (1993 £137m).

# notes relating to the accounts

## 35 Commitments and contingent liabilities

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Commitments for capital expenditure not provided for in these accounts (including acquisitions)				
Contracts placed for future expenditure	274	60	4	2
Expenditure authorised but not yet contracted	275	243	14	23
	<b>549</b>	<b>303</b>	<b>18</b>	<b>25</b>

Contingent liabilities existed at 31 December 1994 in connection with guarantees and uncalled capital relating to subsidiary and other undertakings and guarantees relating to pension funds, including the solvency of pension funds. The maximum contingent liability in respect of guarantees of borrowings and uncalled capital at 31 December 1994 was £25m (1993 £18m) for the Group; the maximum contingent liability for the Company, mainly on guarantees of borrowings by subsidiaries, was £1,247m (1993 £1,337m).

The Group is also subject to contingencies pursuant to environmental laws and regulations that in the future may require it to take action to correct the effects on the environment of prior disposal or release of chemical substances by the Group or other parties. The ultimate requirement for such actions, and their cost, is inherently difficult to estimate, however provisions have been established at 31 December 1994 in accordance with the accounting policy noted on page 11. It is believed that, taking account of these provisions, the cost of addressing currently identified environmental obligations is unlikely to impair materially the Group's financial position.

The Glidden Company is a defendant, along with numerous other paint and former lead pigment manufacturers, in a number of suits in the US, several of which purport to be class actions, seeking damages for alleged personal injury caused by lead-based paint or for the costs of removing lead-based paint. Glidden stopped manufacturing lead pigments in the 1950s and lead-based consumer paints in the 1960s. The suits involve substantial claims for damages and an adverse ruling against Glidden could lead to additional claims. Several US State legislatures and the US Congress are considering proposed bills that could adversely affect Glidden's position in

pending or possible future cases, including proposals that could add additional grounds for legal liability or that would permit suits otherwise time-barred. Glidden believes that it has strong defences and intends to continue to deny all liability and to defend all actions vigorously.

In December 1992, ICI Explosives USA Inc received a subpoena from a grand jury sitting in Fort Worth, Texas, with respect to what appears to be an industry wide antitrust investigation of the US explosives business. The company is co-operating with the investigation, the results of which are unlikely to be known for some time. However, violation of US antitrust laws, if established, can result in the payment of substantial penalties and damages.

The Group is also involved in various other legal proceedings, principally in the UK and US, arising out of the normal course of business. The Group does not believe that the outcome of these proceedings will have a material effect on the Group's financial position.

The Company has given certain indemnities in the course of disposing of companies and businesses and also in connection with the demerger of Zeneca. These and 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.

Significant take-or-pay contracts entered into by subsidiaries are as follows:

- (i) the purchase of electric power which commenced April 1993 for 15 years. The present value of the remaining commitment is estimated at £679m.
- (ii) the supply of ethane which will commence May 1996 for 10 years. The present value of this commitment is £105m.

## 36 Statutory and other information

Included in debtors is an interest-free loan of £45,000 (1993 £45,000) to one (one) officer of the Company. This loan was provided in accordance with the Company's policy of providing housing assistance to staff who have been transferred.

Remuneration of auditors charged in the Group accounts for 1994 was £3.5m (1993 £3.4m); fees paid to the auditors of the parent Company for services other than statutory audit supplied to the Company and its UK subsidiaries during 1994 totalled £0.9m (1993 £2.3m).

In November 1994, as part of the Group's restructuring in Malaysia, ICI disposed of its 50.1% interest in Chemical Company of Malaysia Berhad (CCM), to companies owned by three directors of CCM, Mr Chen Yeng Khan, Mr Oh Kim Sun and Mr Lim Say Chong. The consideration comprised cash of £25m together with 25% of the share capital of ICI Paints (Malaysia) Sdn. Bhd. (value approximately £20m) owned by CCM.

# notes relating to the accounts

## 37 Remuneration policy

The Company pays competitive wages and salaries to its employees around the world. These include incentive payments which reward enhanced shareholder value. Levels of pay and the structure of arrangements in each country reflect the competitive

environment in that country. Whilst ICI does not have global pay scales, it has to have regard to its need to be able to move staff around the world.

