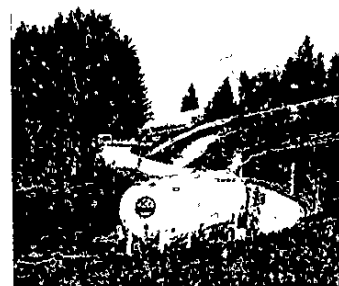


Imperial Chemical Industries PLC Annual Report 1984





ICI Group financial highlights

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

	1984 £m	1983 £m	1982 £m
Turnover (Sales to customers outside the Group)			
Chemicals-UK	2,346	2,184	2,030
-overseas	6,474	5,264	4,402
Oil	1,089	808	926
Total turnover	9,909	8,256	7,358

Trading profit	1,063	693	366
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Profit before taxation	1,034	619	259
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Net profit attributable to parent company, before extraordinary items	605	397	145
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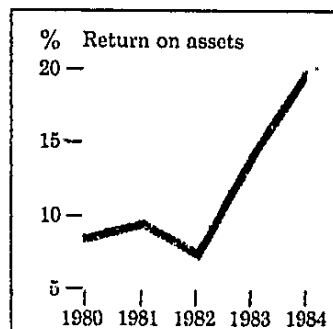
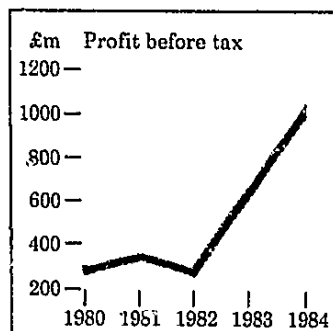
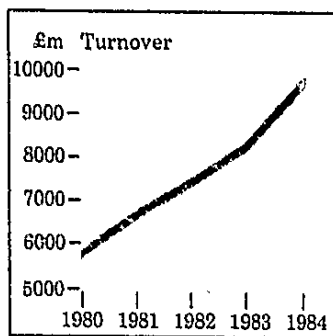
Earnings (before extraordinary items) per £1 Ordinary Stock	98.2p	65.3p	24.2p
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Dividend per £1 Ordinary Stock (see page 6)	30p	24p	19p
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5 M. ...uring heart drugs in Ches' ... JK.

6 Delivering PVC in Switzerland.

7 A cotton crop in the USA treated with 'Cymbush' insecticide.



Description

ICI is amongst the world's largest chemical groups and has one of the broadest and most varied product ranges in the industry. The parent company is British and the Group has manufacturing subsidiaries, sales organizations and related companies throughout the world, as indicated on the map. With manufacture in over 40 countries and substantial sales organizations in more than 60, ICI's geographical diversity is the widest among the chemical majors. 73 per cent of chemical sales in 1984 were made outside the UK.

ICI's headquarters and main technological base are in the UK where there are nine operating units, each with its own wide range of products, making up one of Britain's largest manufacturing companies and leading exporters. Elsewhere ICI operates through subsidiary and related companies, but, in businesses where the market requires it, international co-ordination and strategic direction are the responsibility of a designated senior executive. The strategies for these businesses take full cognizance of legal and other local requirements in each country involved.

Objectives

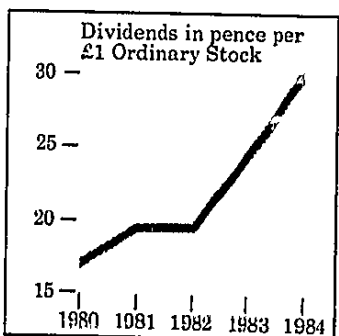
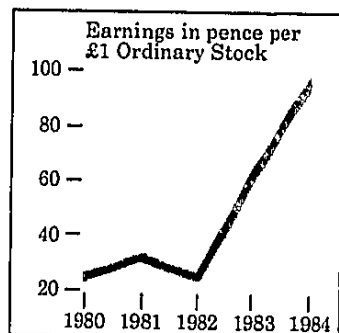
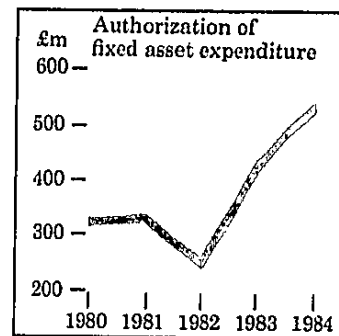
This statement of objectives is derived from and replaces the description of future developments in the business included in the 1983 Report.

The diversity of ICI's products, its international spread and the breadth of its technological and commercial skills provide the Group with ample opportunities for profitable growth within its existing broad areas of activity. The Group's field of business will therefore continue to be the efficient manufacture and sale of chemical-based products, combined with other operations supported by its science base. Diversification into areas unrelated to ICI's strengths will not be sought.

ICI's principal objective is to improve the effectiveness of wealth creation within the Group and hence its financial performance, to the benefit of shareholders, employees, customers and the communities in which it operates.

In pursuing that objective the Group's main strategies are

- to maintain or increase ICI's position in



its strong businesses throughout the world and to identify and develop profitable opportunities to increase the proportion of the Group's business in products with high added value

- to increase the Group's share of growth markets and to use its international marketing strength to create profitable business opportunities throughout the world. This includes:

continuing to develop participation in the overall West European market for chemicals;

increasing ICI's presence in its selected fields in the USA;

participating in the high growth areas of South East Asia; and

taking up opportunities to benefit from Japanese expansion and technological innovation

- to sustain the strength of the Group's technological base and earning ability within the UK while continuing to increase technological strength and earnings worldwide
- to make further advances in productivity, efficiency and cost effectiveness

- to continue to pursue appropriate opportunities for growth by acquisition and to make divestments where appropriate

- to maintain with vigour the Group's tradition of regeneration of its business portfolio through research, including specifically as current targets the establishment of growth businesses in advanced materials, products for the electronics industry, medical diagnostics, fermentation products and technology, and the application of bioscience to the development of crops.





The Chairman with operating staff in the control room of the new Olefines Plant at Botany Bay, Australia.

In 1984 ICI moved to new levels of achievement. Before-tax profits increased by 67 per cent to £1,034m. Sales turnover increased by 20 per cent. Earnings per share increased by 50 per cent.

As you read the Report you will see that we advanced on virtually all fronts. There were further outstanding performances from the pharmaceuticals and agrochemicals businesses which together accounted for more than 30 per cent of our trading profits. There was a major recovery in petrochemicals and plastics from £7m loss to £138m profit, and fibres was restored to profitability. Oil, industrial explosives and fertilizers again performed strongly, and paint and general chemicals made further notable progress. The colours, polyurethanes and speciality chemicals sector suffered from difficulties in the colours area, but polyurethanes performed well.

In all parts of the world the business moved ahead. There was a very big advance in the USA where dollar turnover increased by 23 per cent and profits by almost 80 per cent. Australasia and Canada recovered well and there were record profits in the Far East, Latin America and Pakistan, with continuing progress in India. Sales and profits in our home European market benefited from increased penetration in Continental markets and a good export performance from our UK production plants.

These are strong results. They have been helped by improvements in the world

economic climate and by favourable exchange rate movements – but they are based on the enduring foundation of a competitive cost base, excellent technology and a strong international sales network. We have been pursuing a sustained process of structural change and operational improvement which is radically increasing the profitability of our commodity businesses and enhancing our leading position in many products.

At the same time as we are reaping rewards from this process of change and improvement there is gathering momentum in creating new businesses. Our market successes are backed by a big and effective research effort – £140m in pharmaceuticals and agrochemicals alone. The size of the research effort devoted to new business development is also very considerable, clearly focussed and linked into relevant research throughout the world. Our major objective is to exploit the products of our scientific skill in every growth market in the world. Where our existing organization does not include an adequate launch-pad, financial strength gives us the means to acquire a market position. The acquisition of the Beatrice Chemical interests of Beatrice Companies, Inc for \$750m is a very good example. As I explain in the circular enclosed with this Report, it not only provides us with new speciality products but also with a worldwide market position, not least in the USA, for the exploitation of ICI science and technology, particularly in

advanced materials and resins. We also have clearly defined ambitions in the field of products for the electronics industry, medical diagnostics, fermentation technology and the application of bioscience to crop development. All of these will feature in a steady and significant increase in the proportion of the Group's business in products of high added value.

ICI has an increasing presence in all the high growth areas of the world. We are more geographically diverse than any other major chemical company and have steadily strengthened our position in Europe and North America, the two major chemicals markets of the world. In the Far East, where the potential is vast but business challenges are complex and difficult, ICI already has a substantial presence and we are making a major effort to increase our activity in this region. The increasingly international nature of the ICI Group requires us to ensure that we have an international outlook and perspective. I am therefore extremely pleased that Shoichi Saba, President and Chief Executive Officer of Toshiba, has accepted our invitation to join the Board as a Non-Executive

Director. He brings with him a new viewpoint and long experience in the fast growing high technology markets of the world.

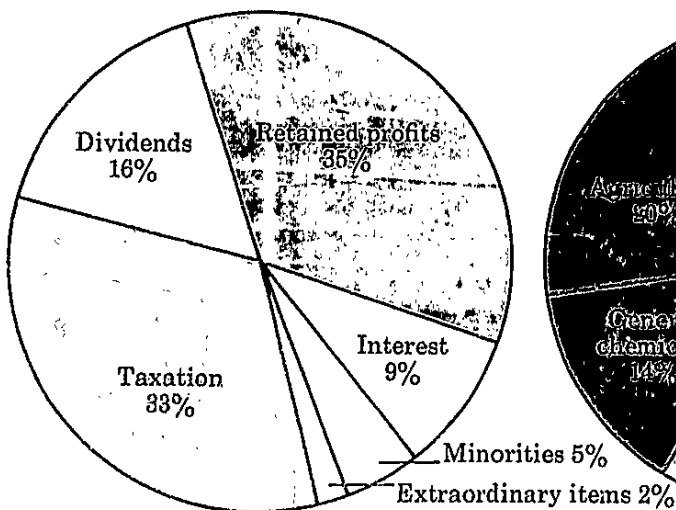
I believe that what we have done to rationalize and re-shape our business, and the robustness of the results we are turning in, is now better appreciated by the stock markets as reflected in the value of the Group's shares. This is a valuable sign of confidence in the Group and will be a source of satisfaction to all shareholders, as I hope will be the Board's decision to increase the total dividend for the year from 24p to 30p per share.

This is clearly one of the most exciting periods in the history of ICI when we are changing the balance of the business, reviewing and revising our methods of working, and setting new patterns for the future. Nobody appreciates more than I do the energy, skill and courage of those who have to manage and participate in such a massive process of change – and keep the business moving ahead. Our success in 1984 is a measure of the quality and determination of our people. I thank them for their continuing contribution, and am proud to be their Chairman.

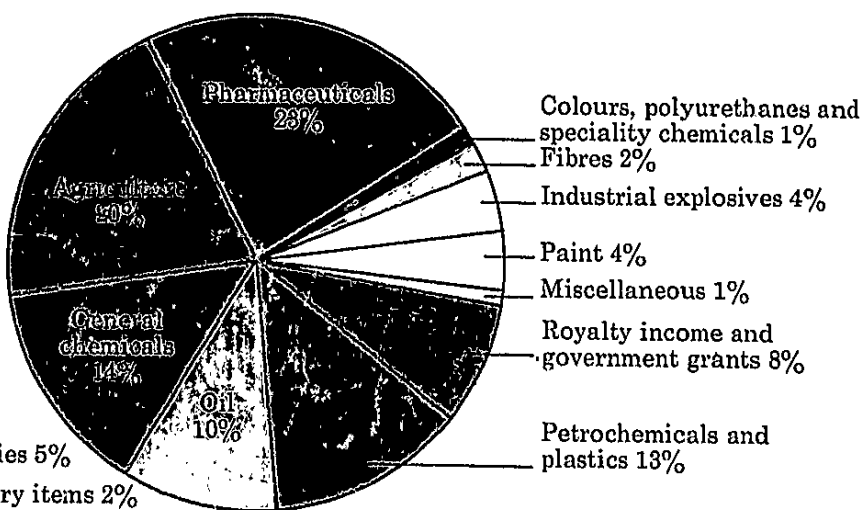
John Harvey - Gunn

11 March 1985

Application of 1984 profits £1,134m
(from trading operations
and related companies)



1984 trading profit
by business sectors £1,063m





THE QUEEN'S AWARD FOR
EXPORT ACHIEVEMENT 1984

In 1984 four awards were won by the ICI Group for export achievement – by Mond, Petrochemicals and Plastics, and Pharmaceuticals Divisions, and by a wholly-owned subsidiary, Camtex Fabrics Ltd.

The Directors of Imperial Chemical Industries PLC present their fifty-eighth Annual Report, together with the Accounts of the Company for the year 1984. They will be laid before the stockholders at the fifty-eighth Annual General Meeting to be held on 29 April 1985, and copies are being provided for those employees of the Company who are not also stockholders.

Group results

Turnover

Group turnover in 1984 was £9,909m compared with £8,256m in 1983; turnover in chemicals at £8,820m was up by 18 per cent. ICI achieved an 8 per cent overall increase in chemical sales volume, with increases of 3 per cent in the UK, 10 per cent in Continental Western Europe and 12 per cent elsewhere.

Selling prices of chemicals were on average 4 per cent higher than in 1983 in terms of local currencies. However, turnover in sterling terms benefited from the depreciation in the value of the pound to the extent of a further 6 per cent although the effect varied considerably between currencies and business sectors.

Trading operations

Group trading profit increased from £693m to £1,063m. Pharmaceuticals, the sector contributing the highest profit, increased profits substantially for the fourth successive year and good increases in profits were made in the agriculture and paint sectors. There was a strong revival in most of the commodity businesses and, in particular, petrochemicals and plastics moved from a small loss to a profit of £138m, while general chemicals and industrial explosives improved further and fibres returned to profitability. Oil profits continued to make a substantial contribution, but the colours, polyurethanes and speciality chemicals sector was depressed by the weakness of the colours business, though polyurethanes had a good year.

The decline in the effective exchange rate for sterling compared with 1983 was of net benefit to ICI, as the advantage on product prices outweighed the disadvantage on costs, in particular those for oil-related feedstocks which are priced in dollars. Profits of overseas subsidiaries were worth an extra £37m on translation into sterling, compared with the previous year's exchange rates.

Trading profit earned on UK assets improved by 48 per cent, mainly because of buoyant exports. In Continental Western Europe profit was also ahead of 1983. Profit in the Americas again increased substantially, with a nearly doubled profit in sterling terms from US subsidiaries. Australasian results were much improved from the depressed levels of 1983 and trading profits elsewhere showed useful gains.

Profits

Group profit before taxation was £1,034m, 67 per cent above 1983. The overall contribution from related companies showed an increase and financing costs were lower, reflecting the stronger cash position of the Group. The charge for taxation, excluding oil taxes, was £373m (1983 £201m), representing 36 per cent of profit before tax (1983 33 per cent). The charge comprised £256m of UK taxation, £104m of overseas taxation and £13m of taxation on related companies. The Finance Act 1984 contained major changes in the rates of UK corporation tax and capital allowances. In order to reflect these changes a provision of £100m for deferred taxation has been established by an adjustment to Group reserves.

Earnings for Ordinary stockholders were £605m before extraordinary items, compared with £397m in 1983. Earnings per £1 unit of Ordinary Stock were 98.2p, an increase of 50 per cent. The £20m charge for extraordinary items relates almost entirely to the disposal of the activated carbons business in the USA.

Dividend

A second interim Ordinary dividend of 18p per £1 unit, which the Annual General Meeting will be asked to confirm as the final dividend for 1984, is payable on 2 April 1985. This, together with the first interim dividend of 12p per £1 unit paid on 3 October 1984, makes a total Ordinary dividend of 30p for the year, an increase of 6p from 1983. The gross equivalent of this (including the related tax credit) is 42.86p. The payment of these dividends requires £186m (1983 £147m), leaving £399m (1983 £231m) retained in the business.

Finance

The Group financial position has again strengthened. Funds generated from operations totalled £1,476m (1983 £1,158m) and were more than sufficient to meet the Group's cash requirements. The amount spent on new tangible fixed assets increased to £441m (1983 £361m) and £119m was spent on acquisitions and other new investment (see page 22). Requirements for working capital were substantial in 1984 as a consequence of the higher levels of trading, but the increase of £200m was proportionately less than the increase in turnover.

The major new borrowing was the £100m

8½ per cent Euro-sterling bond issued by a finance subsidiary, giving holders an option to convert into ICI Ordinary Stock at a price of 800p per £1 stock unit until redemption in 1999; holders have an alternative option to redeem in 1989 at a premium of 12 per cent. Ordinary Stock issues by ICI in 1984 totalled 7 million £1

units in respect of employees' profit-sharing and share option schemes.

At 31 December 1984, Group net liquid resources (cash and short-term investments less short-term borrowings) were £628m compared with £445m at the end of 1983.

Stockholders

At the end of 1984 the register of stockholders consisted of 349,458 Ordinary Stock accounts, 660 Preference Stock accounts and 163,598 accounts in respect of all classes of Loan Stock. The following table analyses the holdings of Ordinary Stock:

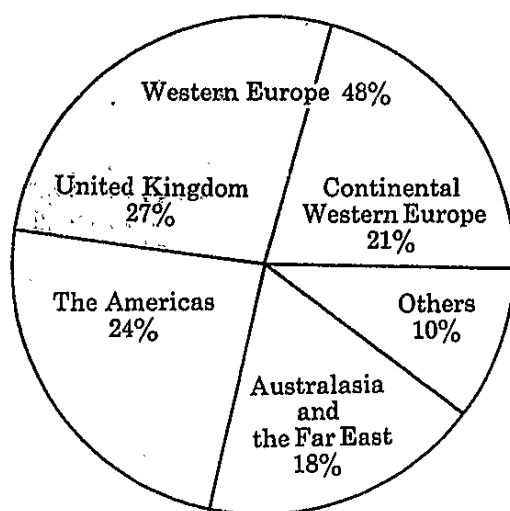
Size of holding £	Number of stockholders' accounts	Amount £m
1-250	151,826	18
251-500	88,564	33
501-1,000	69,104	49
1,001-5,000	37,362	64
5,001-10,000	1,088	8
10,001-50,000	840	20
50,001-1,000,000	607	136
Over 1,000,000	67	291
All holdings	349,458	619

In addition to the number of registered stockholders shown in the table there are approximately 25,000 holders of American Depositary Receipts. The ADRs, each of which is equivalent to four £1 Ordinary Stock units, are issued by Morgan Guaranty Trust Company of New York and are listed on the New York Stock Exchange.

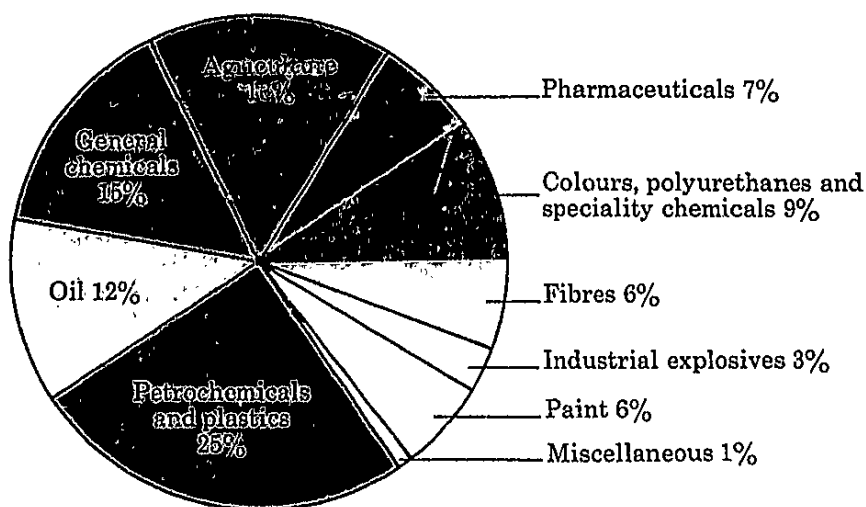
As at 19 February 1985 (one month prior to the date of the Notice of Meeting on page 55) Morgan Guaranty Trust Company of New York had a non-beneficial interest in £100,075,172 Ordinary Stock of the Company (being approximately 16.1 per cent of the issued Ordinary share capital), of which £99,981,816 was registered in the name of their nominee company, Guaranty Nominees Limited. At that date no other person held an interest in stock comprising 5 per cent or more of the issued Ordinary share capital of the Company.

Review of worldwide trading operations

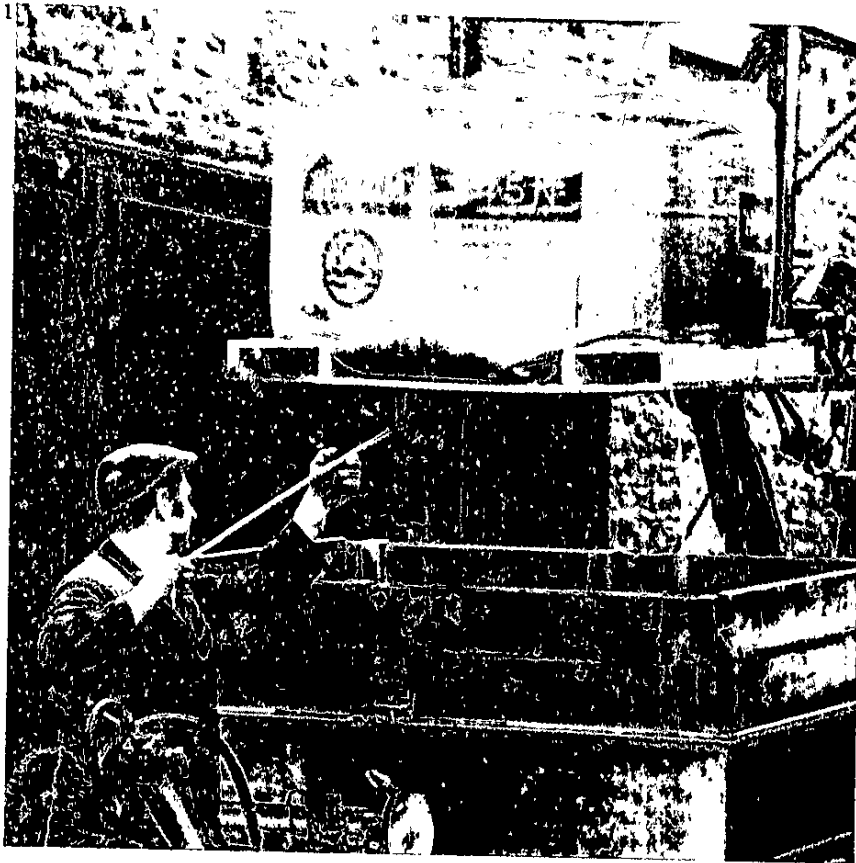
The first part of this review on pages 8 to 15 deals on a worldwide basis with the results of each business sector in which the Group is engaged; a chart showing the 1984 trading profit by business sectors is on page 5. The second part of the review on pages 16 to 21 covers the results achieved by companies located in each of the main geographic areas of the Group's operations. The charts below show 1984 turnover by business sectors and by location of customers. Further segment information is given on pages 34 and 35.



1984 chemicals turnover by customer location £8,820m



1984 turnover by business sectors £11,144m (including inter-sector sales £1,235m)



1 The distinctive 'Dumpy' bag - a new concept in bulk fertilizer packaging.
2 The 'Electrodyn' sprayer improves efficiency and safety when applying pesticides.



The principal activity of this business sector is the supply of fertilizers and of agrochemicals such as herbicides, pesticides and fungicides to agriculture throughout the world. Included in the sector are the industrial chemicals, ammonia and methanol, and other products such as catalysts which are linked by technology.

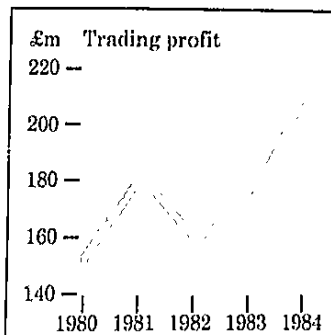
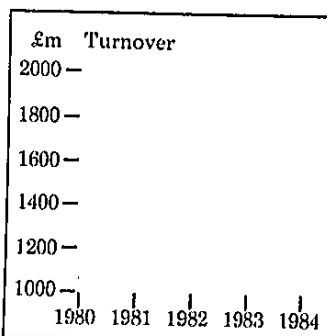
ICI is the leading producer of fertilizers for the UK market and is closely involved with the British agricultural industry which is one of the most cost-effective in the world. ICI's commitment to the industry was reinforced during the year by the commissioning of additional nitric acid capacity which will support sales growth of 'Nitram' fertilizer. ICI's subsidiary company, Scottish Agricultural Industries PLC, which supplies the market in Scotland, is also increasing its nitric acid capacity. Severe competition between European fertilizer manufacturers resulted in high levels of UK imports during the first half of the year and prices were little higher than in 1983. Sales volume, however, was well ahead over the year.

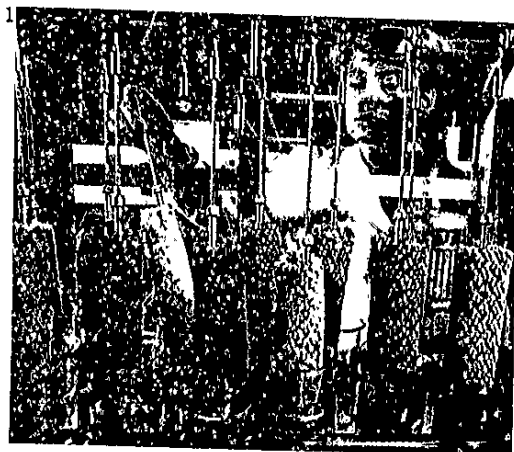
The ICI Group and related companies also have substantial fertilizer operations in Australia, Canada, India, Malaysia and South Africa. The Australian fertilizer market was seriously affected by imports, but there was some improvement of margins in Canada. The Group's fertilizer operations in India performed well and the business in Malaysia improved.

The world market in merchant trading of ammonia was buoyant throughout the year and high plant output enabled ICI to take full advantage. Trading conditions for methanol were highly competitive, but the business continued to be profitable and there was a strong performance in catalysts.

ICI is the fifth largest supplier of agrochemicals in the world, with particular strength in the wide spread of its international marketing network. In 1984, agrochemicals contributed £635m to the sales of ICI's agriculture business sector (1983 £480m) and £82m to trading profits (1983 £54m). Sales volumes were increased in almost all major markets and product sectors, with the business deriving assistance from the strength of the US dollar. Particularly notable advances were achieved in the USA and the Far East.

In the new products area, 'Fusilade' selective herbicide continued to make excellent progress and 'Impact' cereal fungicide was successfully launched in France. 'Flex' soya herbicide, launched in Argentina for the 1983-84 season, gained a sizeable share of the market. 'Karate', a new highly active pyrethroid, is expected to achieve significant sales in 1985. Further reference to the development of new agrochemical products is made on page 23.





The performance of this sector as a whole showed further improvement, with polyurethanes continuing the progress made in 1983.

Despite the integration of the Francolor operation acquired in 1982, which consolidated the Group's position as one of the world's six major producers, the outcome for the colours business in 1984 was disappointing. Difficulties in textile dyes in general outweighed good performances in chemical auxiliaries, aniline and its derivatives, and in some dyes. The market situation was mixed, with products accounting for more than half of the sales continuing the improvement of 1983 whilst for others, particularly certain textile dyes, conditions deteriorated in the second half of the year after a promising start.

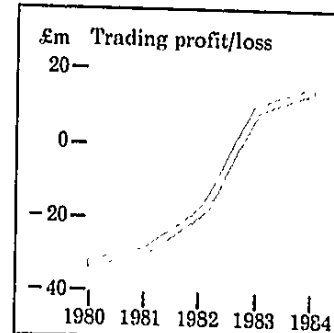
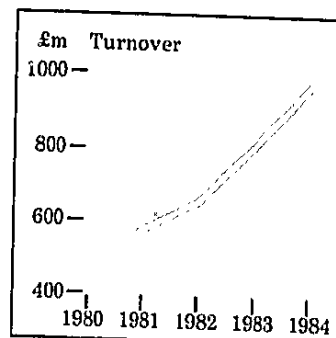
Production of fine chemicals throughout Western Europe is co-ordinated to provide a strong manufacturing base. With this foundation and its international marketing capability ICI is well placed and is determined to restore the colours business to satisfactory levels of profitability.

ICI is one of the world's leading producers of polyurethane chemicals and systems, with production in every continent and sales in most countries. In 1984, these interests were drawn together to form an international business under the strategic direction and co-ordination of a principal executive officer based in Brussels. The

business was profitable in all areas of the world throughout the year. More buoyant market conditions and ICI's emphasis on individually designed products for specific applications led to improvements in performance in all major areas. In the USA, where the business operates through the wholly-owned Rubicon Chemicals Inc, the market recovered further from the overcapacity of recent years and the improving trend in profitability was maintained. In other areas, activities were expanded by joint ventures with local partners in Saudi Arabia and India to formulate polyurethane systems.

ICI's speciality chemical interests were brought together in mid-1983 to form a worldwide, market-focussed organization centred in the USA. The merged businesses include biocides, surfactants, modified sugars, plastic additives, silicones, dispersants, and some speciality resins. With these businesses as a base, new opportunities have been identified which draw on ICI's extensive technology and international marketing skills. Demand improved in 1984, especially for biocides and surfactants, and sales rose by 22 per cent. New product and business acquisitions, and expansion of the international organization, are providing profitable growth. In particular, the speciality chemicals activities acquired from Beatrice Companies, Inc will be a major step towards the target of more than doubling sales by 1990.

1 Colour testing for carpets.
2 ICI polyurethanes insulate fridges made by Selnor in France.
3 Speciality chemicals produced in the USA make fabrics water repellent.

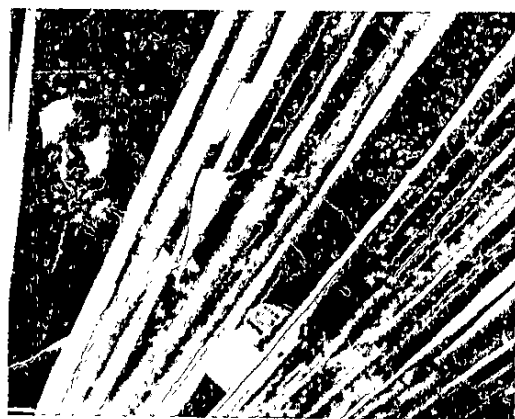
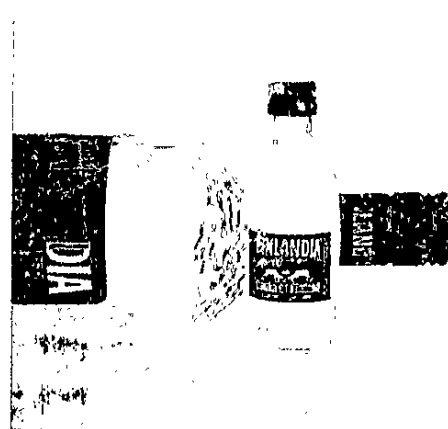




1 Tracksuits in 'Terinda' polyester fibre were chosen for the 1984 British Olympic team.

2 Major expansion in production of 'Melinar' polyester polymer for bottles was agreed during the year.

3 Polyester fibres production in a modern plant in Pakistan.



ICI pioneered polyamide (nylon) and polyester fibres in Western Europe. Most of the Group's production of fibres is concentrated in the UK and West Germany, and in 1984 these operations returned to profit for the full year. There are also operations in India and Pakistan and by related companies in South Africa, Spain and Portugal. The Australian fibres activities were sold during the year.

The state of the textile market in 1984 varied considerably from region to region and between product sectors. ICI was able to achieve an increase in the volume of fibres sales in its preferred sectors well in excess of the overall growth of demand for textiles. A substantial improvement was made in ICI's average realisations from sales to the textile industry largely because of the successful policy of improving the product mix by the introduction of new fibres with superior aesthetic qualities and higher added value. As part of this policy the Record promotion of ICI's sports fibres is being developed, building on the success of ICI's new fibres 'Tactel' and 'Terinda'. 'Quintesse' nylon staple was established in a major position for automotive upholstery and 'Qazul' nylon fibres were successfully launched in the luggage and outdoor goods market.

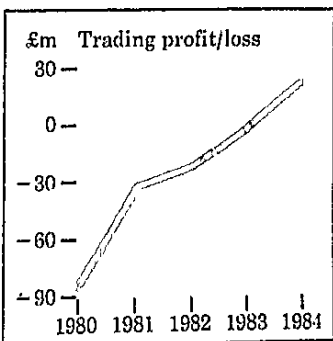
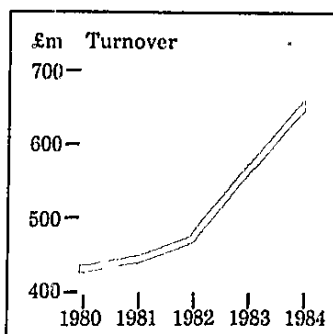
These high value new products, which are playing an increasing role in the improvement of ICI's fibres business, have created opportunities for developing export business from Europe. Having established

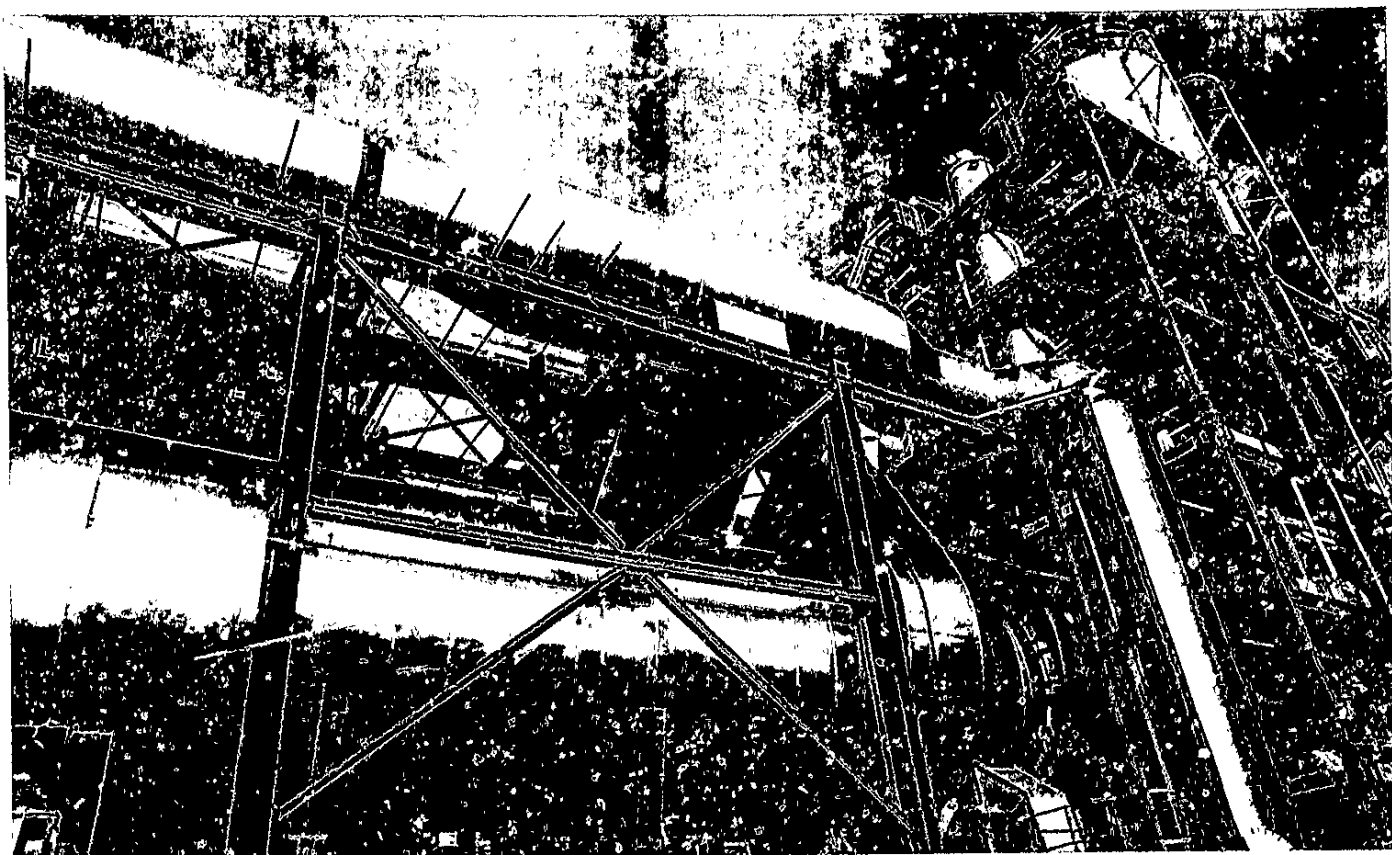
a position in its selected sectors of the market in recent years, ICI was particularly well placed in 1984 to take advantage in the USA of the favourable exchange rate situation and high demand.

The European market for carpet fibres was volatile and uncertain during 1984, showing no overall growth. ICI increased its total sales volume, however, by means of a good export performance.

Fibres demand in India was strong and with some reduction in competitive pressure from imports the Group's business performed well. The polyester staple fibre operation in Pakistan continued to be highly successful and made a notable contribution to the profits of the business sector. The related companies in Spain and Portugal, Nurel SA and Finicisa Têxtil Sintericas SARL, made record profits. Nurel achieved a particularly strong export performance, whilst Finicisa benefited from improved demand within Portugal arising from increased exports of textiles.

The business sector also includes ICI's 'Melinar' polyester polymer for bottles and other containers which was in high demand throughout the year. Investment of £16m at Wilton Works in the UK was authorized to provide additional capacity which is scheduled to start up in early 1986.





This business sector comprises large tonnage products such as chlorine and alkalis which are derived from salt and a large number of more specialised chemicals. These include the 'Arcton' range of refrigerants, solvents and aerosol propellants derived from chlorine and hydrogen fluoride. Further examples are 'Cereclor' chlorinated paraffins used as plasticizers for PVC, and 'Alloprene' chlorinated rubber used as a resin for paint in adverse environments which has recently been complemented by 'Haloflex', a novel waterborne resin. Chlorinated solvents, methacrylates, cyanide products and acids are also produced. In total there are over 150 products in the sector. The principal centres of production are in the UK, West Germany, Canada and Australia. There are also plants in Kenya, Malaysia and Pakistan.

The business in Western Europe continued in 1984 to be characterised by expansion of sales of the higher added value products of the sector, especially to customers on the Continent, offset by stagnant or declining sales to certain parts of UK manufacturing industry. This trend reflects the restructuring of UK manufacturing industry away from processes using the bulk products of this sector. The effect of this decline of the UK customer base was compensated for by a very strong export performance.

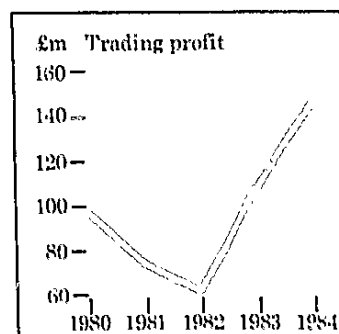
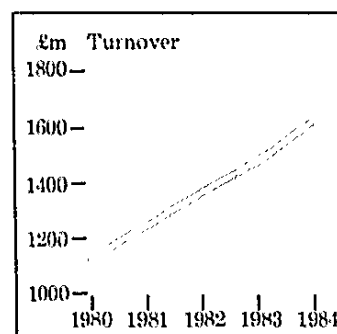
In Canada, sales volumes were increased, helped by higher levels of activity in the

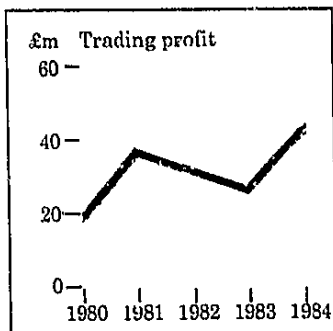
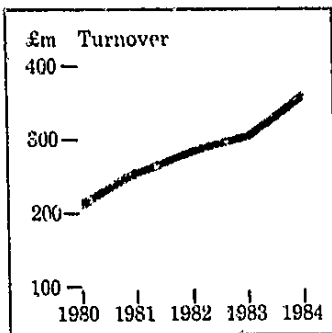
natural resource sectors of the economy, but pressure on prices remained severe. The business in Australia again made a significant contribution to profits although world overcapacity in commodity products resulted in continuing strong competition.

Further progress was made with cost reduction measures across the whole sector, including the restructuring of UK soda ash capacity. At the end of the year, a new plant for hydrogen fluoride at Runcorn in the UK was commissioned. This plant will strengthen the 'Arcton' refrigerants and propellants business, reducing costs and contributing to environmental improvement. Construction of a plant at Runcorn to modernise the process and reduce costs of finishing caustic soda to free-flowing and other solid forms, was authorized during the year.

The operations acquired from Beatrice Companies, Inc include activities in products complementary to 'Alloprene' and 'Haloflex'. Combining these activities in resins and surface coatings intermediates will result in mutual benefits from a widened product range and improved access to world markets, thereby providing ICI with a larger and stronger business in this field.

This £20m plant for hydrogen fluoride at Runcorn in the UK was completed ahead of schedule and below budget.



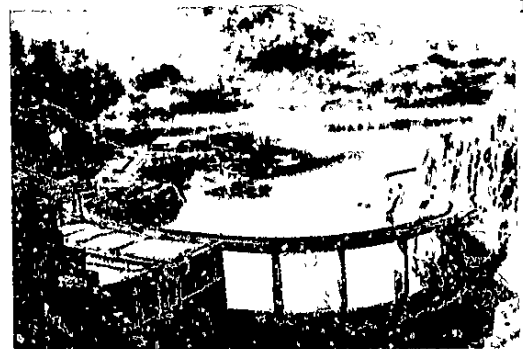


1 ICI explosives helped in the construction of the Dinorwig electricity generating scheme in Wales.

2 Charging a shot hole for an underground LPG storage centre.

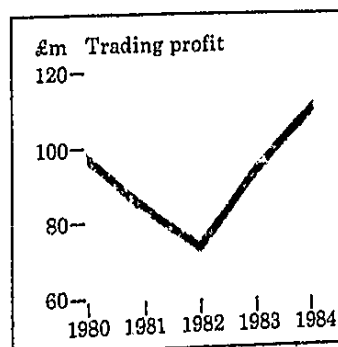
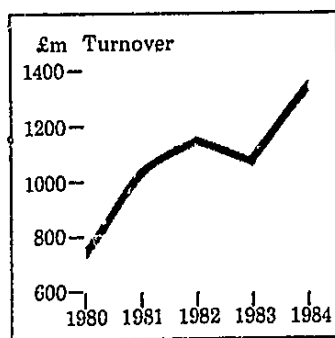
The ICI Group, together with its related company in South Africa, AECI Ltd, maintained its worldwide position as the leading supplier of industrial explosives and blasting accessories. ICI Group sales in this sector showed a strong advance in sterling terms, although this improvement was due mainly to exchange rate movements.