## 38 Contracts and emoluments of directors

**Framework and objectives** – The contracts and emoluments of executive directors and senior executives are determined by the Remuneration and Nomination Committee ("the Remuneration Committee"), which for this purpose is composed wholly of non-executive directors of the Company.

The objective of the Company's remuneration policy is to provide remuneration in form and amount which will attract, retain, motivate and reward high calibre executive directors and senior executives. It must, therefore, be competitive with other companies. To this end, the remuneration package comprises short, medium and longer term benefits, with the incentive element geared to shareholder value enhancement as outlined in the circular to shareholders for the 1994 AGM.

**Service contracts** – Normally executive directors are employed on rolling contracts subject to two years' notice at any time, save on first appointment, when the contract is for an initial period of three years. Contracts expire at normal retirement age of 62. Sir Denys Henderson's contract as Chairman, and Sir Ronald Hampel's contract as Chief Executive, expire at the conclusion of the AGM in 1995.

**The short-term benefits** – are an annual salary, health plan and car benefits and participation in the Annual Performance Related Bonus Scheme. The salaries are set at competitive base levels established from surveys of similar companies; they are within a range of up to 130% of base level (the salary at appointment) to allow the Remuneration Committee to reward the performance and experience of executive directors. No annual cost of living or inflation adjustment is made to this scale, but each year it is measured against external benchmarks to ensure it remains competitive. Annual assessment of each individual executive director's performance is carried out by the Remuneration Committee.

*In 1994 there was no adjustment to the executive directors' salary scale and no salary increase was awarded to any executive director, including the Chairman and Chief Executive.*

The level of bonus (if any) under the Annual Performance Related Bonus Scheme is determined by the Remuneration Committee on the basis of criteria established at the beginning of the year to encourage performance in a manner which the Remuneration Committee considers will contribute most to increasing shareholder value for that year. The maximum bonus available to executive directors, including the Chairman and Chief Executive, is 40%.

*For 1994 the bonus for executive directors was linked entirely to increased earnings per share ("EPS"). The trigger point was established at a covered dividend of 27.5p. This figure was above the budget accepted by the Board as the*

*1994 plan and significantly above the 19.6p EPS achieved in 1993. The 37.3p achieved EPS in 1994 has resulted in the payment of a bonus at the maximum level of 40%. The level of bonus paid in 1993 was 10%; no bonuses were paid in the previous four years.*

**The medium-term benefit** – is the Bonus Conversion Plan, introduced at the beginning of 1994, designed to encourage the conversion of any annual bonus (as described above) into shares in the Company and the holding of those shares for a minimum of three years. Under the Plan, the recipient of a bonus may elect to have shares purchased at market value in the Plan with his net bonus after tax. Shares purchased in the Plan are released at the end of a three year retention period and are then matched by an equal number of shares by the Company on which the individual is required to pay income tax.

**The long-term benefit** – is the Share Option Scheme (renewed in May 1994) under which options over the Company's Ordinary Shares may be granted each year to executive directors and senior executives at a multiple of 0.8 times salary for directors (except on first appointment) subject to an overall maximum holding of four times salary. All options under the 1994 Scheme are subject to performance conditions on exercise as determined by the Remuneration Committee. Exercise of options granted during the year under the 1994 Scheme are subject to satisfaction of one of two conditions – one related to total shareholder return exceeding the return on the FTSE All Share Index over three years, and the other to improved earnings per share being 2% greater than the change in the RPI over a three year period. Options must be held for three years before they are exercised and lapse if not exercised within ten years from grant.

The shares within both the Share Option Scheme and the Bonus Conversion Plan do not dilute shareholders' equity as they are bought in the market and held by a trust.