During 1984 the mining industry, which is the major customer for explosives, still lagged behind the rise in the world's economy, and demand for coal and iron ore worldwide showed little increase. Prices of base metals in dollar terms remained depressed because of continuing low demand coupled with rising production in the less developed countries as they seek to increase their export earnings. This shift in the pattern of output has particularly affected the Canadian explosives market. However, there was a good performance in India, whilst in Australia improvement in the economy and development of new mines stimulated demand. In the UK, the results of Nobel's Explosives Co Ltd were affected by the coal miners' strike, but that company's defence and aerospace group showed a significant increase in business.



Oil

3 Sullom Voe in Shetland is the main loading terminal for ICI's North Sea oil.



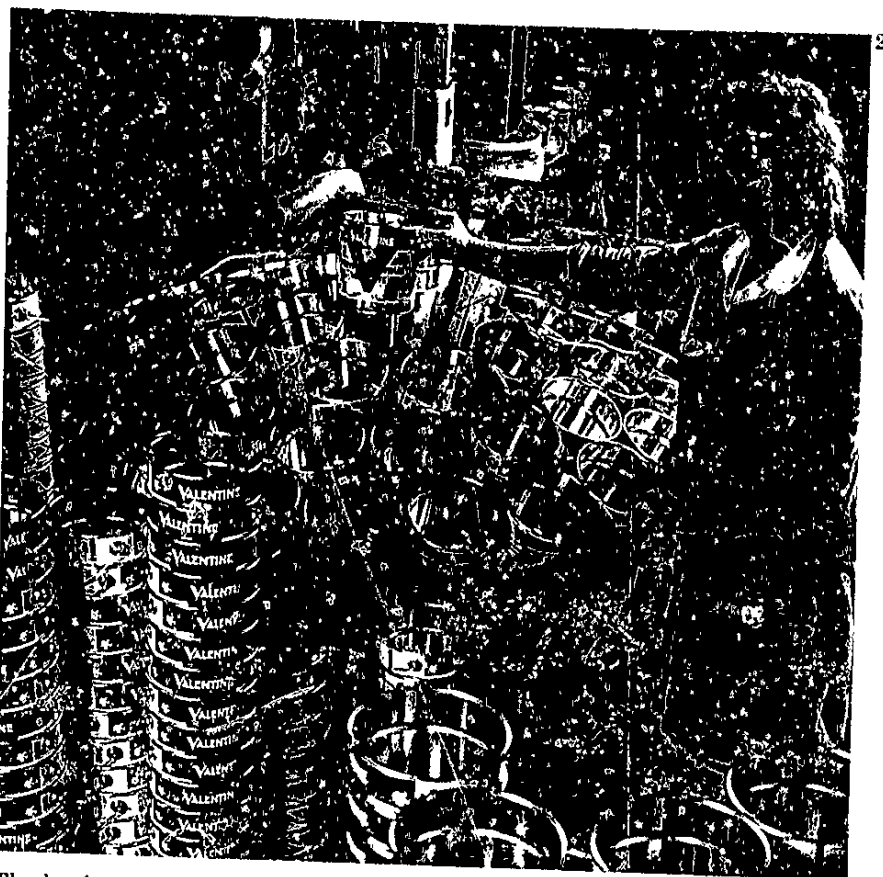
Crude oil output from the North Sea Ninian field at 237,000 barrels a day was 15 per cent down on 1983 and 23 per cent below the peak output of 1982. ICI Petroleum Ltd's share of 1984 production was about 17 million barrels (19.5 million in 1983), lower output being partially offset by repayment of the balance of oil owed to ICI Petroleum consequent on the favourable 1983 redetermination of interests in the field. At the end of 1984 ICI Petroleum's share of remaining proved Ninian reserves was about 103 million barrels of crude oil and 5 million barrels of liquefied petroleum gases.

Exploration and appraisal activities on the UK continental shelf continued, including drilling of two successful appraisal wells on the Amethyst gas field. Successful application for licences in Denmark and its offshore area was made, and applications for other North Sea areas were lodged. A significant exploration programme in Indonesia was started.

Turnover of £1,349m comprised £1,089m to external customers and £260m to other business sectors, and was 30 per cent higher than in 1983. The strong dollar and increased trading in oil and refined products more than compensated for lower



liftings from the Ninian field. A modest trading profit from the refining part of the business contributed to the achievement of an overall trading profit of £109m (£93m in 1983), after provision of £169m for oil taxation (£148m in 1983). A higher oil tax rate will apply in future, 1984 being the last year in which a reduction in the tax charge could be obtained from safeguard relief.



ICI is one of the world's largest producers of paint and has manufacturing operations, including those of related companies, in more than 20 countries throughout the world. Sales are mainly made in the decorative, automotive, industrial and can coating markets.

The operations in Europe were further widened and strengthened during 1984 by the acquisition in April of Compagnie des Vernis Valentine SA. This company is a leading French paint manufacturer with a strong position in the decorative and automotive refinish markets. Good progress is being made in rationalizing the business and integrating it with ICI's other European paint operations.

In the UK, the volume of ICI sales to the decorative market in 1984 was a record, with an important contribution being made by the launch of 'Dulux' Solid Emulsion. The ICI share of the automotive refinish market was increased despite severe competition, but sales to car manufacturers suffered from the decline in UK car production. Fierce competition across all sectors of the market put margins under pressure, but this was offset by the overall increase in volume.

Arthur Holden & Sons PLC, which manufactures can coatings in the UK and France, and was acquired by ICI in 1982, continued to achieve good progress and made a valuable contribution to the paint sector's profits and technological base.

The business of Hermann Wiederhold GmbH in West Germany was badly affected by the metal workers' strike, but this was offset by the benefits of extensive restructuring in recent years.

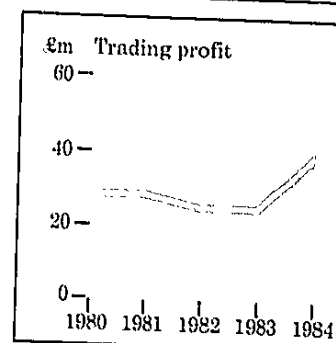
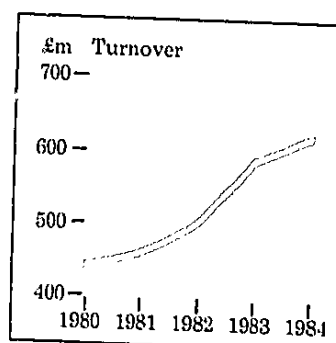
The paint business in Australia benefited from the improvement in the economy and achieved higher sales and profits. The 30 per cent holding of Cookson Group PLC in Dulux New Zealand Ltd was purchased, giving the ICI Group full ownership of this company. There were strong performances from the paint businesses in Malaysia, Singapore and Thailand. In India, sales volumes were static in the face of severe competition, but in Pakistan market leadership of the domestic decorative sector was further advanced.

ICI has one of the largest paint research teams in the world to keep the Group at the forefront of changes in coatings technology. ICI has made major advances in waterborne coatings technology which are emerging in new products, particularly for the automotive industry. Continuing research in polymeric chemistry has led to the development of the 'Tempro' range of speciality products. These are coatings replacing conventional waxes for temporary protection. They are abrasion and water resistant and can be easily removed. Another major area of research work is product innovation in the decorative market.

1 ICI is a major supplier of paint to the automotive refinish industry in the UK and overseas.

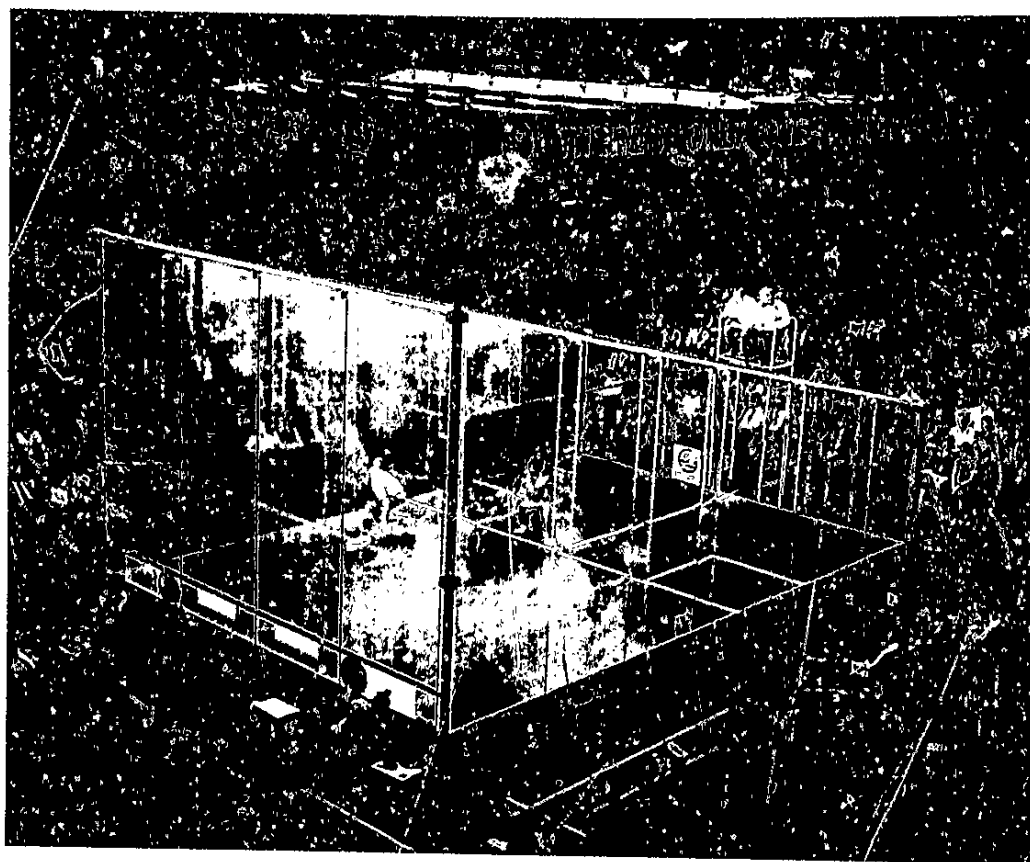
2 Acquisition of the French company Valentine has strengthened European paint operations.

3 'Dulux' decorative paints are the brand leaders in the UK.





1 Computer control of 'Melinex' film production in Holland.
 2 The ICI World Masters Squash Championships were played in a court made of 'Perspex' acrylic sheet, a product 50 years old and still growing.
 3 ICI has the widest range of plastic film products.



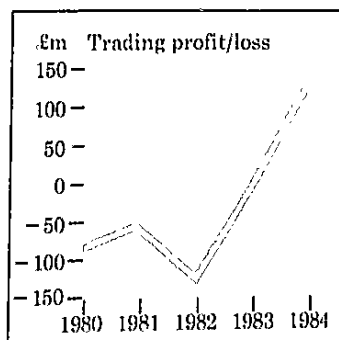
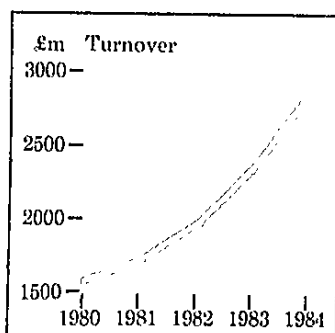
The products of this business sector are manufactured by the Group in Western Europe, the Americas, Australia and India, and by related companies in Japan and South Africa. In addition to basic petrochemicals such as olefines, aromatics, intermediates for synthetic fibres, and carbonylation alcohols, the range includes many specialized higher added value products as well as the bulk commodity polymers - PVC, polypropylene and polyethylene. Examples of downstream and higher added value products are 'Melinex' and other film products, 'Perspex' acrylic sheet, 'Diakon' and 'Maranyl' moulding powders, and derivatives of ethylene oxide and phenol whose uses include surfactants, brake fluids and heat transfer media.

The recovery in demand in Western Europe which gathered pace in 1983 continued in 1984. Although there is still significant surplus capacity in some parts of the industry it was possible to achieve a much needed general improvement in prices. The weakness of sterling against the US dollar had an adverse effect on feedstock costs, but this was partly offset by the fall of oil prices in dollar terms. In the more favourable business climate, overall margins showed a marked improvement over the depressed levels of previous years. The substantial measures undertaken by ICI over the last few years to rationalize and strengthen its European business in this sector and to reduce costs and improve efficiency also made a major contribution to performance.

The 'Melinex' polyester film business continued to make an outstanding contribution to Group profits worldwide, and in the USA commissioning of additional capacity enabled market share to be increased. Expenditure of £27m to provide additional capacity at Dumfries in the UK and of US\$42m to construct a film plant and acquire polymer facilities in Brazil was authorized during the year.

A further step in product rationalization was taken in 1984 by opening discussions relating to the acquisition by ICI of the ethylene oxide and derivatives business of the French company, Atochem SA, in exchange for ICI's low density polyethylene business based on production at Rozenburg in the Netherlands.

The ethylene plant commissioned in Australia in December 1983 operated at progressively improved efficiencies but remained underloaded due to lack of demand. The ethylene oxide/ethylene glycol operation in the USA showed some improvement, but remained unsatisfactory in a highly competitive market. Sales volume of plastics in Canada advanced strongly, although prices were disappointing due to oversupply in the USA.





ICI's pharmaceuticals business continues to grow at a rate which is significantly higher than the rate of the industry overall. Worldwide sales in 1984 were 26 per cent higher than in 1983 and profits improved by 25 per cent.

Sales of ICI's leading product 'Tenormin', a cardio-selective beta-blocking heart drug, continue to expand and, following its successful launch in Japan, the product is now available virtually worldwide. 'Tenormin' and 'Inderal', ICI's original beta-blocker, are both in the world's twelve leading pharmaceutical products. Major sales contributions are also being made by 'Nolvadex', a treatment for breast cancer, 'Mylanta', an antacid with high sales in the USA, and 'Hibitane' antiseptics.

ICI is amongst the leading international pharmaceutical companies in terms of the resources it devotes to research and development, and expenditure is currently running at over £100m per year. This commitment to R&D has led to the discovery by ICI of some of the world's major pharmaceutical products, and reference is made on page 23 to new products which will be introduced in 1985 and beyond.

During the year ICI's animal health business was merged with that of The Wellcome Foundation Ltd to form Coopers Animal Health Ltd (49 per cent ICI) and companies in Australia and New Zealand (51 per cent ICI). This new grouping, which has a significant R&D capability, will constitute a major force in the world animal

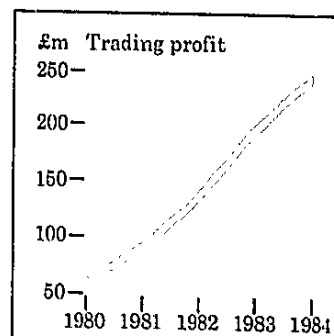
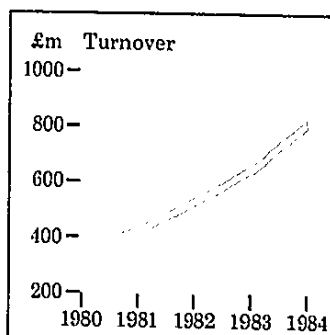
health market. Also, as part of its strategy of developing a worldwide dental materials business, the Group acquired the Chicago-based dental products company, Coe Laboratories Inc, which will market ICI's new light-cured tooth filling material 'Occlusin' in the USA in 1985.

Pharmaceutical research is planned on a 10 to 15 year time-scale and therefore requires a stable economic base. Successive UK Governments have recognised this and the UK industry has responded by inventing new medicines which have contributed to the improvement of health, including six out of the world's leading twelve medicines. Such inventions produce substantial overseas earnings. Over 85 per cent of ICI's pharmaceutical sales are made outside the UK. However, the Government now proposes to restrict the products which can be prescribed on the basis of reimbursement through the UK National Health Service to a limited list. This development, although not currently damaging to ICI, will harm the UK pharmaceutical industry and represents a further threat to the adequate rewarding of inventions. This will reduce the attractiveness of the UK as a base for pharmaceutical innovation and so will tend to impair its position as a leading world centre for this very important high technology industry, with consequent reduction in employment, investment in research, and overseas earnings.

1 The successful launch of 'Tenormin' in Japan further strengthened ICI's position in the world beta-blocker market.

2 'Occlusin', ICI's new white filling for back teeth, is being established in Europe and will be introduced in the USA in 1985.

3 Antiseptics based on 'Hibitane' remain the first choice in hospitals worldwide.



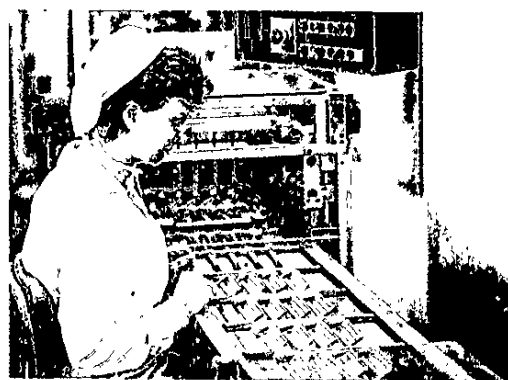


UK strengths:

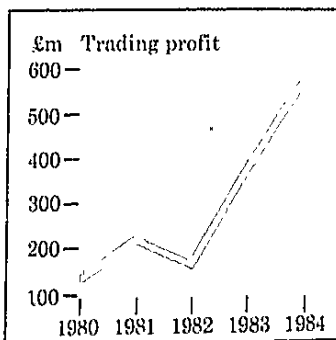
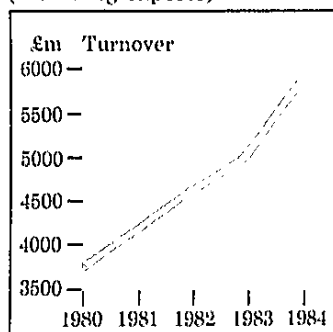
- 1 One of the world's largest petrochemicals sites on Teesside.
- 2 ICI's main agrochemicals research centre at Jealott's Hill.
- 3 ICI's main pharmaceuticals production centre at Macclesfield.

Europe

The economy of Western Europe grew more slowly in 1984 than that of OECD as a whole which was driven by the expansion of the US economy. The difference in growth of chemical production was less marked, however, with chemicals in Europe expanding faster than industrial production. ICI again increased the volume of its sales to customers within Europe, primarily because of further market penetration on the Continent. Chemical industry price increases, in general, were close to cost inflation for the first time in many years and this, coupled with improvements in efficiency and cost reduction measures, led to some improvement in margins. These factors, together with a strong performance in export sales supplied mainly from the UK, enabled ICI to raise trading profits from its overall European operations from £439m in 1983 to £644m in 1984.



United Kingdom (including exports)



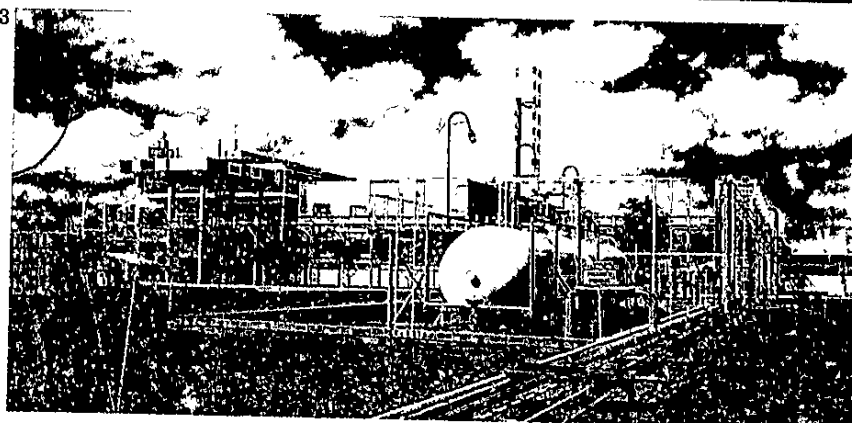
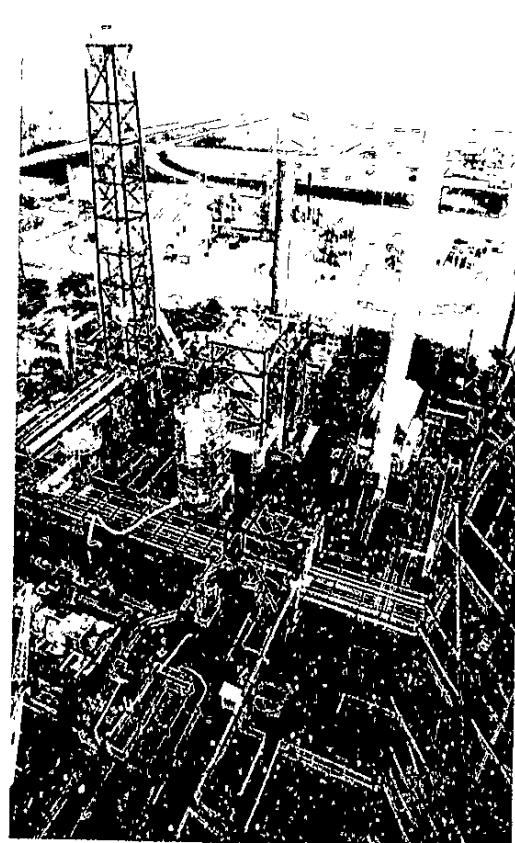
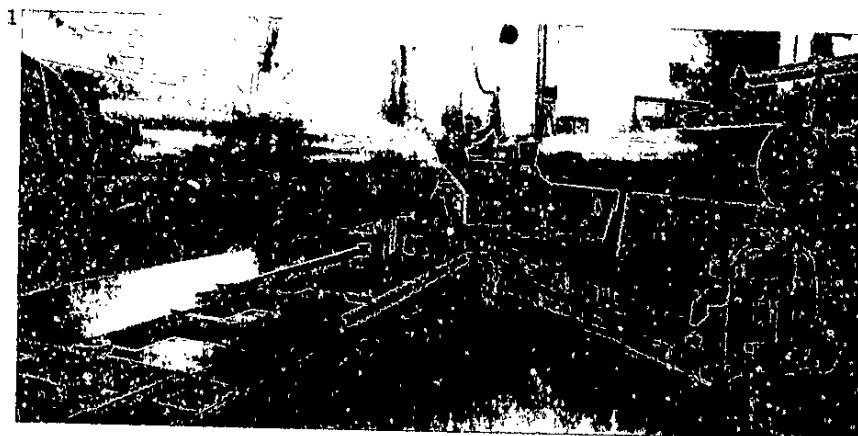
The United Kingdom

Despite the coal miners' strike, the UK economy grew at about the European overall average of 2 per cent in 1984, with UK chemical production expanding by over 5 per cent. The manufacturing sector performed relatively poorly and, despite some recovery, the level of output by the end of the year was still some 13 per cent below the 1979 peak. This was reflected in the pattern of ICI sales to UK customers,

with volume growth confined to areas such as agrochemicals, paint, pharmaceuticals and the higher added value products of the general chemicals and the petrochemicals and plastics business sectors. Price increases were in line with inflation and, as a result of the continuing improvements in efficiency and productivity, margins were somewhat higher.