**Post-retirement benefits** – All executive directors, other than Mr C M Short and Mr C Miller Smith, are members of the ICI Pension Fund, which is open to all UK employees and which provides pensions and other benefits to members within Inland Revenue limits. The Company made a contribution for all employees, including executive directors in the ICI Pension Fund, at a rate of 13.68% of salary in 1994 except for the Chairman and Sir Ronald Hampel, who are the last two long serving members of the Pension Fund whose contributions were capped at significantly lower levels.

Mr C Miller Smith has a Funded Unapproved Pension Scheme to which the Company makes a contribution equivalent to 25% of his salary. Mr C M Short is entitled by contract to an unfunded pension from the Company on retirement.

# notes relating to the accounts

## 38 Contracts and emoluments of directors (continued)

### Emoluments of directors

	1994				1993
	Salary £000	Benefits £000	Bonus £000	Total £000	Total £000
<b>Remuneration of executive directors</b>					
Sir Denys Henderson – Chairman	313	6	125	444	493
Sir Ronald Hampel – Chief Executive	423	12	170	607	479
C. Miller Smith – Chief Executive designate (appointed executive director 1 October 1994)	87	3	35	125	
M. E. Brogden (appointed 1 May 1994)	167	7	67	241	
C. Hampson (retired 29 April 1994)	100	4	40	144	342
R. J. Margetts	250	8	100	358	255
C. M. Short	300	17	120	437	353
A. G. Spall (appointed 1 January 1994)	250	8	100	358	
Directors who ceased to be directors of ICI on demerger of Zeneca					367
	<b>1,892</b>	<b>65</b>	<b>757†</b>	<b>2,714</b>	<b>2,289</b>
<b>Fees to non-executive directors</b>				<b>97</b>	<b>194</b>
<b>Pension fund contributions</b>				<b>111</b>	<b>70</b>
<b>Total emoluments</b>				<b>2,922</b>	<b>2,553</b>
Remuneration of executive directors 1993	1,815	60	414		

† Excludes the benefit of shares under the Bonus Conversion Plan (see The medium-term Incentive, page 34) which will be included in emoluments in the year in which the benefit of the extra shares provided by the Company is received by the director.

The emoluments of the Chairman, inclusive of pension fund contributions (£362; 1993 £616) and bonuses (£125,000; 1993 £106,000), were £444,000 (1993 £494,000). The emoluments of the highest paid director, inclusive of pension fund contributions (£370; 1993 £1,026) and bonuses (£170,000; 1993 £78,000), were £608,000 (1993 £480,000).

The emoluments of non-executive directors, inclusive of Mr C. Miller Smith until he became an executive director on 1 October 1994 (£16,000; 1993 £11,000), and of executive directors who ceased to be directors of ICI on demerger of Zeneca were within the following bands:

Emoluments £	Number 1994	Number 1993	Emoluments £	Number 1994	Number 1993
<b>Non-executive directors</b>					
5,001 – 10,000		4	20,001 – 25,000	3	2
10,001 – 15,000	1	1	85,001 – 90,000		1
15,001 – 20,000	1	1			
<b>Executive directors who ceased to be directors of ICI on demerger of Zeneca</b>					
95,001 – 100,000		1	155,001 – 160,000		1
105,001 – 110,000		1			

Two executive directors and one non-executive director were directors for part of 1994. Three executive directors and six non-executive directors were directors for part of 1993.

	1994 £000	1993 £000
<b>Pensions in respect of service of former directors paid by the Company</b>	<b>124</b>	<b>52</b>

# notes relating to the accounts

## 39 Directors' interests in shares and debentures

The interests at 31 December 1994 of the persons who on that date were directors (including the interests of their families) in shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1994 (or, if appointed during 1994, at the date of appointment) are shown in parentheses where these differ from the holdings at the year end.

	ICI Ordinary Shares
Sir Denys Henderson	21,274
Sir Ronald Hampel	6,377
C. Miller Smith	500
M. E. Brogden	1,273 (273)
F. R. Hurn	500
R. J. Margetts	4,798
Sir Antony Pilkington	500
Miss Ellen R. Schneider-Lenné	500
C. M. Short	55,266
A. G. Spall	3,565 (3,561)

On 23 February 1995 Mr C Miller Smith purchased an additional 4,000 Ordinary Shares. During the period 1 January 1995 to 23 February 1995, there was no other change in the Interests of directors shown in this note.