Exports from the UK

Exports of chemicals from the UK to Continental Western Europe grew by 24 per cent from an f.o.b. value in 1983 of £886m to £1,098m in 1984. Although currency effects were of some benefit, the main factor in the increase was the continuing success of ICI's policy of developing business strategies for Europe as a whole. The drive for export sales to markets outside Europe was highly successful, assisted by the strength of the US dollar and reduced



Growth in the Americas:

- 1 ICI is the second largest producer of polyester film in the USA, with a recently extended plant in Virginia.
- 2 New efficient ammonia plant under construction in Ontario.
- 3 ICI's facilities in Brazil include this modern plant for agrochemicals.

The Americas

USA

ICI's operations in the USA are principally conducted by its wholly-owned subsidiary, ICI Americas Inc, for which 1984 was another year of significant growth and record dollar profits which were further enhanced when expressed in sterling. The continued US economic recovery had a favourable impact on ICI Americas' operations. Several major plants, notably those producing isocyanates and aniline at Geismar, 'Melinex' polyester film at Hopewell, and 'Fluon' PTFE resins at Bayonne, operated at high capacity.

Sales were particularly strong in pharmaceuticals due to continued growth in demand for the heart drug 'Tenormin' and the introduction of 'Tenoretic', a combination beta blocker/diuretic for the treatment of hypertension. In agrochemicals, 'Cymbush', a pyrethroid insecticide of high activity, was registered in 1984 and rapidly achieved a strong market position. The 'Melinex' film business continued to perform well, with record sales and profits.

Several steps were taken during the year towards the strategic objective of increasing ICI's presence in the USA in high added value businesses. Most notable was the agreement, reached late in the year, for the acquisition of the Beatrice Chemical interests of Beatrice Companies, Inc. A further move was the formation of

the Advanced Materials Business Group, with international responsibility for its strategic direction located in the USA. Other acquisitions in the USA made in 1984 were those of Coe Laboratories Inc, a dental materials company, and the speciality chemicals business of Carroll Products Inc.

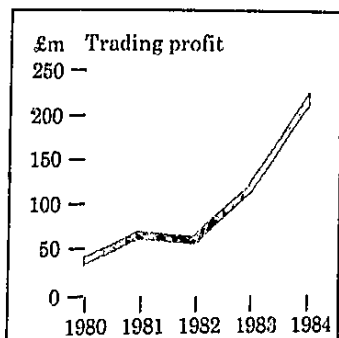
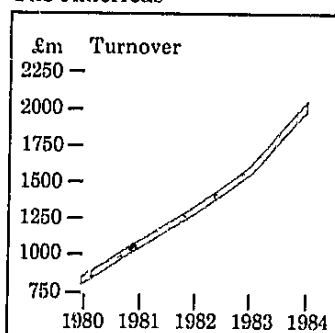
Canada

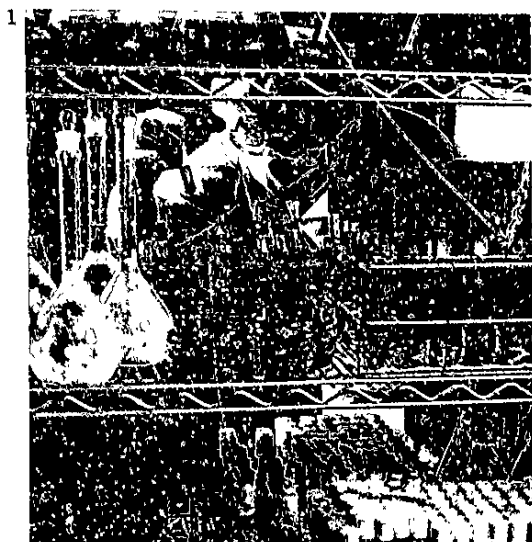
ICI operates in Canada through its 73 per cent owned subsidiary C-I-L Inc. The company's primary markets include agriculture, pulp and paper, mining and construction, and the speciality chemicals and services sector.

The Canadian economy had in general recovered by early 1984 from the recession of 1982, but recovery in the natural resource sectors has been somewhat slower, with mining in particular continuing to lag. In these varying conditions, C-I-L achieved improved sales volumes in nearly all areas but prices were weak, especially for plastics, explosives, and chlor-alkali products sold to the pulp and paper industry. Improved productivity and cost reduction measures enabled trading profits in dollar terms to be raised by 42 per cent from a 6 per cent increase in turnover. Profitability, however, remained below the pre-recession level.

Construction of a plant to double ammonia production capacity at Sarnia, Ontario, forged ahead after being delayed because of the North American recession. The plant,

The Americas





now scheduled for completion in 1985, will be the first to use ICI's new energy-efficient AMV process.

Substantial reorganization of C-I-L was undertaken during 1984. A new structure of four business groups, each serving specific markets and having a high degree of autonomy, will enable the strengths of the company to be focussed better on its selected markets, with increased emphasis on products of higher added value.

Latin America

1984 was a year of significant progress for ICI in Latin America, with sales measured in US dollars rising by about 8 per cent and profits from operations in the region up by about 50 per cent. The decision during the year to establish production of 'Melinex' thick polyester film in Brazil at a total capital cost of US\$42m will substantially strengthen ICI's position in the largest economy of the region.

Duperial SAIC in Argentina maintained the good performance achieved in 1983. In Brazil, the rationalization and cost reduction measures of recent years enabled ICI Brasil SA to move from a small trading loss in 1983 into a profit which benefited from a particularly strong performance in agrochemicals. Higher sales volumes for explosives and agrochemicals in Mexico contributed to improved profits for ICI in that country.

Although trading conditions for imported products were difficult, ICI selling and merchandising operations in the region, principally in Colombia, Peru, Guatemala and Venezuela, and in Nicaragua and Uruguay where they are combined with local manufacture, showed a further increase in overall turnover in 1984. Agrochemicals in Central America did especially well.



Australasia and the Far East

Australasia

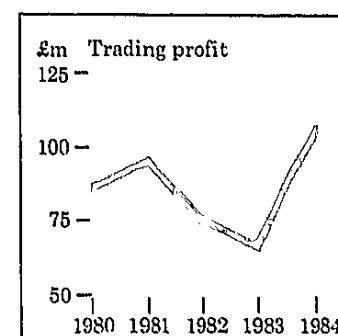
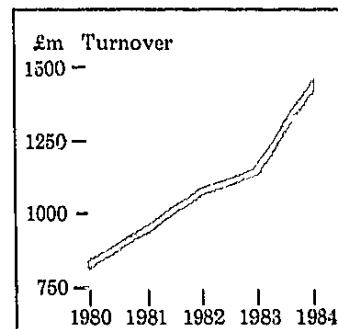
The ICI Group operations in Australasia are conducted by ICI Australia Ltd (62 per cent owned by ICI) and its subsidiaries, including ICI New Zealand Ltd. In Australia, a broad range of products is manufactured, including industrial and speciality chemicals, industrial explosives, fertilizers, agrochemicals, pharmaceuticals, plastics, paint and animal health products. The activities in New Zealand comprise manufacture of animal health vaccines, paint, formaldehyde resins, slide fasteners and slurry explosives, and merchandising of a wide range of ICI products.

The better trading conditions in Australia in the second half of 1983 continued into 1984. This led to higher demand for most chemical products throughout ICI Australia's financial year, but strong competition continued from domestic and overseas suppliers. There was a substantial improvement in sales and trading profit of plastics, but profitability did not reach a satisfactory level. Sales volume and trading profit of effect products such as explosives, pharmaceuticals, paint and animal health products recovered from the depressed levels of the previous year. The outcome was a substantially improved trading profit for the year, reflecting also the benefits from the extensive cost reduction programme of 1983.

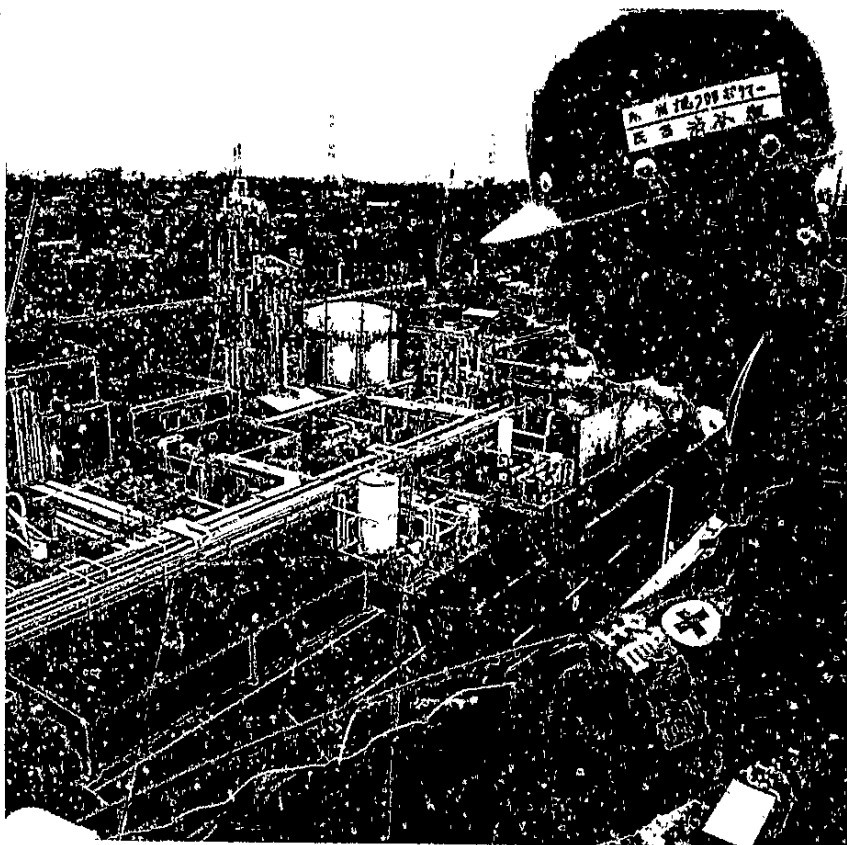
1 Microbiology laboratory at Stuart Pharmaceuticals, Pasadena, California.

2 A 400-acre research farm in New Zealand—now part of Coopers Animal Health NZ Ltd (51 per cent ICI Group).

Australasia and the Far East



1



1 ICI's four joint ventures in Japan include this PTFE resins plant, which made good progress in 1984.

2 Hong Kong is a gateway to the Far East: ICI (China) Ltd had another good year.



2

ICI New Zealand achieved higher sales volume and, despite a government price freeze throughout most of the year, profits were well ahead of 1983. Demand continued to be strong for nearly all the products of the company and full ownership of the paint business was acquired.

During the year actions aimed at improving the business portfolio in Australia were taken. The synthetic fibres and melded fabrics businesses were sold, as was the catalyst business of the subsidiary company, Catoleum Pty Ltd. Considerable effort is being put into the commercial development of new businesses in advanced technology.

The ICI animal health interests in Australasia, including the production of vaccines in New Zealand, were an important part of the operations merged with those of The Wellcome Foundation Ltd. The resulting companies, Coopers Animal Health Australia Ltd and Coopers Animal Health NZ Ltd, are 51 per cent owned by the ICI Group.

Far East

Economic activity in the region as a whole was high and ICI made substantial further progress, with sales rising by about 30 per cent and profits from operations in the region by almost 50 per cent.

In Japan, ICI has a wholly-owned trading company, ICI Japan Ltd, and joint ventures with Japanese companies in

pharmaceuticals (60 per cent ICI), agrochemicals (50 per cent ICI), 'Fluon' polytetrafluoroethylene (50 per cent ICI) and polyurethanes (25 per cent ICI). ICI Japan has overall responsibility for ICI's interests in Japan, including leading a vigorous search for means of increasing ICI's presence in technologically advanced areas and the maintenance of close contacts with Japanese universities and scientific research.

The growth of the Japanese economy accelerated in 1984, with demand in the home market recovering from recession. ICI Japan increased sales and profits despite poor market conditions for dyestuffs. Pharmaceuticals had an outstanding year as a result of a highly successful launch of 'Tenormin' heart drug and continued good performances by other ICI drugs. Agrochemicals and polyurethanes also did well, whilst the 'Fluon' PTFE resins manufacturing joint venture made good progress after a difficult first year in 1983 and was trading profitably before the end of the year.

ICI (China) Ltd, based in Hong Kong, had a successful year with a substantial increase in sales of merchant products and a strong performance by the manufacturing operations for which it has responsibility. An ICI office in Peking was opened during the year in accordance with ICI's intention of increasing its business with the People's Republic of China to which it is already one of the UK's largest exporters.

Sales and profits of the ICI Malaysia Group increased markedly with a strong recovery in fertilizers, a good performance in paint and an increase of over 50 per cent in agrochemicals profit. An improved performance was achieved in Indonesia despite poor trading conditions.



There were good contributions from the soda ash plant in Pakistan (left) and polyester in India (below).

Middle East

Despite political difficulties leading to reduced foreign currency availability in the area, exports from the UK grew to £97m in 1984. A joint venture in polyurethanes in Saudi Arabia was authorized.

Africa

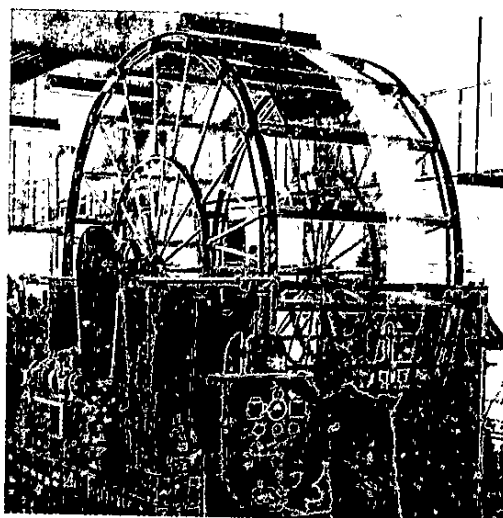
Export sales from the UK to Africa were £177m, an increase of 18 per cent on 1983. The principal exports were petrochemicals, colours and general chemicals. Increasing success was achieved in sales of agrochemicals and pharmaceuticals which are particularly important to many African countries. Notwithstanding Nigeria's considerable financial problems, exports from the UK were again good at £31m.

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

Indian sub-continent

India

The amalgamation of The Alkali and Chemical Corporation of India, Ltd, Chemicals and Fibres of India Ltd and Crescent Dyes & Chemicals Ltd into Indian Explosives Ltd was completed in September 1984, thereby creating a unified company with a strong asset base. The profit after tax was about double the combined profits in 1983 of the constituent companies, reflecting firm demand deriving from strong growth of the Indian economy. In fertilizers, the major business of the company, the plant ran at high output, and capacity to generate an

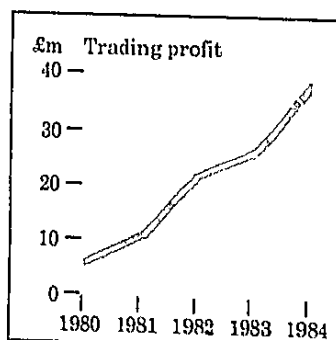
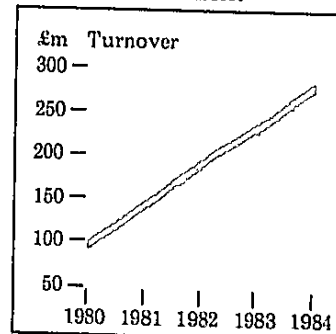


additional 12 megawatts of captive power was commissioned. There were good performances also in industrial explosives, polyester fibre, pharmaceuticals and agrochemicals. On the other hand, feedstock supply problems affected the polyethylene business, and paint and rubber chemicals profits remained under strong competitive pressures.

Pakistan

The ICI group of companies in Pakistan performed particularly well. Output and sales of polyester fibre and soda ash were at record levels, consolidating ICI's strong position in the local market. An extension to the soda ash plant at Khewra was authorized. Trading profit advanced by 60 per cent over that of the previous year.

Indian sub-continent



Business developments and capital investment

There have been important developments during the year in pursuit of the objectives of increasing the proportion of the Group's business in products of high added value and of enhancing its presence in the USA.

Foremost amongst these developments was the agreement reached in December for ICI to purchase the Beatrice Chemical interests of Beatrice Companies, Inc for a price of US \$750m. Completion of the transaction took place on 28 February 1985. The interests acquired comprise production of reinforced performance plastics and advanced composite materials and the formulation and international marketing of a wide range of speciality chemicals, resins and surface coatings intermediates. There are operations in 18 countries in the Americas, Europe and the Far East, but principally in North America.

The acquisition made from Beatrice will bring profitable businesses new to ICI, enhance ICI's world position in speciality chemicals and significantly increase the proportion of the Group's business conducted in the USA. It will also provide a powerful marketing vehicle for ICI's own products and technology with access to the important US defence and aerospace markets.

In particular, this acquisition will significantly increase the rate of market penetration and sales growth in the USA of ICI's high performance polymers which are backed by a high level of product research. To accelerate the growth of these products and to provide worldwide strategic direction and co-ordination the Advanced Materials Business Group based in the USA was formed in October 1984. The initial product range comprises

'Victrex' PES and PEEK resins, aromatic polymer composites (APC) and 'Fluon' PTFE resins.

The strategy of expanding ICI's involvement with the electronics industry, which the Electronics Group was set up in 1983 to pursue, was advanced by commercial and technical developments and by further small acquisitions in 1984. Similarly ICI's international speciality chemicals business, which is led from the USA, has followed a strategy of product and company acquisition.

Notable developments in other fields, referred to under the relevant business sector headings, were the acquisition of the French paint manufacturer, Compagnie des Vernis Valentine SA, the merger of ICI's animal health business with that of The Wellcome Foundation Ltd and the purchase of Cee Laboratories Inc, a US dental products company.

The authorization of projects involving expenditure on fixed assets remained under tight control but showed some increase, mainly for relatively small projects to improve efficiency and reduce costs. A number of major projects to strengthen and expand existing businesses were also authorized, and are reported under the business sector headings. Expenditure rose in line with the pattern of authorizations over the last three years shown in the table below, which summarizes Group authorizations and expenditure on tangible fixed assets; it also shows expenditure on acquisitions and other new investment and the proceeds from divestments. Tangible fixed assets include oil exploration expenditure.

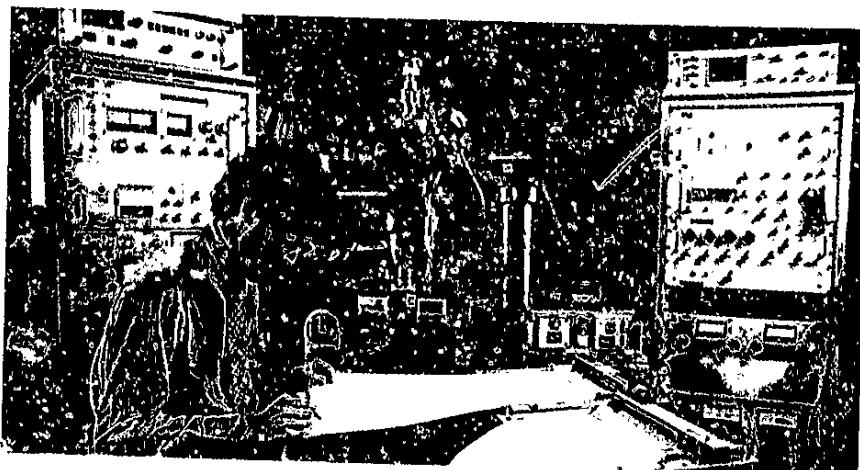
	Authorized			Expenditure		
	1982 £m	1983 £m	1984 £m	1982 £m	1983 £m	1984 £m
Tangible fixed assets						
United Kingdom	113	282	325	129	192	251
Continental Western Europe	13	19	28	17	21	30
The Americas	90	80	136	79	104	115
Other countries	30	42	49	67	44	45
	246	423	538	292	361	441
Total authorized but unspent at end of year				335	397	494
Expenditure on acquisitions and other new investment				94	70	119
Proceeds from disposal of tangible fixed assets and investments in subsidiaries and related companies				(54)	(167)	(60)

The Group's expenditure on research, development and technical service in 1984 was £299m (1983 £276m), of which £96m (1983 £86m) was spent outside the UK. A policy of concentrating effort on selected areas of technology, on new business development and on sustaining the competitiveness of products and processes was maintained.

The applications of bioscience in the fields of health care and agriculture are of fundamental and increasing importance to the Group. The impact that cell and molecular biology will increasingly make on the understanding of living systems and on the development of ICI's bio-businesses is well recognised. As a consequence, long-term effort is being focussed upon cell growth and cancer, regulation of the immune system, and the molecular biology and biochemistry of plants. Outside these fields, effort aimed at the generation of new businesses is directed particularly to the electronics and advanced materials business areas. A further major area of activity is the technology of coatings in order to maintain ICI's leading position in this field.

The long-established strategy of heavy commitment to pharmaceuticals research led to the discovery of agents such as the beta-blockers 'Inderal' and 'Tenormin' for hypertension and heart disease and 'Nolvadex' for breast cancer. These discoveries rank amongst the most important drugs in the world in the battle against disease and disability. Potential new products designed to build on this success, such as 'Corwin' for heart failure and 'Zoladex' for prostate cancer, are in clinical trial. The notable development of a novel degradable polymer formulation has provided the means by which a slow sustained release of 'Zoladex' over some weeks can be achieved following a single injection. 'Diprivan', a new intravenous anaesthetic which promises significant advantages over competitive products, is also undergoing clinical trial. Product licence applications have been submitted for 'Apatef', an injectable antibiotic licensed from Yamanouchi Pharmaceuticals Co Ltd in Japan. Present research covers a number of important therapeutic areas, but particular emphasis is being given to products for treatment of cancer, complications of diabetes, heart and circulatory disorders, infection and nervous disorders. At the same time, novel approaches aimed at the therapy of asthma, arthritis and certain other potentially disabling conditions are being actively researched.

A feature of the agrochemicals business in recent years has been the increase in development expenditure to support a steadily expanding product portfolio. In 1984 this was supplemented by increased



effort and expenditure on exploratory research which it is planned to expand further in 1985 and later years. This expansion will entail significant increases in staff and additional laboratories. The advances made in marketing of several products during 1984 are referred to on page 8. The market position of 'Flex' soya herbicide will be developed in Latin America and Eastern Europe pending registration in the USA. Sales of 'Impact', the foliar fungicide for cereals, will be expanded in Europe in 1985 and its seed dressing counterpart 'Ferrax' will be launched. There have been significant developments in the control of insects by biological means instead of by standard insecticides. Development of a family of growth regulators to be applied in different sectors of the market has progressed well and the first sales are being made.

In the advanced materials area APC, a material made from 'Vitrex' PEEK (ICI's unique high-temperature thermoplastic) reinforced with continuous carbon fibres, has been characterised as a robust, high performance product. It is being extensively evaluated within the aircraft industry. Other products reinforced with long fibres to give hitherto unattainable properties are under development and are being evaluated in a variety of industrial uses.

A development arising from ICI's experience in large-scale fermentation technology has been the signing of an agreement with Rank Hovis McDougall PLC to exploit their invention of mycoprotein. This is a natural protein food made from starch and has a meat-like texture and excellent nutritional properties.

ICI's 24 major research centres in the UK include the New Science Group in Cheshire. Sophisticated equipment is used there to understand and improve the efficiency of catalysts.

Practical experience for Youth Training Scheme volunteers at an ICI site in North East England.

The average number of people employed by the Group in 1984 was 115,600 (1983 117,900), of whom 58,600 were employed in the UK. Further information is on page 35.

At the end of 1984 the number of UK nationals working abroad was 290. A further 310 of other nationalities were serving away from their own countries. These relatively small numbers reflect ICI's continuing policy of staffing its operations as far as possible with nationals of the country involved, whilst at the same time providing specialist or technical support where needed and ensuring international experience for senior managers.

The United Kingdom

Because of the need to remain competitive and to adapt to changes in the business, there has been a steady continuation in 1984 of the reduction in the number of employees. The reduction has been achieved essentially by voluntary means and is supported by extensive provision for early retirement and re-deployment. The Company is providing 1,300 places under the Youth Training Scheme and continues to support, by secondment and other means, the growth of job creation and new business development activities.

Employee Involvement ICI has a three-tier system for formal consultation. It is based on workplace representation and is led by the senior manager responsible at Works or Department level, the Chief Executive at Division level, and the Chairman of the Board at meetings held centrally each year with representatives of monthly and weekly staff from all parts of the Company. There are also two representative Central Business and Investment Committees which are chaired by an Executive Director and meet at least twice a year. These smaller committees are supported by similar committees in Divisions. Their aim is to discuss business prospects and plans in greater depth than is possible in bigger meetings.

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

In 1984 the Company's efforts to develop further its arrangements for employee involvement were recognised in the form of awards from the Industrial Society (for its statement on employee involvement in the Annual Report) and from the Industrial Participation Association (in recognition of notable achievement in the development of employee involvement and participation). This latter award is a particularly coveted one made to only one



other employer with over 10,000 employees.

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

Equal Opportunity During 1984 the Commission for Racial Equality's Code of Practice for the elimination of racial discrimination and the promotion of equality of opportunity became effective, and the Equal Opportunity Commission submitted its Code of Practice to the Government. The Company took this opportunity of reviewing its equal opportunity policies and issued its own policy statement covering both direct and indirect discrimination.

The Company's policy and practice require that entry into the Company, and progression within it, will be determined solely by personal merit and the application of criteria which are related to the effective performance of the job and the needs of the business. No applicant or employee will be treated less favourably than another because of his or her sex, marital status, race, nationality, ethnic or national origin, colour or religious beliefs. Furthermore, the Company will not apply or introduce any requirements or conditions which have disproportionately adverse effects on persons of a particular sex, marital status, race, nationality, ethnic or national origin, colour or religious belief which cannot be shown to be necessary for the satisfactory performance of the Company's operations.

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

Pensions Pensions were increased by 5 per cent from 1 November 1984. In accordance with long-standing ICI policy, deferred pensions of early leavers were increased at the same time and by the same amount.

Recent actuarial valuations of the Pension Funds have shown that they are in a satisfactory state of solvency. On the advice of the Actuaries, the Company has agreed to make a small increase in the ordinary rate of its contributions to the Funds and to pay special contributions totalling £28m over three years from November 1984 in connection with the pension increase made from that date.

Employees' Profit-Sharing

Scheme The rate of bonus is determined by reference to a published scale based on the ratio of added value to employee costs. The rate for 1984 is 10.1p per £1 of remuneration (at a total cost of £58m) compared with 7.4p (£41m) for 1983.

Safety, health and environment

As an integral part of the management of its business ICI has a strong commitment to safety in its manufacturing operations and in the use of its products. A high level of expertise is deployed in the fields of occupational medicine, safety, hygiene, toxicology and engineering to assess and control the potential hazards arising from the manufacture and use of chemicals. Arrangements for the co-ordination of these activities have been further developed and refined during 1984.

The Company's knowledge and expertise is readily made available to the regulatory authorities and others in order to promote



One of the regular safety training courses under way at the Indian Explosives Ltd site at Gomia.

safety in the chemical industry. For example, work which ICI pioneered in the application of the technique of hazard and operability studies to the process industries has now become generally accepted in the design of inherently safe plants for the chemical industry.

Increased public concern about environmental issues inevitably has consequences for the conduct of ICI's businesses. ICI is well placed to meet these pressures and to ensure that its businesses continue to be managed successfully and in a socially acceptable fashion. Restriction of the choices for disposal of waste and ever greater demand to reduce emissions to the environment will, however, increase costs and limit business options.

It is the practice of the Group to base decisions concerning the production, handling and disposal of chemicals on the best available scientific assessment of the evidence, and on the facts of each situation to the fullest possible extent.

Related companies

Details of ICI's investments in its principal related companies are given on page 51.

AECI Ltd

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

Sales by AECI increased to R2,017m in 1984. However, the adverse effects of the falling value of the Rand on import costs and the difficult economic conditions in South Africa limited net trading income to R235m. Earnings per share were 72 cents, a decrease of 18 per cent on 1983.

Corpus Christi Petrochemical Company

ICI owns a 37½ per cent interest in this partnership - the other partners being Solvay et Cie SA and Union Pacific Corporation - which operates an ethylene, propylene and related petrochemicals plant

at Corpus Christi, Texas, USA. Market conditions continued to be unfavourable to the operation in 1984 and, although there was some improvement due to a better feedstock situation, a loss was again incurred. Full provision has been made in previous years against the book value of the investment.

Tioxide Group PLC

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

The results for the first half of 1984 were the best ever achieved by Tioxide, with a profit before tax of £17m compared with £10m for the first half of 1983 and £22m for the full year. The performance reflected improved trading conditions, with volume gains and price increases in many markets.

During the year Tioxide acquired Montedison's Italian subsidiary SIBIT SpA which produces titanium dioxide pigments. This acquisition will further strengthen Tioxide's position in Europe.

Board of Directors



Left to right, Brian Smith, Charles Reece, Sir Robin Ibbs, John Harvey-Jones (seated), Philip Harvey, Alan Clements, Denys Henderson and Frank Whiteley.

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

Executive Directors

John Harvey-Jones

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

Sir Robin Ibbs

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

Alan Clements

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

Charles Reece

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

Philip Harvey

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

Brian Smith

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

Denys Henderson

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

Frank Whiteley

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

Share capital (continued)

at each future Annual General Meeting.

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

- 1 to take advantage of favourable opportunities to raise funds in international markets;
- 2 if placing of Ordinary Stock proves necessary or desirable in connection with or consequent upon any further listings of the Company's Ordinary Stock which it may be thought appropriate to arrange on stock exchanges in major financial centres; this could involve issuing stock at below the respective market rate at the time and every endeavour would be made to keep any such discount to a minimum; and
- 3 in other circumstances, subject to the prior consent of the Company in general meeting being given to each specific issue if so required by the London Stock Exchange in implementation of the Company's continuing obligations.

Stockholders will also be asked at the Annual General Meeting to pass the resolution set out under item 4 of the Notice of Meeting increasing the capital of the Company from £725,000,000 to £800,000,000. At present the Company has approximately 78 million shares unissued, of which about 7 million will be issued this year under the Employees' Profit-Sharing Scheme and about 36 million may be required in due course for issue in connection with convertible bonds, share warrants, and existing options under the Company's share option schemes. The

increase sought will give a reasonable working balance and provide for any allotment of shares in accordance with the authority sought in the resolution set out in item 5 of the Notice of Meeting. No issue of shares will, however, be made which would effectively alter the control of the Company without the prior approval of stockholders in general meeting.

Donations

Donations made by the Group in 1984 for charitable purposes in the UK amounted to £1,050,000 (£865,000 in 1983), of which more than half was given for higher education, particularly in the sciences and engineering at British universities. The remainder was given to a variety of causes, including medical research, management training, learned and scientific societies, the arts, and organizations serving the young, the unemployed, the elderly and the handicapped. The Company continued its policy of not making donations for political purposes.

Auditors

The Auditors, Price Waterhouse and Thomson McLintock & Co, are willing to continue in office. Thomson McLintock & Co are changing their name to KMG Thomson McLintock on 1 April 1985. A resolution re-appointing Price Waterhouse and KMG Thomson McLintock and authorizing the Directors to fix their remuneration will be submitted to the Annual General Meeting. The remuneration and expenses of the Auditors in respect of the statutory report to the members of the Company for the year 1984, provided for in the Group accounts, amount to £627,000 (1983 £577,000). The total figure for the Group was £3.6m (1983 £3.2m), 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.

Thanks to employees

The success achieved by the Group in the past year is principally due to the dedication, skill and hard work of ICI's employees throughout the world. The Directors are profoundly grateful and wish to record their warm appreciation of the way in which the employees of the Group have responded to the challenges and opportunities of 1984.

Imperial Chemical House
Millbank, London SW1P 3JF
11 March 1985

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

Division Chairmen

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

General Managers

Secretary	P. S. G. Flint
Treasurer	C. J. Crowe (J. T. Harrison from 1 April 1985)
Solicitor	V. O. White
Group Chief Planner	A. Hayes
Personnel	R. N. Hodge
Insurance and Investments	B. C. Hines
Europa	J. York

Principal Executive Officers of other ICI businesses

Advanced Materials	H. E. Miller
Polyurethanes	B. A. Killner
Speciality Chemicals	B. H. Lochtenberg

Chief Executives of major subsidiary companies

ICI Australia Ltd	Managing Director	C. Hampson
ICI Americas Inc	President and Chief Executive Officer	H. Corless
C-I-L Inc	Chairman and Chief Executive Officer	C. H. Hantho
Indian Explosives Ltd	Chairman	S. S. Baijal
ICI Japan Ltd	President	S. A. Ridgwell, CBE
Nobel's Explosives Co Ltd	Chief Executive	E. Innes
Scottish Agricultural Industries PLC	Managing Director	Q. Brown

Registered Office

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

**Registrar and
Transfer Office**

B. P. Mould, PO Box 251, Wexham Road, Slough SL2 5DP
(Telephone: Slough (0753) 31151)

Auditors

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

**30 Accounts for
the year 1984**

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

For the year ended 31 December 1984

	Notes	1984 £m	1983 £m
Turnover		9,909	8,256
Operating costs	3	(8,990)	(7,718)
Other operating income	3	144	155
Trading profit (after providing for depreciation 1984 £440m, 1983 £436m)		1,063	693
Share of profits less losses of related companies and amounts written off investments	4	71	61
Net interest payable	5	(100)	(135)
Profit on ordinary activities before taxation		1,034	619
Tax on profit on ordinary activities	6	(373)	(201)
Profit on ordinary activities after taxation		661	418
Attributable to minorities		(56)	(21)
Net profit attributable to parent company		605	397
Extraordinary items	7	(20)	(19)
Net profit for the financial year		585	378
Dividends	8	(186)	(147)
Profit retained for year		399	231
Earnings before extraordinary items per £1 Ordinary Stock	9	98.2p	65.3p

Group reserves attributable to parent company

	Notes	1984 £m	1983 £m
At beginning of year			
Transfer to deferred tax provision	6	2,721	2,443
Profit retained for year		(100)	—
Company		72	90
Subsidiaries		314	139
Related companies		13	2
Other amounts taken direct to reserves		399	231
At end of year	10	3,201	2,721

Figures in brackets represent deductions

Balance sheets (historical cost)
At 31 December 1984

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	Notes	Group		Company	
		1984 £m	1983 £m	1984 £m	1983 £m
Assets employed					
Fixed assets					
Tangible assets	11	3,629	3,376	1,306	1,297
Investments					
Subsidiaries	12			2,554	2,323
Related and other companies	13	442	348	78	33
		4,071	3,724	3,938	3,653
Current assets					
Stocks	14	1,740	1,462	690	636
Debtors	15	2,102	1,661	426	327
Investments and short-term deposits	16	865	688	152	155
Cash		146	86	18	2
		4,853	3,897	1,286	1,120
Total assets		8,924	7,621	5,224	4,773
Creditors due within one year					
Short-term borrowings	17	(383)	(329)	(103)	(153)
Current instalments of loans	20	(207)	(209)	(19)	(12)
Other creditors	18	(2,084)	(1,542)	(1,393)	(1,186)
		(2,674)	(2,080)	(1,515)	(1,351)
Net current assets (liabilities)		2,179	1,817	(229)	(231)
Total assets less current liabilities		6,250	5,541	3,709	3,422
Financed by					
Creditors due after more than one year					
Loans	20	1,311	1,268	199	224
Other creditors	18	127	139	708	650
		1,438	1,407	907	874
Provisions for liabilities and charges	19	279	202	53	35
Deferred income: grants not yet credited to profit		196	198	129	134
Minority interests		508	392		
Capital and reserves attributable to parent company					
Called-up share capital	21	628	621	628	621
Reserves	10				
Share premium account		415	386	415	386
Revaluation reserve		122	108	6	5
Other reserves		327	238	495	291
Profit and loss account		2,294	1,925	1,076	1,076
Related companies' reserves		43	64		
Total reserves		3,201	2,721	1,992	1,758
Total capital and reserves attributable to parent company		3,829	3,342	2,620	2,379
		6,250	5,541	3,709	3,422

The accounts on pages 30 to 51 were approved by the Board of Directors on 11 March 1985 and were signed on its behalf by:

John Harvey-Jones *Director*

Alan Clements *Director*

John Crowe *Treasurer*

**Statement of sources and applications
of Group funds**
For the year ended 31 December 1984

	Notes	1984 £m	1983 £m
Sources			
Funds generated from operations			
Trading profit		1,063	693
Depreciation		440	436
Petroleum revenue tax paid, less provided		(24)	(33)
Government grants credited to profit, less received		(9)	(8)
Dividends and interest from related companies		38	41
Miscellaneous items, including exchange		(32)	29
		1,476	1,158
Less: interest and taxation paid during year			
Interest (net)		(120)	(137)
Taxation		(179)	(100)
Sources net of interest and taxation		1,177	921
Applications			
Dividends paid during year			
Parent company		160	122
Subsidiaries to minority shareholders		23	18
		183	140
Fixed assets			
Tangible assets		441	361
Disposals of tangible assets		(35)	(59)
Acquisitions and new investment	22	119	70
Disposals of subsidiaries and investments	22	(25)	(108)
		500	264
Additional working capital			
Stocks		133	66
Debtors		248	112
Creditors and provisions (excluding dividends, taxation, petroleum revenue tax and advance proceeds from oil sales)		(181)	(143)
		200	35
Total applications		883	439
Surplus		294	482
Represented by			
Increased investment of minorities in subsidiaries		33	15
Issues of ICI Ordinary Stock		36	29
Issue of warrants to subscribe for ICI Ordinary Stock		—	15
Reduction in advance proceeds from oil sales		(8)	(23)
Net repayment of loans		(172)	(137)
Increase in short-term borrowings (1983 decrease)	*	54	(202)
Increase in cash and short-term investments	*	(237)	(179)
		(294)	(482)

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

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

Depreciation

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 14 years for plant and equipment. Depreciation of assets qualifying for grants is calculated on their full cost. Oil production assets are depreciated in accordance with the policy set out below.

Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at average rates for the relevant accounting period. 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 foreign currency loans, are taken to trading profit. In the Group accounts exchange differences arising on consolidation of the net investments in overseas subsidiary and related companies are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on foreign currency loans are taken to reserves and offset against the differences on net investments.

The basis of accounting for foreign currency translation was modified from 1 January 1984, following the introduction of the UK accounting standard SSAP 20; if the new basis had been applied in 1983 the results for that year would not have been materially different from those published and therefore have not been restated.

Government grants

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

Oil production assets including concessions and exploration

Expenditure on acquiring oil concessions, exploring for oil and construction of production assets is, in general, capitalized and depreciated over the life of the wells on the basis of the rate of production. Immediate write-offs are made, and included in Group depreciation, in the following circumstances:

- Expenditure on concessions -- to the extent that the value is considered to have been impaired by the absence of successful drilling results;
- Exploration expenditure -- if unsuccessful or if oil reserves are not determined to be commercially viable within one year of completion of drilling.

Oil taxation

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

Pensions funding

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

Plant closures and staff reductions

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

Related companies

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

The holding value of significant related companies in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such companies, as shown by the most recent accounts available, adjusted where appropriate.