Options to subscribe for Ordinary Shares granted to and exercised by directors during 1994 are included in the table below:

Directors at 31 December 1994	1 January 1994	Options granted		Options exercised			31 December 1994		
	Number	Number	Price £	Number	Exercise price £	Market price £	Number	Weighted average exercise price £	Date from which exercisable
Sir Denys Henderson	130,900						160,900	5.59	2.4.89
	16,865						16,865	7.71†	2.9.90
Sir Ronald Hampel	281,926						281,926	6.03	2.4.89
C. Miller Smith		178,300	7.85				178,300	7.85†	7.11.97
M. E. Brogden	24,760*			1,000	5.26	7.76½	23,760	6.03	3.4.94
	9,800*						9,800	7.55†	22.3.97
R. J. Margetts	154,092	1,371	6.34				155,463	6.00	2.4.89
C. M. Short	52,199						52,199	6.90	3.4.94
A. G. Spall	15,561	1,164	6.34				16,664	6.64	24.6.96
		57,500	7.55				57,500	7.55†	22.3.97

\* Interest at date of appointment.

† Exercise price exceeds market price at 31 December 1994.

No options lapsed during the year. The options outstanding are exercisable at prices between £4.97 and £7.85. The market price of the shares at 31 December 1994 was £7.48½ and the range during 1994 was £7.28½ to £8.67½. The Register of Directors' Interests (which is open to shareholders' inspection) contains full details of directors' shareholdings and options to subscribe for shares.

## principal associated undertakings

at 31 December 1994

	Class of capital	£m	Held by ICI %	Principal activities
IC Insurance Ltd England	Ordinary	—	49†	Insurance and reinsurance underwriting
Louisiana Pigment Company, L.P. USA	Partnership		50†	Manufacture of titanium dioxide pigments

† Held by subsidiaries

The accounting and reporting date of principal associated undertakings is 31 December.

The country of registration or incorporation is stated below each company. The principal operations of IC Insurance Ltd are carried out in the UK and those of Louisiana Pigment Company, L.P. in the USA.

The principal place of business of Louisiana Pigment Company, L.P. (LPC) is 3300 Bayou d'Inde Road, Westlake, Louisiana 70669-0070, USA. The Group's share of the results of LPC is proportionately consolidated in the Group profit and loss account and balance sheet. LPC is managed through a management board on which the Group and the Group's joint venture partner, NL Kronos, are represented.

# principal subsidiary undertakings

at 31 December 1994

	Class of capital	Held by ICI %	Principal activities
<b>EUROPE</b>			
<b>Deutsche ICI GmbH</b> Germany	Ordinary	100†	Manufacture of chlorine, caustic soda, specialty plastics, paints and polyurethanes; merchanting of other ICI products
<b>ICI Chemicals &amp; Polymers Ltd</b> England	Ordinary	100†	Manufacture of chemicals, plastics and fertilisers; merchanting of ICI and other products
<b>ICI Finance PLC</b> England	Ordinary	100†	Financial services
<b>ICI France SA</b> France	Ordinary	100†	Merchanting of ICI products
<b>ICI Holland BV</b> The Netherlands	Ordinary	100†	Manufacture of bulk and specialty plastics, films, and polyester polymers and polyurethane chemicals; merchanting of other ICI products
<b>Tioxide Group Ltd</b> England	Ordinary	100†	Manufacture of titanium dioxide pigments
<b>THE AMERICAS</b>			
<b>ICI American Holdings Inc</b> USA	Common	100†	Manufacture of acrylics, films, paints, composites, polyurethanes and chemicals; merchanting of other ICI products
<b>ICI Canada Inc</b> Canada	Common Preference	100† 100†	Manufacture of industrial explosives and initiating systems, paints, chlor-alkali and other chemicals; merchanting of ICI and other products
<b>ICI Explosives USA Inc</b> USA	Common	100†	Manufacture of industrial explosives and initiating systems
<b>OTHER COUNTRIES</b>			
<b>AECI Explosives Ltd</b> Republic of South Africa	Ordinary	51†	Manufacture of industrial explosives and initiating systems
<b>ICI Australia Ltd</b> Australia (Accounting and reporting date 30 September)	Ordinary*	62†	Manufacture and distribution of chemicals and other products including fertilisers and crop care, industrial and specialty chemicals, consumer and effect products, plastics and performance of related services
<b>ICI China Ltd</b> Hong Kong and China	Ordinary	100†	Merchanting of ICI and other products
<b>ICI India Ltd</b> India (Accounting date 31 March; reporting date 31 December)	Equity*	51	Manufacture of industrial explosives, paints, agrochemicals, pharmaceuticals, polyurethanes, catalysts, rubber chemicals and surfactants
<b>ICI Japan Ltd</b> Japan	Ordinary	100†	Manufacture of polyester films and acrylics compounds; merchanting of ICI and other products
<b>ICI Pakistan Ltd</b> Pakistan	Ordinary*	61†	Manufacture of polyester staple fibre, soda ash, paints, specialty chemicals, calcium carbonate, formulation of agrochemicals; toll manufacture and import of pharmaceutical and animal health products; merchanting of general chemicals
<b>ICI Taiwan Ltd</b> Republic of China	Ordinary	56 44†	Manufacture of fibre intermediates, paints and polyurethanes; merchanting of ICI and other products

\* Listed

† Held by subsidiaries

The country of principal operations and registration or incorporation is stated below each company. The accounting dates of principal subsidiary undertakings are 31 December unless otherwise stated.

# sources and disposal of value added

for the year ended 31 December 1994

	Continuing operations £m	1994 Discontinued operations £m	Total £m	Continuing operations £m	1993† Discontinued operations £m	Total £m
<b>SOURCES OF INCOME</b>						
Sales turnover	9,189	-	9,189	8,430	2,202	10,632
Royalties and other trading income	82	-	82	113	32	145
Less materials and services	(6,556)	-	(6,556)	(6,111)	(1,351)	(7,462)
<b>Value added by manufacturing and trading activities</b>	<b>2,715</b>	<b>-</b>	<b>2,715</b>	<b>2,432</b>	<b>883</b>	<b>3,315</b>
Share of profit less losses of associated undertakings	14	-	14	45	2	47
Value added related to exceptional items taken below trading profit	(37)	-	(37)	(52)	(47)	(99)
<b>Total value added</b>	<b>2,692</b>	<b>-</b>	<b>2,692</b>	<b>2,425</b>	<b>838</b>	<b>3,263</b>
<b>DISPOSAL OF TOTAL VALUE ADDED</b>						
<b>Employees</b>						
Employee costs charged in arriving at profit before tax	1,791	-	1,791	1,742	514	2,256
<b>Governments</b>						
Corporate taxes	164	-	164	119	70	189
Less grants	(8)	-	(8)	(10)	(1)	(11)
	156	-	156	109	69	178
<b>Providers of capital</b>						
Interest cost of net borrowings	88	-	88	90	63	153
Dividends to shareholders						
Cash	199	-	199	199	-	199
Demerger				363	-	363
Minority shareholders in subsidiary undertakings	56	-	56	42	-	42
	343	-	343	694	63	757
<b>Re-investment in the business</b>						
Depreciation	413	-	413	417	88	505
(Loss) profit retained	(11)	-	(11)	(537)	104	(433)
	402	-	402	(120)	192	72
<b>Total disposal</b>	<b>2,692</b>	<b>-</b>	<b>2,692</b>	<b>2,425</b>	<b>838</b>	<b>3,263</b>

† Restated (Note 2 to the Annual Accounts)

This table is based on the audited accounts; it shows the total value added to the cost of materials and services purchased from outside the Group and indicates the ways in which this increase in value has been disposed.