Research and development	Research and development expenditure is charged to profit in the year in which it is incurred.
Stock valuation	Finished goods are stated at the lower of cost or net realisable value, raw materials and other stocks at the lower of cost or replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses (principally central administration costs) are excluded.
Taxation	<p>The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes (but see note 6 for treatment of deferred tax provision resulting from major changes to UK tax rates and allowances contained in the Finance Act 1984). However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on UK capital expenditure, if there is reasonable evidence that such deferred taxation will not be payable in the future. Credit for deferred corporation tax is taken in respect of the provision for deferred petroleum revenue tax.</p> <p>Advance corporation tax payable on dividends paid and provided for the year is not written off if UK corporation and oil tax liabilities are expected to be sufficient to absorb this tax. For 1983, to the extent that further UK corporation and oil tax liabilities existed, any unrelieved advance corporation tax written off in earlier periods was credited.</p>

Notes relating to the accounts

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

1 Composition of the Group	<p>The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiaries, of which there were 349 at 31 December 1984. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 113 subsidiaries made up their accounts to dates earlier than 31 December, but not earlier than 30 September.</p> <p>The trading results have not been materially affected by acquisitions or disposals of subsidiaries.</p> <p>The accounts of certain subsidiary and related companies, representing approximately 14 per cent of Group turnover and 21 per cent of Group net assets, have been audited by firms other than the Group joint auditors.</p>																																																																																																												
2 Segment information	<p>Business sectors</p> <p>Turnover and profit on ordinary activities before taxation are set out in the table below on a worldwide basis for each business sector.</p> <table> <tr> <th></th><th colspan="2">Turnover</th><th colspan="2">Profit</th></tr> <tr> <th></th><th>1984</th><th>1983</th><th>1984</th><th>1983</th></tr> <tr> <th></th><th>£m</th><th>£m</th><th>£m</th><th>£m</th></tr> <tr> <td>Agriculture</td><td>1,828</td><td>1,507</td><td>218</td><td>174</td></tr> <tr> <td>Colours, polyurethanes and speciality chemicals</td><td>981</td><td>803</td><td>14</td><td>10</td></tr> <tr> <td>Fibres</td><td>654</td><td>565</td><td>22</td><td>(7)</td></tr> <tr> <td>General chemicals</td><td>1,615</td><td>1,472</td><td>145</td><td>107</td></tr> <tr> <td>Industrial explosives</td><td>358</td><td>301</td><td>41</td><td>26</td></tr> <tr> <td>Oil (see note 3)</td><td>1,349</td><td>1,040</td><td>109</td><td>93</td></tr> <tr> <td>Paint</td><td>619</td><td>592</td><td>39</td><td>26</td></tr> <tr> <td>Petrochemicals and plastics</td><td>2,778</td><td>2,296</td><td>138</td><td>(7)</td></tr> <tr> <td>Pharmaceuticals</td><td>806</td><td>637</td><td>249</td><td>199</td></tr> <tr> <td>Miscellaneous</td><td>156</td><td>111</td><td>9</td><td>5</td></tr> <tr> <td></td><td>11,144</td><td>9,324</td><td>984</td><td>626</td></tr> <tr> <td>Inter-sector eliminations</td><td>(1,235)</td><td>(1,068)</td><td>(1)</td><td>(3)</td></tr> <tr> <td></td><td>9,909</td><td>8,256</td><td>983</td><td>623</td></tr> <tr> <td>Royalty income and government grants (see note 3)</td><td></td><td></td><td>80</td><td>70</td></tr> <tr> <td>Trading profit</td><td></td><td></td><td>1,063</td><td>693</td></tr> <tr> <td>Share of profits less losses of related companies and amounts written off investments</td><td></td><td></td><td>71</td><td>61</td></tr> <tr> <td>Net interest payable</td><td></td><td></td><td>(100)</td><td>(135)</td></tr> <tr> <td>Profit on ordinary activities before taxation</td><td></td><td></td><td>1,034</td><td>619</td></tr> </table> <p>The Group's policy is to transfer products internally at prevailing external market prices.</p>					Turnover		Profit			1984	1983	1984	1983		£m	£m	£m	£m	Agriculture	1,828	1,507	218	174	Colours, polyurethanes and speciality chemicals	981	803	14	10	Fibres	654	565	22	(7)	General chemicals	1,615	1,472	145	107	Industrial explosives	358	301	41	26	Oil (see note 3)	1,349	1,040	109	93	Paint	619	592	39	26	Petrochemicals and plastics	2,778	2,296	138	(7)	Pharmaceuticals	806	637	249	199	Miscellaneous	156	111	9	5		11,144	9,324	984	626	Inter-sector eliminations	(1,235)	(1,068)	(1)	(3)		9,909	8,256	983	623	Royalty income and government grants (see note 3)			80	70	Trading profit			1,063	693	Share of profits less losses of related companies and amounts written off investments			71	61	Net interest payable			(100)	(135)	Profit on ordinary activities before taxation			1,034	619
	Turnover		Profit																																																																																																										
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2 Segment information (continued)

Geographic areas

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

	Turnover		Profit	
	1984 £m	1983 £m	1984 £m	1983 £m
United Kingdom				
Home sales	3,120	2,849		
Export sales	2,835	2,169		
	5,955	5,018	578	390
Continental Western Europe	1,798	1,527	66	49
The Americas	2,001	1,561	214	114
Australasia and the Far East	1,419	1,131	105	64
Indian sub-continent	283	228	38	25
Other countries	114	106	5	2
	11,570	9,571	1,006	644
Inter-area eliminations	(1,661)	(1,315)	(23)	(21)
	9,909	8,256	983	623
Royalty income and government grants (see note 3)			80	70
Trading profit			1,063	693

Turnover in each geographic market in which customers are located was:

	1984 £m	1983 £m
Chemicals		
United Kingdom	2,346	2,184
Continental Western Europe	1,891	1,592
The Americas	2,111	1,639
Australasia and the Far East	1,613	1,309
Indian sub-continent	319	250
Other countries	540	474
	8,820	7,448
Oil	1,089	808
Total turnover	9,909	8,256

Employees

Average number of people employed by the Group	1984	1983
United Kingdom	58,600	61,800
Continental Western Europe	13,200	12,500
The Americas	17,200	16,900
Australasia and the Far East	13,700	14,100
Indian sub-continent	11,500	11,000
Other countries	1,400	1,600
Total employees	115,600	117,900

	1984 £m	1983 £m
3 Trading profit		
Turnover	9,909	8,256
Operating costs		
Cost of sales	(6,702)	(5,731)
Distribution costs	(691)	(576)
Research and development (including technical service)	(299)	(276)
Administrative and other expenses	(1,240)	(1,064)
Employees' profit-sharing bonus	(58)	(41)
	(8,990)	(7,718)
Other operating income		
Government grants	28	28
Royalties	52	42
Other income	64	85
	144	155
Trading profit	1,063	693
Total charge for depreciation included above	440	436
Petroleum revenue tax included in cost of sales	169	148
Gross profit, as defined by the Companies Act 1981	3,207	2,495
4 Share of profits less losses of related companies and amounts written off investments		
Share of profits less losses of related companies		
Dividend income	44	40
Share of undistributed profits less losses	27	14
Share of profits less losses before tax	71	54
Gains on disposals of investments	9	7
Amounts written off investments (including provisions raised £13m (1983 £2m) and released £4m (£2m))	(9)	—
	71	61
Total dividend income from shares in related companies comprised £18m (1983 £19m) from listed companies and £26m (£21m) from unlisted companies.		
5 Net interest payable		
Interest payable and similar charges		
Loan interest	138	132
Interest on short-term borrowings and other financing costs	49	62
	187	194
Interest receivable and similar income from current asset investments		
Listed redeemable securities	(6)	(7)
Short-term deposits	(84)	(52)
	(90)	(59)
Exchange differences on short-term currency borrowings and deposits	3	—
Net interest payable	100	135
Loan interest includes £88m (1983 £80m) on loans not wholly repayable within 5 years.		
6 Tax on profit on ordinary activities		
ICI Group		
United Kingdom taxation		
Corporation tax	278	198
Double taxation relief	(28)	(25)
Deferred taxation adjustment	6	(16)
Advance corporation tax (net)	—	(43)
	256	114
Overseas taxation		
Overseas taxes	93	72
Deferred taxation adjustment	11	3
	104	75
Total ICI Group	360	189
Related companies	13	12
Total tax on profit on ordinary activities	373	201

6 Tax on profit on ordinary activities (continued)

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 46½ per cent (1983 52 per cent). The assumption has been made that the UK system of capital allowances will change in accordance with the provisions of the Finance Act 1984.

The Group tax charge has been influenced by a number of factors, including the utilization of prior year tax losses.

	Group		Company	
	1984 £m	1983 £m	1984 £m	1983 £m
Deferred taxation				
The amounts of deferred taxation accounted for and the potential amounts of deferred taxation are:				
Accounted for at balance sheet date (note 19)				
Timing differences on UK capital allowances and depreciation in future years	97	13	72	—
Miscellaneous timing differences	5	(4)	(6)	—
Advance corporation tax recoverable	(48)	—	(48)	—
	54	9	18	—
Corporation tax effect of deferred petroleum revenue tax provision	(35)	(61)		
	19	(52)	18	—
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged	376	696	319	586
Miscellaneous timing differences	30	8	2	(13)
	406	704	321	573
Total	425	652	339	573

The Finance Act 1984 contained major changes in the rates of UK corporation tax and capital allowances. In order to reflect these changes a provision for deferred taxation of £100m has been established by an adjustment to Group reserves. The adoption of Statement of Standard Accounting Practice No. 15 in 1978 resulted in a change of accounting policy and the then existing deferred tax provision of £249m, in respect of timing differences between UK capital allowances and depreciation, was released and credited to reserves.

7 Extraordinary items

	1984 £m	1983 £m
Profits (losses) on various divestments, mainly in the United States	(20)	21
Provision in respect of ICI's 37½ per cent equity share in Corpus Christi Petrochemical Company and related facilities	—	(40)
	(20)	(19)

Extraordinary items had no tax effect in 1984 or 1983.

8 Dividends

	1984 (pence per £1 Stock unit)	1983	1984 £m	1983 £m
Ordinary				
Interim, paid 3 October 1984	12p	10p	74	61
Second interim, to be confirmed as final, payable 2 April 1985	18p	14p	112	86
	30p	24p	186	147

Preference

Dividends on 5% (now 3.5% plus tax credit) Cumulative Preference Stock were £0.3m (1983 £0.3m).

9 Earnings per £1 Ordinary Stock

	1984 £m	1983 £m
Earnings for Ordinary Stockholders, before extraordinary items	605	397
Average Ordinary Stock in issue during year, weighted on a time basis	616	608
Earnings before extraordinary items per £1 Ordinary Stock	98.2p	65.3p

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

10 Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Related companies' reserves £m	1984 Total £m	1983 Total £m
Group reserves attributable to parent company							
At beginning of year	386	108	238	1,925	64	2,721	2,443
Adjustment for deferred tax (see note 6)				(100)		(100)	
Profit retained for year				386	13	399	231
Amounts taken direct to reserves							
Share premiums	29					29	20
Revaluations		3				3	2
Exchange adjustments		14	108	55	(49)	128	(2)
Other movements		1	2	(6)	24	21	27
	29	18	110	49	(25)	181	47
Movements between reserves		(4)	(21)	34	(9)		
At end of year	415	122	327	2,294	43	3,201	2,721
Parent company reserves							
At beginning of year	386	5	291	1,076		1,758	1,577
Adjustment for deferred tax (see note 6)				(72)		(72)	
Profit retained for year				72		72	90
Amounts taken direct to reserves							
Share premiums	29					29	20
Exchange adjustments							
Investments in overseas subsidiaries and related companies			201			201	67
Currency loans and other items			3			3	(12)
Other movements		1				1	16
	29	1	204			234	91
At end of year	415	6	495	1,076		1,992	1,758

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

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

In the Group accounts, £135m of net exchange losses on foreign currency loans have been offset in reserves against exchange gains on the net investment in overseas subsidiary and related companies.

11 Tangible fixed assets

Group	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued				
At beginning of year	1,106	4,952	297	6,355
Exchange adjustments	111	342	27	480
Revaluations	4	(1)		3
New subsidiaries	10	6		16
Capital expenditure			441	441
Transfers	47	354	(401)	
Disposals	(59)	(177)		(236)
At end of year	1,219	5,476	364	7,059
Depreciation				
At beginning of year	412	2,567		2,979
Exchange adjustments	34	153		187
Disposals	(37)	(139)		(176)
Charge for year	43	397		440
At end of year	452	2,978		3,430
Net book value at end of year 1984	767	2,498	364	3,629
Net book value at end of year 1983	694	2,385	297	3,376

Expenditure on hire of plant and machinery charged against trading profit was £121m (1983 £104m).

The net book value of Group tangible fixed assets at the end of the year included expenditure on oil production assets, including concessions and exploration, totalling £164m (1983 £196m). Depreciation for the year on oil production assets totalled £49m (1983 £56m) of which £15m (£19m) was in respect of exploration expenditure deemed unsuccessful and impairment of the value of concessions. See accounting policy on page 33.

Company	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued				
At beginning of year	345	2,416	142	2,903
Capital expenditure			200	200
Transfers	12	157	(169)	
Disposals	(6)	(58)		(64)
At end of year	351	2,515	173	3,039
Depreciation				
At beginning of year	168	1,438		1,606
Disposals	(3)	(55)		(58)
Charge for year	13	172		185
At end of year	178	1,555		1,733
Net book value at end of year 1984	173	960	173	1,306
Net book value at end of year 1983	177	978	142	1,297

	Group		Company	
The net book value of land and buildings comprised:	1984 £m	1983 £m	1984 £m	1983 £m
Freeholds	734	663	169	171
Long leases (over 50 years unexpired)	16	15	3	5
Short leases	17	16	1	1
	767	694	173	177

**13 Investments in
related and other
companies**

	Related companies Shares £m	Loans £m	Other investments £m	Total £m
Group				
Book value				
At beginning of year				
Cost	319	22	16	357
Scrip issues capitalised	13			13
	332	22	16	370
Exchange adjustments	50	5	2	57
Additions and reclassifications	65	23	2	90
Disposals and repayments	(9)	(1)		(10)
At end of year	438	49	20	507
Cost	425	49	20	494
Scrip issues capitalised	13			13
Share of post-acquisition reserves less losses				
At beginning of year	67			67
Exchange adjustments	(47)			(47)
Reserves of companies not previously accounted for on equity basis	18			18
Profits not distributed	13			13
Other	4			4
At end of year	55			55
Provisions				
At beginning of year	(84)	(2)	(3)	(90)
Exchange adjustments	(19)	(1)		(20)
Additions	(8)	(2)	()	(10)
At end of year	(111)	(5)	()	(116)
Balance sheet value at end of year 1984	382	44	16	442
Balance sheet value at end of year 1983	315	20	13	348

The balance sheet value of the above
investments included:

1984

Investments listed on The Stock Exchange, London	4	1	5
Other listed investments	133	13	146
	137	14	151
With an aggregate market value of	211	16	227

1983

Investments listed on The Stock Exchange, London	2		2
Other listed investments	146	12	158
	148	12	160
With an aggregate market value of	325	13	338

Information on principal related companies is given on page 51.

13 Investments in related and other companies (continued)

	Related companies Shares £m	Loans £m	Other investments £m	Total £m
Company				
Book value				
At beginning of year				
Cost	32	9	4	45
Scrip issues capitalised	1			1
	33	9	4	46
Exchange adjustments	1			1
Additions	44	2		46
Disposals	(1)			(1)
At end of year	77	11	4	92
Cost	76	11	4	91
Scrip issues capitalised	1			1
Provisions				
At beginning of year	(11)		(2)	(13)
Additions/releases	1	(2)		(1)
At end of year	(10)	(2)	(2)	(14)
Balance sheet value at end of year 1984	67	9	2	78
Balance sheet value at end of year 1983	22	9	2	33

The balance sheet value of the above investments included:

1984			
Investments listed on			
The Stock Exchange, London	4	1	5
With an aggregate market value of	8	2	10
1983			
Investments listed on			
The Stock Exchange, London	2	1	3
Other listed investments	1		1
	3	1	4
With an aggregate market value of	5	2	7

14 Stocks

	Group		Company	
	1984 £m	1983 £m	1984 £m	1983 £m
Raw materials and consumables	566	476	214	190
Stocks in process	210	186	125	125
Finished goods and goods for resale	964	800	351	321
	1,740	1,462	690	636

15 Debtors

Amounts due within one year				
Trade debtors	1,638	1,312	15	5
Amounts owed by subsidiaries			301	118
Amounts owed by related companies	143	34	4	1
Other debtors	187	208	60	160
Prepayments and accrued income	106	79	44	37
	2,074	1,633	424	321
Amounts due after more than one year	28	28	2	6
Total	2,102	1,661	426	327

		Group		Company	
		1984 £m	1983 £m	1984 £m	1983 £m
16 Current asset investments and short-term deposits	Redeemable securities listed on The Stock Exchange, London	140	52	82	19
	Other listed investments	105	12		
	Total listed investments	245	64	82	19
	Unlisted investments	113	43		
		358	107	82	19
	Short-term deposits	507	581	70	136
		865	688	152	155
	Market value of listed investments	252	68	82	19
17 Short-term borrowings	Bank borrowings				
	Secured by fixed charge	1	8		
	Secured by floating charge	14	9		
	Unsecured	215	151	42	41
		230	168	42	41
	Other borrowings (unsecured)	153	161	61	112
		383	329	103	153
18 Other creditors	Amounts due within one year				
	Trade creditors	866	650	334	276
	Bills of exchange payable	15	12		
	Advance proceeds from oil sales	8	8	8	8
	Other payments received on account	15	21	6	6
	Amounts owed to subsidiaries			570	510
	Amounts owed to related companies	49	30	10	1
	Corporate taxation	385	198	140	92
	Petroleum taxation	55	57		
	Value added and payroll taxes and social security	81	89	55	63
	Other creditors	347	266	121	112
	Accruals	151	125	37	32
	Dividends to Ordinary Stockholders	112	86	112	86
		2,084	1,542	1,393	1,186
	Amounts due after more than one year				
	Trade creditors	6	7	1	2
	Advance proceeds from oil sales	5	13	5	13
	Amounts owed to subsidiaries			697	623
	Corporate taxation	88	100	—	10
	Other creditors	28	19	5	2
		127	139	708	650
19 Provisions for liabilities and charges	Group	At beginning of year £m	Transfers from reserves £m	Movement in year £m	At end of year £m
	Deferred taxation				
	Petroleum revenue tax	118		(21)	97
	Corporation tax thereon	(61)	16	10	(35)
	Other tax	9	84	9	102
	Advance corporation tax recoverable			(48)	(48)
		66	100	(50)	116
	Oilfield abandonment costs	28		7	35
	Employee benefits	65		14	79
	Other provisions	43		6	49
		202	100	(23)	279
	Company				
	Deferred taxation		72	(6)	66
	Advance corporation tax recoverable			(48)	(48)
	Other provisions	35			35
		35	72	(54)	53

20 Loans

	Repayment dates	Group		Company	
		1984 £m	1983 £m	1984 £m	1983 £m
Secured loans					
Sterling	1985/96	3	4		
Foreign currencies					
Australian dollars (6½ to 15½%)	1985/2000	135	131		
Others (5½ to 17%)	1985/2007	57	51		
Total secured		195	186		
Secured by fixed charge		67	43		
Secured by floating charge		128	143		
Unsecured loans					
Sterling					
7¼% Stock	1986/91	53	59	53	59
8% Stock	1988/93	56	60	56	60
10¾% Stock	1991/96	43	43	43	43
5½% Stock	1994/2004	26	26	26	26
8½% convertible bonds*	1999	100	—		
Others	1985/99	18	32	16	27
		296	220	191	215
Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)					
		—	26		
Foreign currencies					
US dollars					
Eurodollar bonds (7½ to 8½%)	1985/92	68	71		
US dollar bonds (8½ to 9.05%)	1985/2003	224	184		
US dollar bonds* (9¾%)	1990	86	69		
Convertible Eurodollar bonds* (6¾%)	1997	21	19		
Loans (5½ to 12½%)	1985/2005	190	207	8	7
Others	1985/98	28	26	6	6
		617	576	14	13
Swiss francs (3½ to 7¼%)	1985/94	115	142	6	5
Deutschemarks (6½ to 8½%)	1985/92	88	120	4	3
Dutch florins (5½ to 9%)	1985/91	28	32		
Canadian dollars (5½ to 14½%)	1987/96	130	128		
Others (6½ to 18%)	1985/2003	49	47		
		1,027	1,045	24	21
Total unsecured		1,323	1,291	218	236
Total loans		1,518	1,477	218	236

Loans or instalments thereof are repayable:
After 5 years from balance sheet date

Lump sums	489	376	178	188
Instalments	396	384		
	885	760	178	188
From 2 to 5 years	250	299	2	20
From 1 to 2 years	176	209	19	16
Total due after more than one year	1,311	1,268	199	224
Total due within one year	207	209	19	12
	1,518	1,477	218	236

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

716 703

Loans from banks included in the table above amounted to £73m (1983 £101m) in the Group of which £3m (1983 £7m) was secured. In the Company there were unsecured bank loans of £6m (1983 £6m). New borrowings during the year totalled £131m, of which £100m related to 8½% convertible sterling bonds issued by a finance subsidiary for the general purposes of the ICI Group.

*Conversion rights attach to certain bonds, unless previously redeemed and subject to adjustment in certain events, as follows:

20 Loans (continued)

8½% sterling bonds, until 1 October 1999, into Ordinary Stock of the Company at 800 pence per £1 of Ordinary Stock (with an option to redeem on 15 October 1989 at a premium of 12%, giving rise to a contingent liability of £12 million);

9¾% US dollar bonds, until 1 June 1990, into sterling bonds at a conversion rate of US\$1.5773 = £1;

6¾% Eurodollar bonds, until 1 September 1997, into Ordinary Stock of the Company at 460 pence per £1 of Ordinary Stock (with a fixed rate of exchange applicable on conversion of the bonds of US\$1.7423 = £1).

21 Called up share capital of parent company

	Authorized £m	Allotted, called up and fully paid 1984 £m	1983 £m
5% (now 3.5% plus tax credit) Cumulative Preference Stock (£1 units)	9	9	9
Ordinary Stock (£1 units)	619	619	612
Unclassified shares (£1 each)	97		
	725	628	621

Ordinary Stock issued during the year totalled £7m, including issues in respect of the Employees' Profit-Sharing Scheme £6m and the Company's share option schemes £1m.