# group financial record

for the years ended 31 December

	1994 £m	1993 £m	1992 £m	1991 £m	1990 £m	1989 £m
<b>Profit and loss account</b>						
<b>CONTINUING OPERATIONS</b>						
Turnover	9,189	8,430	7,557	7,942	8,444	8,549
Trading profit before exceptional items	588	325	173	343	380	767
Exceptional items charged to trading profit	(67)	-	(346)	-	-	-
Trading profit after exceptional items	521	325	(173)	343	380	767
Associated undertakings - before exceptional items	14	45	41	(4)	130	231
Associated undertakings - exceptional profits (losses)	(70)	-	(19)	27	376	46
Profits (losses) on sale or closure of operations	(39)	(94)	(207)	16	(44)	8
Provisions for costs of fundamental reorganisation and restructuring	-	-	(23)	-	(357)	-
Profits less losses on disposal of fixed assets	70	-	-	7	32	26
Net interest payable	(88)	(90)	(51)	(37)	(26)	3
Profit (loss) before taxation	408	186	(432)	352	491	1,081
Taxation	(164)	(119)	(187)	(122)	(180)	(391)
Attributable to minorities	(56)	(42)	(2)	(22)	(20)	(67)
Net profit (loss) - continuing operations	188	25	(621)	208	291	623
<b>DISCONTINUED OPERATIONS - Net profit</b>	-	104	51	334	192	434
<b>Net profit (loss) attributable to parent company</b>	<b>188</b>	<b>129</b>	<b>(570)</b>	<b>542</b>	<b>483</b>	<b>1,057</b>
<b>Balance sheet</b>						
Tangible fixed assets	3,861	4,024	5,634	5,128	4,947	4,856
Investments	171	458	455	396	461	753
Current assets	4,972	4,747	6,033	5,546	5,449	5,727
Total assets	9,004	9,229	12,122	11,070	10,857	11,336
Creditors due within one year	(2,608)	(2,452)	(4,377)	(3,410)	(3,406)	(3,618)
<b>Total assets less current liabilities</b>	<b>6,396</b>	<b>6,777</b>	<b>7,745</b>	<b>7,660</b>	<b>7,451</b>	<b>7,718</b>
Creditors due after more than one year	1,617	1,840	2,152	1,922	1,802	1,699
Provisions and deferred income	705	719	1,005	658	692	670
Minority interests	338	330	302	288	286	335
Shareholders' funds	3,736	3,888	4,286	4,792	4,671	5,014
	<b>6,396</b>	<b>6,777</b>	<b>7,745</b>	<b>7,660</b>	<b>7,451</b>	<b>7,718</b>
<b>Capital gearing</b>						
Net borrowings (total borrowings less cash, current asset investments and short-term deposits) as a percentage of net borrowings, minority interests and shareholders' funds	3.3	20.2	33.4	23.6	25.6	28.6
<b>Cash flow</b>						
Net cash inflow from operating activities	888	1,026	926	1,458	1,728	1,518
Net cash outflow from returns on investments and servicing of finance	(308)	(433)	(610)	(594)	(564)	(492)
Tax paid	(98)	(144)	(98)	(286)	(412)	(593)
Net cash inflow (outflow) from investing activities	293	447	(672)	(434)	(345)	(1,002)
Net cash inflow (outflow) before financing	775	896	(454)	144	407	(569)
Net cash inflow (outflow) from financing	(213)	(324)	(24)	189	157	69
<b>Increase (decrease) in cash and cash equivalents</b>	<b>562</b>	<b>572</b>	<b>(478)</b>	<b>333</b>	<b>564</b>	<b>(500)</b>
<b>Return on assets</b>						
Profit (loss) before loan interest and exceptional items as a percentage of assets employed (average total assets less current liabilities)						
Continuing operations	10.2	6.7				
Total	10.2	9.5	9.8	13.0	14.2	22.8

Note: Data for 1989 to 1992 have not been restated for post-retirement healthcare costs; the cumulative adjustment at 1 January 1993 was an increase in provisions and deferred income and a decrease in shareholders' funds of £89m.