Options outstanding at 31 December 1984 to subscribe for Ordinary shares of £1 under the Company's share option schemes were:

Subscription price	Last date when options exercisable	1984 Number of shares	1983 Number of shares
£2.69	31 March 1987	2,147,849	2,307,776
£2.86	31 March 1988	1,326,568	1,431,854
£3.20	31 January 1986	1,565,468	1,723,437
£3.55	18 March 1987	243,000	880,000
£3.55	17 September 1987	25,000	60,000
£3.55	18 March 1988	138,000	552,000
£3.55	17 March 1989	279,000	310,000
£3.93	16 March 1990	92,000	92,000
£3.96	31 December 1988	652,744	684,540
£5.33	31 December 1989	619,739	
£5.88	14 March 1991	131,000	
£5.95	12 September 1991	1,169,200	
		8,389,568	8,041,607

Options granted to directors, included above, are shown on page 47

During 1984, movements in the number of shares under option comprised new options issued 1,934,521, options exercised 1,307,730, and options lapsed 276,830. Warrants existed throughout the year in connection with a US dollar bond issue granting options to subscribe for 11,700,000 Ordinary shares of £1 at 540p, exercisable until 1 June 1990.

At the end of 1984, there were 26,330,800 shares available for the granting of options (1983 18,771,147).

22 Acquisitions and new investment

	1984 £m	1983 £m
Acquisitions and new investment comprised:		
Fixed assets	13	13
Goodwill	1	1
Related companies	96	43
Net current assets	14	10
Deferred liabilities	(1)	(1)
Loans	(3)	—
Purchases of minorities	(1)	4
	119	70

Disposals in 1984 comprised subsidiaries £4m and related companies £21m (1983 £9m subsidiaries and £99m related companies).

23 Subsequent events

On 28 February 1985, the Group completed the purchase of the Beatrice Chemical interests of Beatrice Companies, Inc. at a price of US\$ 750m which may be subject to minor adjustment following completion of the audit of the acquired companies as at 28 February 1985.

The acquired businesses are principally in the fields of reinforced performance plastics and speciality chemicals and associated services. In the year to 29 February 1984 they recorded external sales of US\$ 439m and pre-tax profits of US\$ 63m (US\$ 34m after tax). The book value of the acquired net assets in the unaudited accounts of Beatrice Companies, Inc. at 30 September 1984 amounted to US\$ 155m.

In connection with the acquisition, the Company has issued 18 million £1 Ordinary Stock units which were placed with institutional investors (outside the USA) on 1 March 1985 at a price of £8.25 per £1 Ordinary Stock unit. This stock will carry the right to the second interim dividend of 18p payable on 2 April 1985. The balance of the purchase consideration was met from Group cash resources and by using facilities previously negotiated with the Group's bankers.

24 Commitments and contingent liabilities

	Group		Company	
	1984	1983	1984	1983
	£m	£m	£m	£m
Commitments for capital expenditure not provided for in these accounts (including acquisition of share and loan capital in subsidiary and other companies):				
Contracts placed for future expenditure	109	69	68	40
Expenditure authorized but not yet contracted:				
Chemical interests of Beatrice Companies, Inc.	647	—		
Other	389	332	209	171
	1,145	401	277	211

Contingent liabilities existed at 31 December 1984 in connection with guarantees and uncalled capital relating to subsidiary and other companies and guarantees relating to pension funds, including the solvency of pension funds. Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1984 would be £162m (1983 £146m) for the Group, including £127m (1983 £113m) in respect of guarantees of borrowings by Corpus Christi Petrochemical Company, in which the Group has a 37.5 per cent interest; the maximum liability for the Company, mainly on guarantees of borrowings of subsidiaries, would be £1,098m (1983 £1,012m).

In 1982, 1983 and 1984 the Company agreed to make special payments aggregating £40m per annum, each over a three year period, in respect of increased benefits under the Staff Pension Fund, the Workers' Pension Fund and the Supplementary Pension Fund; at 31 December 1984 the instalments still to be paid totalled £74m.

A subsidiary of ICI Australia Ltd has entered into agreements with an associated company which has been incorporated specifically to erect an olefines plant and to lease it to the subsidiary. Under the terms of the agreements, commitments to pay lease rentals over the next 13 years are £262m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

25 Emoluments of directors and employees

The total emoluments of the directors of the Company for the year were £1,712,000 (1983 £1,197,000) including £77,000 (£70,000) in respect of non-executive directors. Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £2,871,000 (£3,415,000).

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

25 Emoluments of directors and employees (continued)	Emoluments £		Directors 1984 1983		Employees 1984 1983		Emoluments £		Directors 1984 1983		Employees 1984 1983	
	1- 5,000						95,001-100,000				1 3	
	5,001-10,000						100,001-105,000				1	
	10,001-15,000		6		5		105,001-110,000				2	
	20,001-25,000				1		110,001-115,000				3	
	30,001-35,000				303 237		115,001-120,000		1			
	35,001-40,000				151 106		120,001-125,000		2			
	40,001-45,000				90 86		130,001-135,000		1			
	45,001-50,000				60 46		135,001-140,000		1			
	50,001-55,000				27 28		165,001-170,000		1			
	55,001-60,000				23 14		170,001-175,000		1			
	60,001-65,000				17 7		175,001-180,000		1			
	65,001-70,000				5 8		180,001-185,000		1			
	70,001-75,000				8 2		185,001-190,000		1			
	75,001-80,000				4 3		190,001-195,000		2			
	80,001-85,000				5 1		195,001-200,000		1			
	85,001-90,000						215,001-220,000		1			
	90,001-95,000				3 3		285,001-290,000		1			

The emoluments of the Chairman were £287,261 (1983 £170,999). Three of the directors whose emoluments are shown above for 1983 were directors for part of the year only.

The average number of people employed by the Group in 1984 was 115,600 (1983 117,900) and the amounts charged in arriving at trading profit for the year in respect of those employees were:

	1984 £m	1983 £m
Wages and salaries	1,336	1,227
Social security costs	112	99
Pension fund contributions, pensions and gratuities (including severance payments 1984 £36m; 1983 £63m)	212	214
Other employment costs	25	29
Employees' profit-sharing bonus	58	41
	1,743	1,610
Less amounts allocated to capital expenditure etc.	(38)	(43)
	1,705	1,567

26 Directors' interests in stocks, shares and debentures

The interests at 31 December 1984 of the persons who on that date were directors (including the interests of their families) in stocks, shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1984 are shown in brackets where these differ from the holdings at the year end. There were no changes in the period 1 January 1985 to 19 February 1985.

	ICI Ordinary Stock £		ICI Ordinary shares under option	
A W Clements	3,043		80,695	(68,579)
Sir Arnold Hall	562			
P G Harvey	3,830	(2,634)		
J H Harvey-Jones	6,367	(1,367)	75,000	(105,000)
D H Henderson	5,100		56,700	(40,000)
Sir Robin Ibb	14,112	(2,112)	60,600	(68,000)
Sir Alex Jarratt: beneficial	562			
non-beneficial	118			
W G L L Kiep	500			
Sir Patrick Meaney	1,325			
Sir Jeremy Morse	1,819			
C H Reece	2,785		104,700	(68,000)
N B Smith	11,220	(1,220)	38,097	(69,397)
Lord Thomson	500			
F Whiteley	5,573	(4,306)		

**26 Directors' interests
in stocks, shares
and debentures
(continued)**

The options to subscribe for Ordinary shares were granted in 1980-84 for not more than seven years and include options granted on 13 September 1984 to Mr A W Clements, Mr D H Henderson, Dr C H Reece and Dr N B Smith, each in respect of 36,700 Ordinary shares, and to Sir Robin Ibbs in respect of 40,600 Ordinary shares. Except as mentioned below, the options were granted under the terms of the Company's senior staff share option schemes and the price to be paid for the shares is 355p per share under the options granted in 1980-82, 393p per share under an option granted in 1983 and 595p per share for options granted in 1984. The exceptions are options granted under the Company's savings-related share option schemes to Mr A W Clements to subscribe for 579 shares at 269p per share and 416 shares at 533p per share, and to Dr N B Smith to subscribe for 579 shares at 269p per share and 818 shares at 286p per share.

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

**27 Other statutory
information**

Included in debtors are interest-free loans totalling £119,500 (1983 £116,839) to officers of the Company, comprising £35,000 in total to 3 directors and £84,500 in total to 5 other officers. The loans to directors were made, prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The amounts outstanding throughout the year were £10,000 each from Sir Robin Ibbs and Dr C H Reece and £15,000 from Mr D H Henderson. The loans to the other officers were in respect of housing loans.

Remuneration of auditors charged in the Group accounts for 1984 was £3.6m (1983 £3.2m).

Profit and loss statement (current cost)
For the year ended 31 December 1984

	1984 £m	1983 restated in 1984 £'s £m	1983 £m
Turnover	9,909	8,667	8,256
Trading profit			
As in historical cost accounts	1,063	728	693
Cost of sales adjustment	(57)	(40)	(38)
Monetary working capital adjustment	(21)	(22)	(21)
Supplementary depreciation less indexation of government grants	(156)	(172)	(164)
Trading profit - current cost	829	494	470
Share of profits less losses of related companies and amounts written off investments	50	43	41
Profit before financing costs and taxation	879	537	511
Interest and other financial items			
As in historical cost accounts	(100)	(142)	(135)
Gearing adjustment (note 1)	63	68	65
Profit on ordinary activities before taxation	842	463	441
Taxation on profit on ordinary activities	(373)	(211)	(201)
Attributable to minorities	(36)	—	—
Net profit before extraordinary items attributable to parent company	433	252	240
Dividends	186	154	147
Earnings before extraordinary items per £1 Ordinary Stock	70.3p	41.5p	39.5p
Dividends per £1 Ordinary Stock	30.0p	25.2p	24.0p
Total depreciation charged, less government grants credited, in current cost accounts	568	600	572

Extraordinary items are shown in note 3.

1 Accounting basis

These statements are prepared on a Current Cost Accounting (CCA) basis in accordance with the principles of Statement of Standard Accounting Practice No. 16. The accounting policies are as adopted in the historical cost accounts, except for modifications required to comply with SSAP 16. The bases for the current cost adjustments are:

- a Tangible fixed assets and depreciation:
 - i In general, indices of the cost of chemical plant.
 - ii Asset lives which are up to one third longer than those applied in the historical cost accounts (see page 33). Based on reviews of asset values and lives which have been undertaken as part of the Group's consideration of the current cost basis of accounting, the Group believes that it is appropriate for CCA purposes to use longer lives from within the range of possible lives.
- b Stocks and cost of sales—actual movements in costs, using the averaging method.
- c Changes in the requirements for monetary working capital (trading debtors less creditors)—movements in appropriate specific indices.
- d Government grants—indices of the cost of chemical plants; grants have been brought into profit over the lives adopted for CCA accounts.
- e Appropriate CCA adjustments have been made to the results of related companies.

The gearing adjustment is based on a gearing percentage of 20.0 per cent (1983 22.4 per cent), being the proportion of average non-equity finance to average total investment. For the purpose of calculating the gearing percentage, non-equity finance totalled £1,691m (1983 £1,558m) and comprised loans, short-term borrowings and other non-trading liabilities, less cash and short-term investments. The current cost value of the total investment in the business totalled £8,563m (£7,687m) and comprised tangible fixed assets (less government grants), fixed asset investments and net working capital. In calculating the gearing adjustment, the supplementary depreciation charge is adjusted to make allowance for the difference between historical and CCA asset lives.

To facilitate comparison with 1984 results, 1983 results are shown additionally re-stated in 1984 £'s by applying the movement of 5.0 per cent in the average UK retail price index.

2 Balance sheet at 31 December 1984

	1984 £m	1983 restated in 1984 £'s £m	1983 £m
Fixed assets			
Tangible assets at current cost (gross)	15,271	14,653	13,957
Tangible assets net of cumulative depreciation	6,084	5,962	5,679
Investments in related and other companies	805	794	756
Current assets and liabilities			
Stocks	1,767	1,582	1,507
Debtors, short-term investments and cash	3,113	2,556	2,435
Creditors due within one year	(2,674)	(2,184)	(2,080)
	2,206	1,954	1,862
Total assets less current liabilities	9,095	8,710	8,297
Creditors due after more than one year	1,438	1,477	1,407
Provisions	279	212	202
Grants not yet credited to profit	609	668	636
Capital and reserves			
Attributable to parent company			
Share capital	628	652	621
Reserves (see below)	5,440	5,112	4,870
Attributable to minorities	701	589	561
	9,095	8,710	8,297
At beginning of year	4,870	4,766	4,540
Adjustment for deferred tax	(100)	—	—
Inflation and exchange adjustments	393	260	248
Surplus for year			
Before extraordinary items	433	252	240
Extraordinary items	(20)	(61)	(58)
Dividends	(186)	(154)	(147)
	227	37	35
Share premiums	29	21	20
Other movements	21	28	27
	5,440	5,112	4,870
At end of year			

3 Reserves

50 Principal subsidiary companies

31 December 1984

	Class of capital	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)			
Deutsche ICI GmbH (West Germany)	Ordinary	95 5†	Manufacture of nylon and polyester fibres, paint, pharmaceuticals, chlorine and plastics; merchandising of other ICI products
ICI Finance PLC (England)	Ordinary	100	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchandising of other ICI products
ICI Holland BV (Holland)	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchandising of other ICI products
ICI Petroleum Ltd (England)	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd (England)	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd (Scotland)	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC (Scotland)	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
The Americas (accounting dates 31 December)			
C-I-L Inc (Canada)	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment and plastics
Duperial S.A.I.C. (Argentina)	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchandising of ICI and other products
ICI Americas Inc (USA)	Common	100†	Manufacture of pharmaceuticals, agrochemicals, colours, petrochemicals, films and other chemicals; merchandising of other ICI products
Other Countries (accounting dates 30 September)			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	50	Manufacture of fertilizers, agrochemicals and chlorine products
ICI Australia Ltd (Australia)	Ordinary*	62†	Manufacture of chemicals, fertilizers, industrial explosives, paint, plastics and pharmaceuticals
ICI (China) Ltd (Hong Kong and China)	Ordinary	100	Merchandising of ICI and other products; manufacture of chemicals, paint and pharmaceuticals
ICI Japan Ltd (Japan)	Ordinary	100	Merchandising of ICI and other products
I.C.I. (Malaysia) Sdn Berhad (Malaysia)	Ordinary	70	Merchandising of ICI and other products; manufacture of paint
ICI New Zealand Ltd (New Zealand)	Ordinary*	75†	Manufacture of animal health products, industrial explosives, paint, resins and slide fasteners; merchandising of other ICI products
ICI Pakistan Manufacturers Ltd (Pakistan)	Ordinary*	62	Manufacture of polyester fibres and soda ash
ICI-Pharma Ltd (Japan)	Ordinary	60	Development, registration and marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchandising of ICI and other products; manufacture of pharmaceuticals; holding company
Indian Explosives Ltd (India)	Ordinary*	51	Manufacture of fertilizers, industrial explosives and accessories, polyester fibres, polyethylene, paint, agrochemicals, pharmaceuticals and rubber chemicals

*Listed †Held by subsidiaries

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

Principal related companies

31 December 1984

	Issued share and loan capital at date of latest available audited accounts			Principal activities
	Class of capital	£m	Percentage held by ICI	
AECI Ltd (Republic of South Africa)	Ordinary*	67	38†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint and plastics
	Preference	3	—	
	Loan	172	—	
Corpus Christi Petrochemical Company, including related facilities (USA)	Partners' capital	230	37½†	Manufacture of olefines
	Loan	339	—	
Incitec Ltd (Australia)	Ordinary	33	45†	Manufacture of fertilizers
	Shareholders' subordinated loan	14	65†	
	Loan	13	—	
Phillips-Imperial Petroleum Ltd (England)	Ordinary	—	50	Oil refining
	Loan	12	—	
Tioxide Group PLC (England)	Ordinary	31	50†	Manufacture of titanium pigments
	Preference	1	—	
	Loan	56	—	

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

†Held by subsidiaries.

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

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

Auditors' report

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 30 to 51 in accordance with approved auditing standards.

In our opinion the financial statements on pages 30 to 48, 50 and 51, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of affairs of the Company and the Group at 31 December 1984 and of the profit and sources and applications of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts for the year ended 31 December 1984 on pages 48 and 49 have been properly prepared, in accordance with the policies and methods described in the notes, to give the information required by Statement of Standard Accounting Practice No 16.

London
11 March 1985

Price Waterhouse
Thomson McLintock & Co
Chartered Accountants

Group financial record For the years ended 31 December

Balance sheet

	1980 £m	1981 £m	1982 £m	1983 £m	1984 £m
Tangible fixed assets	3,115	3,342	3,422	3,376	3,629
Investments	335	433	403	348	442
Current assets					
Stocks	1,069	1,253	1,377	1,462	1,740
Debtors	1,114	1,391	1,499	1,661	2,102
Cash and short-term investments	440	719	595	774	1,011
	2,623	3,363	3,471	3,897	4,853
Total assets	6,073	7,138	7,296	7,621	8,924
Creditors due within one year					
Short-term borrowing	(294)	(589)	(531)	(329)	(383)
Current instalments of loans	(65)	(52)	(119)	(209)	(207)
Other creditors	(884)	(1,092)	(1,283)	(1,542)	(2,084)
Total assets less current liabilities	4,830	5,405	5,363	5,541	6,250
Creditors due after more than one year					
Loans	1,242	1,445	1,417	1,268	1,311
Other creditors	293	313	87	139	127
Provisions and deferred income	285	356	442	400	475
Minority interests	270	336	362	392	508
Capital and reserves attributable to parent company	2,740	2,955	3,055	3,342	3,829
	4,830	5,405	5,363	5,541	6,250

Turnover and profits

Turnover: UK	2,399	2,575	2,848	2,866	3,131
Overseas	3,316	4,006	4,510	5,390	6,778
Total	5,715	6,581	7,358	8,256	9,909
Trading profit (after depreciation)	332	425	366	693	1,063
Depreciation	291	348	400	436	440
Share of profits less losses of related companies and amounts written off investments	62	52	39	61	71
Interest other than loan interest (net)	1	(13)	(11)	(3)	38
Profit before loan interest	395	464	394	751	1,172
Loan interest	(111)	(129)	(135)	(132)	(138)
Profit before taxation	284	335	259	619	1,034
Taxation	(123)	(111)	(92)	(201)	(373)
Attributable to minorities	(31)	(32)	(22)	(21)	(56)
Net profit attributable to parent company, before extraordinary items	130	192	145	397	605
Extraordinary items	(150)	(6)	—	(19)	(20)
Dividends	(101)	(113)	(115)	(147)	(186)
Profit (loss) retained, transferred to reserves	(121)	73	30	231	399

Sources and applications of funds

Sources net of interest and taxation	506	728	607	921	1,177
Dividends	(151)	(101)	(135)	(140)	(183)
Fixed assets	(724)	(421)	(332)	(264)	(500)
Reduced (additional) working capital	62	(239)	(111)	(35)	(200)
Surplus (deficit)	(307)	(33)	29	482	294

Return on assets

Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	8.4	9.1	7.3	13.8	19.9
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Current cost accounting

Profit before taxation, on a current cost accounting basis, expressed in 1984 £'s	97	100	109	463	842
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ICI Ordinary Stock comparisons 1980 to 1984