# shareholder information

## Quarterly results

Unaudited trading results of the ICI Group for 1995 are expected to be announced as follows:

First quarter	27 April 1995
Half year	27 July 1995
Nine months	26 October 1995
Full year	22 February 1996

## Dividend payments

A second interim dividend for the year 1994, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 26 April 1995 to Ordinary shareholders registered in the books of the Company on 23 March 1995.

Dividends are normally paid as follows:  
First interim: Announced with the Half year results and paid in early October.  
Second interim: Announced with the Full year results and paid in late April.

## Taxation

In certain circumstances, when a shareholder in the UK sells shares, his liability to tax in respect of capital gains is computed by reference to the market value of the shares on 31 March 1982 adjusted for inflation between that date and the date of disposal. The market value of ICI Ordinary Shares at 31 March 1982, for the purposes of capital gains tax, was 309p.

Shares in Zeneca acquired on demerger from ICI will be treated as having a base cost for capital gains tax purposes ascertained by reference to the values of ICI and Zeneca shares on 1 June 1993 calculated in accordance with the provisions of Section 272 of the Taxation of Chargeable Gains Act 1992. The base cost of any holding of ICI shares on that date will be adjusted on the same basis.

The relevant prices on The London Stock Exchange on 1 June 1993 were: ICI – 631.75p and Zeneca – 625.75p.

Base costs in the pre-demerger ICI

shares will, therefore, be split between the post-demerger ICI and Zeneca shares in the proportion:  
ICI – 0.50239 and Zeneca – 0.49761.

## Auditors

The remuneration and expenses of the Auditors in respect of the statutory report to the members of the Company for the year 1994 amounted to £280,000 (1993: £282,000). The total figure for the Group was £3.5m (1993: £3.4m) 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 subsidiaries operate.

## Shareholders

The following table analyses the holdings of £1 Ordinary Shares at the end of 1994:

Size of holding	Number of Ordinary shareholders' accounts	Number of shares	%
1-250	120,899	14,432,715	2.0
251-500	65,419	24,400,466	3.4
501-1,000	46,844	33,901,775	4.7
1,001-5,000	25,204	44,149,636	6.1
5,001-10,000	809	5,753,751	0.8
10,001-50,000	762	18,219,501	2.5
50,001-1,000,000	775	171,565,418	23.7
Over 1,000,000	91	411,474,652	56.8
All holdings	260,803	723,897,914	100.0

In addition to the number of registered shareholders shown, there are approximately 43,000 holders of American Depositary Receipts (ADRs). The ADRs, each of which is equivalent to four £1 Ordinary Shares, are issued by Morgan Guaranty Trust Company of New York.

As at 21 February 1995 (one month prior to the date of Notice of Meeting) Morgan Guaranty Trust Company of New York had a non-beneficial interest in 97,811,423 Ordinary Shares of the Company (13.51% of the issued Ordinary Share Capital), all of which were registered in the name of their

nominee company, Guaranty Nominees Limited, in respect of ADRs. No other person held an interest in shares, comprising 3% or more of the issued Ordinary Share Capital of the Company, appearing in the register of interests in shares maintained under the provisions of Section 211 of the Companies Act 1985.

ICI Ordinary Shares are listed on The London Stock Exchange and other major European stock exchanges. In the form of ADRs, they are also listed on the New York Stock Exchange.

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 preceeding 12 months can be inspected by any shareholder or ADR holder during normal business hours at the offices of ICI at 9 Millbank, London, SW1P 3JF and at Olympic Tower, 645 Fifth Avenue, New York.

## Personal Equity Plans (PEPs)

Details of the ICI General PEP and the ICI Single Company PEP may be obtained from:  
The Plan Manager  
Bradford & Bingley (PEPs) Limited  
Telephone helpline: (01274) 555677

## Registered Office

Imperial Chemical House  
Millbank  
London SW1P 3JF  
Telephone: (0171) 834 4444

## Registrar and Transfer Office

1 C Parkinson  
PO Box 251  
Wexham Road  
Slough SL2 5DP  
Telephone: (01753) 877008

## Auditors

KPMG  
8 Salisbury Square  
Blackfriars  
London EC4Y 8BB