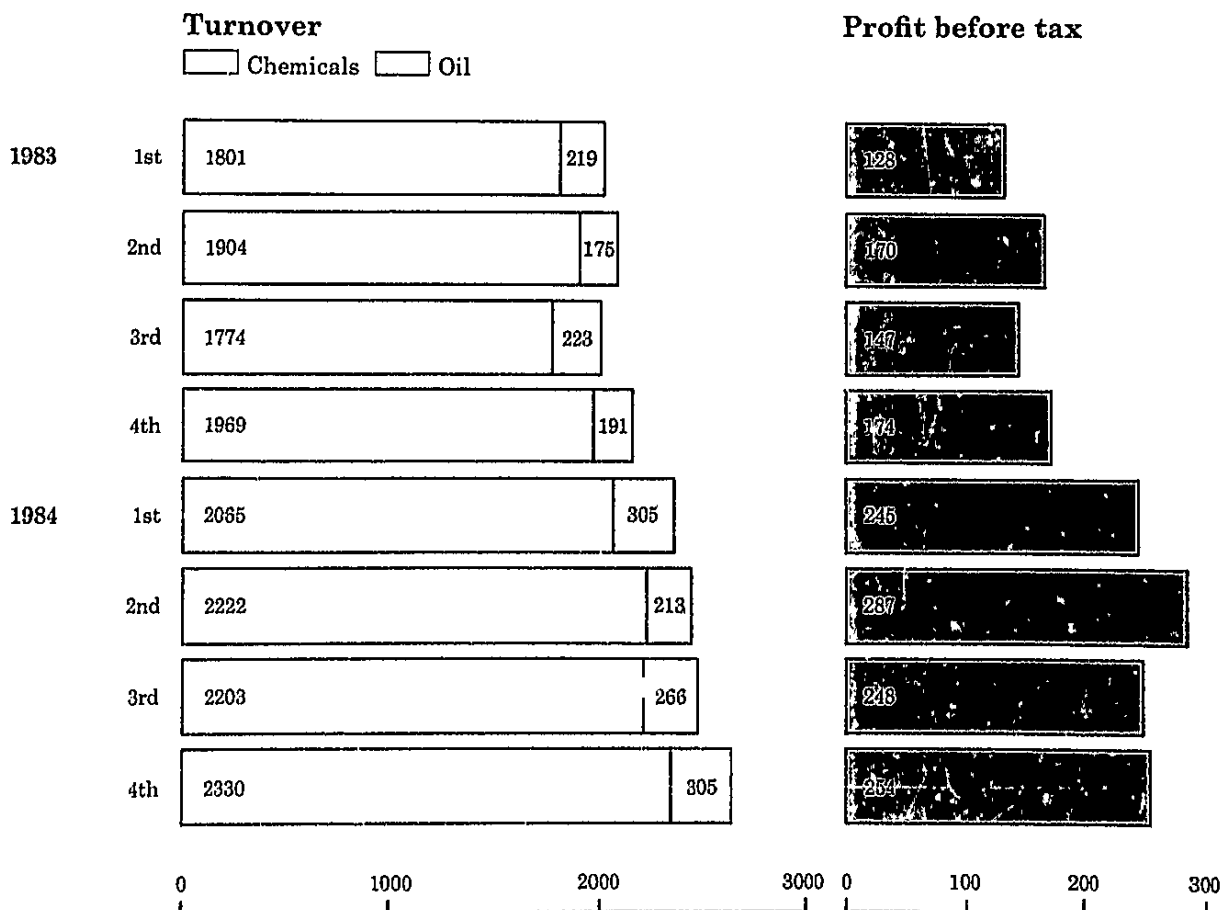
Pence per £1 Ordinary Stock unit

53

	1980	1981	1982	1983	1984
Stock units (millions) in issue					
At year-end	593	594	603	612	619
Weighted average for year	588	594	598	608	616
Stock market price					
Highest	402p	330p	364p	660p	746p
Lowest	314p	226p	262p	345p	526p
Year-end	335p	290p	360p	636p	736p
Earnings per £1 Stock unit					
Historical cost basis	22p	32p	24p	65p	98p
Current cost accounting basis					
Money of year	-10p	-7p	—	39p	70p
Equivalent in 1984 money (adjusted by RPI)	-13p	-8p	—	41p	70p
Dividends					
Dividends (net)	17p	19p	19p	24p	30p
Dividends grossed up for imputed tax credit	24p	27p	27p	34p	43p
Dividends (net) in 1984 money (adjusted by RPI)	23p	23p	21p	25p	30p
Balance sheet value of Ordinary stockholders' equity at end of year per £1 unit	461p	496p	505p	545p	617p
Indexed value of the £, expressed in average 1984 £'s, based on UK retail price index (RPI)	1.33	1.19	1.10	1.05	1

Chart of quarterly results

£ million



Sources and disposal of value added

	Notes	1984 £m	1983 £m	Percentage change
Sources of income				
Sales turnover		9,909	8,256	+ 20%
Royalties and other trading income		116	127	- 9%
Less: materials and services used		(6,845)	(5,715)	+ 20%
Value added by manufacturing and trading activities		3,180	2,668	+ 19%
Share of profits less losses of related companies and amounts written off investments		71	61	+ 16%
Total value added		3,251	2,729	+ 19%
Disposal of total value added				
Employees	1			
Pay, plus pension and national insurance contributions, and severance payments		1,647	1,526	
Profit-sharing bonus	2	58	41	
		1,705	1,567	+ 9%
Governments	3			
Corporate taxes		373	201	
Less: grants		(28)	(28)	
		345	173	+ 99%
Providers of capital				
Interest cost of net borrowings		100	135	
Dividends to stockholders		186	147	
Minority shareholders in subsidiaries		56	21	
		342	303	+ 13%
Re-investment in the business				
Depreciation and provisions in respect of extraordinary items		460	455	
Profit retained		399	231	
		859	686	+ 25%
Total disposal		3,251	2,729	

Notes

- 1 Average number of employees decreased by 2 per cent.
 2 1984 UK bonus rate 10.1p per £1 remuneration (1983 7.4p).
 3 Does not include tax deducted from the pay of employees. Income tax deducted from the pay of UK employees under PAYE amounted to £148m in 1984 (1983 £143m).

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

Notice is hereby given that the fifty-eighth Annual General Meeting of Imperial Chemical Industries PLC will be held at the Royal Lancaster Hotel, Lancaster Terrace, London W2, on Monday 29 April 1985 at 11.00 am, for the following purposes:

Please note the new venue this year.

1 To consider the Company's Accounts and the Reports of the Directors and Auditors for the year ended 31 December 1984, and to confirm dividends.

2 To elect Directors in place of those retiring (see page 27).

3 To appoint Auditors, and to authorize the Directors to fix the remuneration of the Auditors (see page 28).

4 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

For an explanation of this Resolution, see page 28.

'That the capital of the Company be and is hereby increased from £725,000,000 to £800,000,000 by the creation of 75,000,000 unclassified shares of £1 each.'

5 To consider and, if thought fit, pass the following Resolution as a Special Resolution:

For an explanation of this Resolution, see page 27.

'That the Directors of the Company be and are hereby generally authorized and empowered for the purposes of Section 14 and pursuant to Section 18 of the Companies Act 1980 during the period expiring on 31 December 1986 both to exercise all powers of the Company to allot relevant securities (as defined in the said Section 14) and to make an offer or agreement which would or might require relevant securities to be allotted after that date, provided that:

(a) the nominal value of the relevant securities allotted under this authority shall not exceed the nominal value of the present unissued share capital of the Company;

(b) allotments of equity securities (as defined in Section 17 of the aforesaid Act) in connection with a rights issue to Ordinary stockholders shall be made in the manner set out in sub-section (1) of the said Section 17 but subject to the Directors having the right:

(i) to sell, for the benefit of those Ordinary stockholders who are citizens of or resident in any overseas territory where in the opinion of the Directors it would at the time of the offer be illegal or unduly costly or impracticable for the Company to make or for those Ordinary stockholders to accept an offer of equity securities of the Company, the equity securities to which they would otherwise be entitled; and

(ii) to aggregate and sell for the benefit of the Company all fractions of a share which may arise in apportioning the equity securities among the Ordinary stockholders; and

(c) allotments of equity securities for cash (otherwise than pursuant to subparagraph (b) above) shall be limited in total to 5 per cent of the nominal value of the Ordinary share capital of the Company at present in issue, and for this purpose an issue of securities convertible into Ordinary shares shall be deemed to be an allotment of the number of shares which would be required to satisfy the conversion rights attached to those securities in full at the initial conversion price provided for in the terms and conditions of the issue,

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

And that the foregoing shall be in substitution for the authority conferred on the Directors of the Company in that regard at the Annual General Meeting of the Company held on 18 April 1984.'

Notice of Meeting (continued)

For an explanation of this Resolution, see the Chairman's letter of 11 March 1985.

6 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

'That the Directors of the Company be and are hereby authorized:

- (1) to amend the Company's 1984 United Kingdom Senior Staff Share Option Scheme to the extent necessary to give effect to the proposals set out in the Chairman's letter dated 11 March 1985 which accompanied the Notice convening this meeting, and
- (2) to make amendments of like effect to the Company's 1984 Overseas Senior Staff Share Option Scheme.'

19 March 1985
Imperial Chemical House
Millbank, London SW1P 3JF

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

Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies (whether members or not) to attend and, on a poll, to vote instead of him. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Transfer Office, PO Box 251, Wexham Road, Slough SL2 5DP, not less than 48 hours before the time for holding the meeting.

Dividend and interest payments

A second interim dividend for the year 1984, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 2 April 1985 to Ordinary stockholders registered in the books of the Company on 28 February 1985.

Dividend and interest payments are normally made as follows:

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

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

Preference Dividends: 1 February, 1 August

Unsecured Loan Stocks:

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

Quarterly results

Unaudited trading results of the ICI Group for 1985 are expected to be announced as follows:

First quarter 25 April 1985
Half year 25 July 1985
Nine months 24 October 1985
Full year 27 February 1986

Taxation

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

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

Preference Stock 72½p

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

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

The following information, which is available for inspection during business hours at the Company's Registered Office, will, on the day of the Annual General Meeting, be available for inspection at the Royal Lancaster Hotel, Lancaster Terrace, London W2, from 10.45 a.m. until the conclusion of the meeting:

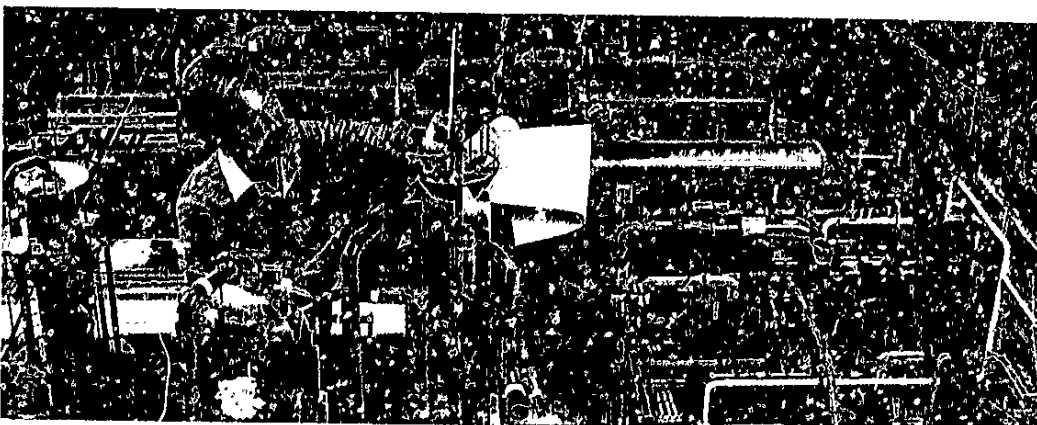
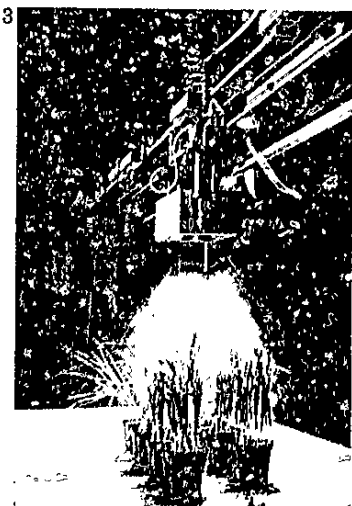
- (1) A statement of transactions of Directors (and of their family interests) in the share capital and debentures of the Company and any of its subsidiaries.*
- (2) Copies of all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries.*

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

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

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

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Design: Timothy Guy Design. Production: Ron Challis Associates.
Printed in England by Brown Knight & Truscott Ltd, Tonbridge.



ICI at work:

1 Checking multi-layer printed circuits at Arco Electronics Inc in California.

2 Marketing fibres through Record sports sponsorship.

3 Testing new agrochemicals in England.

4 Using a scale model during construction of a new ammonia plant in Canada.

Board of Directors

J. H. Harvey-Jones, MBE Chairman

A. W. Clements

Sir Arnold Hall, FRS*

P. G. Harvey

D. H. Henderson

Sir Robin Ibbs

Sir Alex Jarratt, CB*

W. G. L. L. Kiep*

Sir Patrick Meaney*

Sir Jeremy Morse, KCMG*

C. H. Reece

S. Saba*

N. B. Smith, CBE

The Rt Hon Lord Thomson of Monifieth, KT*

F. Whiteley

**Non-Executive Directors. Further information about the Directors is given on pages 26 and 27 and a list of Senior Executives is on page 29.*

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DR P G HARVEY

Since this Report was printed, the Board have announced, with great sadness, the sudden death of their good friend and colleague, Dr P G Harvey, on Wednesday 13 March 1985 while on Company business.

Dr Harvey joined ICI in 1947 and was appointed a Director in 1977. For almost 40 years he served ICI with distinction and dedication. The quality of his judgement and advice, his capacity to lead and encourage, and the warmth of his friendship will be greatly missed by all who have been fortunate enough to serve with him.

John Moray - Gen

14 March 1985

This document is for information purposes only and does not require any action on the part of the recipient.

IMPERIAL CHEMICAL INDUSTRIES PLC

(Registered in England No. 218019)

Registered Office:
Imperial Chemical House
Millbank
London SW1P 3JF
11 March 1985

To:
The Holders of the Company's Ordinary Stock, Preference Stock and Loan Stocks.

Dear Stockholder,

ACQUISITION OF THE BEATRICE CHEMICAL INTERESTS OF BEATRICE COMPANIES, INC.

We were pleased to announce on 13 December 1984 that agreement had been reached for the Company to acquire the Beatrice Chemical interests of Beatrice Companies, Inc. for US\$750 million, payable in cash. Formal completion of this transaction has taken place and the purpose of this letter is to provide you with further information about the acquisition and the reasons for it.

We have purchased ten principal businesses which employ some 3,600 people and operate in eighteen countries in the Americas, Europe and the Far East, but principally in North America. Approximately two thirds of the sales are made to customers in the United States and about 2,200 of the staff are employed there.

Three of the businesses are leading producers of reinforced performance plastics serving the aerospace, defence and sports goods industries. They will be important to our plans to develop a thriving business in advanced materials. Their presence within the ICI Group will significantly increase the rate of market development and sales growth in the United States of our existing high performance polymers, already backed by a high level of product research, and provide an increased access to those consuming industries.

The other businesses are primarily in the supply and marketing of speciality chemicals and associated services. These businesses will widen the ICI Group's existing range of products and services, complement our business in surface coating intermediates and build upon our international marketing network.

It is our firm intention to strengthen our position in growth markets of the world through the development of high technology and service oriented businesses. I believe that this acquisition represents a significant step in achieving that aim. These businesses will provide a powerful vehicle for our new products and technology, enabling us to marry the innovative talent within the ICI Group with the market knowledge and entrepreneurial skills in the acquired companies. The acquisition also represents a further major step in the size and growth of the ICI Group's business in the United States.

In the year to 29 February 1984 the acquired businesses recorded external sales of US\$439 million and pre-tax profits of US\$63 million (US\$34 million after tax) and at the time of the agreement indications were, and still are, that sales for the year to 28 February 1985 would be US\$480 million and pre-tax profits US\$75 million (US\$40 million after tax). The book value of the net assets in the unaudited accounts of Beatrice Companies, Inc. at 30 September 1984 amounted to US\$155 million. No significant short term effect on the Company's earnings per share is expected as, on an after tax basis, the additional interest cost approximately equals the additional profit earned from the acquired businesses. An improvement in earnings per share is expected once the benefits of the acquisition start to flow.

The consideration of US\$750 million, which may be subject to minor adjustment following completion of the audit of the acquired companies as at 28 February 1985, has been financed by the issue of 18 million £1 Ordinary Stock units which have been placed with institutional investors outside the United States, with the balance being met from our cash resources and by using part of the facilities previously negotiated with our bankers. Further information concerning the acquired businesses is

given below and an Accountants' Report prepared by Peat, Marwick, Mitchell & Co. (auditors of Beatrice Companies, Inc.) appears as Appendix 1. Appendix 2 contains general information about the ICI Group.

This acquisition represents an important step in changing the shape and nature of our world-wide business portfolio by emphasizing technologically based products with substantial development potential. Moreover it will provide a major opportunity to expand our business to new customers and provide us with new and exciting products to develop through our existing worldwide marketing network.

This opportunity to add a new dimension to the activities of the ICI Group is one your Directors and employees are determined to seize.

Yours truly,

JOHN HARVEY-JONES,

Chairman

Description of the Acquired Businesses

The ten acquired businesses, which operate through some forty subsidiary and five associated companies in eighteen countries around the world, are as follows:—

Fiberite Composite Materials, with operations in the United States, Germany and with a joint venture in Japan, is a market leader in the sale of advanced composite materials to the defence, aerospace, sports goods and other industries.

Fiberite Molding Materials, based in the United States, has a strong position in reinforced engineering plastics.

LNP is a leading supplier of reinforced thermoplastic compounds with operations in the United States and Holland.

Dri-Print Foils is engaged in the manufacture of hot stamping decorative and functional transfer foils in both the United States and Canada.

Polyvinyl Chemicals is a substantial manufacturer of a range of resins and binders which are used in the formulation of paints, inks and coatings. It has operations in the United States, Holland, Germany, Spain and Mexico.

Stahl/Paule Chemicals is a world leader in the supply of finishes for leather and, through a network of local companies, provides products and services to tanneries in the United States, Canada, Mexico and throughout Europe. It also has operations in Australia, Singapore and Venezuela.

Permuthane is an emergent business in the United States and Europe which manufactures and markets finishes for a range of surfaces other than leather.

Converters Ink, with operations in the United States and Canada, manufactures a range of flexographic and rotogravure inks for use on food packaging and flexible packaging generally.

Imperial Oil and Grease supplies a complete lubrication service for critical end uses in heavy duty machinery in the United States, Canada, Germany and France.

Thoro Systems, with principal operations in both the United States and Belgium, is a leading producer of high performance surface treatments and sealants for concrete and masonry.

Appendix 1

ACCOUNTANTS' REPORT

The following is a copy of a report from Peat, Marwick, Mitchell & Co., Chartered Accountants:



The Directors,
Imperial Chemical Industries PLC.

Peat, Marwick, Mitchell & Co.,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD.
11th March, 1985

Dear Sirs,

The summarised profit and loss accounts, balance sheets and source and application of funds statements set out below are based on the combined financial statements of a group of operating companies, 'Beatrice Chemical', which were acquired by Imperial Chemical Industries PLC, 'ICI', on completion of the purchase agreement dated 12th December, 1984 referred to in the Circular to stockholders dated 11th March, 1985.

We have examined the financial statements of Beatrice Chemical, which have been audited by Peat, Marwick, Mitchell & Co., Chicago, for the three years to 29th February, 1984. We have made such adjustments as we consider appropriate. No audited financial statements have been prepared for any period subsequent to 29th February, 1984. In our opinion these summaries together with the notes thereon give a true and fair view of the results and source and application of funds of Beatrice Chemical for the three years ended on that date and the state of affairs at the dates stated.

The summarised profit and loss accounts and balance sheets for the two years to 28th February, 1981 have not been audited. The management of Beatrice Companies, Inc. has confirmed to us that these financial statements have been prepared on bases consistent with those used in respect of the three years reported upon.

No current cost accounts have been prepared in respect of Beatrice Chemical.

COMBINED PROFIT AND LOSS ACCOUNTS

Year ended February

	Note	1984	1983	1982	Unaudited	
		\$m	\$m	\$m	1981	1980
		\$m	\$m	\$m	\$m	\$m
Turnover	1	467	417	445	385	327
Cost of sales		(304)	(276)	(294)	(255)	(204)
Gross profit		163	141	151	130	111
Distribution costs		(58)	(54)	(56)	(48)	(42)
Administrative expenses		(41)	(38)	(37)	(31)	(23)
Net interest payable	2	(1)	(1)	1	(4)	(3)
Profit on ordinary activities before taxation	3	63	48	59	47	43
Tax on profit on ordinary activities	4	(29)	(23)	(27)	(22)	(19)
Profit for the financial year		34	25	32	25	24

COMBINED BALANCE SHEETS

	Note	At end of February			
		1984	1983	1982	Unaudited
		\$m	\$m	\$m	1981 1980
					\$m \$m
Fixed assets					
Tangible assets	5	71	70	67	61 61
Investments		1	1	1	1 -
		<u>72</u>	<u>71</u>	<u>68</u>	<u>62 61</u>
Current assets					
Stocks	6	62	51	59	57 60
Debtors	7	79	69	73	67 65
Investments		1	1	-	- -
Cash		16	14	18	10 6
		<u>158</u>	<u>135</u>	<u>150</u>	<u>134 131</u>
Total current assets					
Creditors: amounts falling due within one year	8	(66)	(53)	(58)	(46) (48)
		<u>92</u>	<u>82</u>	<u>92</u>	<u>88 83</u>
Net current assets					
Total assets less current liabilities		164	153	160	150 144
Creditors: amount falling due after one year	9	(13)	(14)	(9)	(8) (8)
Provision for liabilities and charges	10	(5)	(6)	(4)	(2) (2)
		<u>146</u>	<u>133</u>	<u>147</u>	<u>140 134</u>
Net assets					
Capital and reserves					
Brought forward		133	147	140	134 124
Exchange adjustments		(6)	(4)	(6)	(4) (4)
Profit retained for the year		34	25	32	25 24
Net transfers to Beatrice Companies, Inc.	11	(15)	(35)	(19)	(15) (10)
		<u>146</u>	<u>133</u>	<u>147</u>	<u>140 134</u>

COMBINED SOURCE AND APPLICATION OF FUNDS

	<i>Year ended February</i>		
	<i>1984</i>	<i>1983</i>	<i>1982</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Source of funds			
Profit on ordinary activities before taxation	63	48	59
Adjustment for items not involving the movement of funds:			
Depreciation and amortisation	7	7	6
Foreign currency translation	(6)	(4)	(6)
	<u> </u>	<u> </u>	<u> </u>
Funds generated from operations	64	51	59
 Funds from other sources			
Increase (decrease) in creditors: amount falling due after one year	(1)	5	1
	<u> </u>	<u> </u>	<u> </u>
	63	56	60
 Application of funds			
Purchase of fixed assets	8	10	12
Tax paid	29	23	22
Transfers to Beatrice Companies, Inc.	15	35	19
	<u> </u>	<u> </u>	<u> </u>
Increase (decrease) in working capital	11	(12)	7
	<u> </u>	<u> </u>	<u> </u>
 Components of movement in working capital			
Stocks	11	(8)	2
Debtors	10	(4)	6
Investments	—	1	—
Creditors falling due within one year	(13)	4	(6)
Movement in net liquid funds:			
Cash	2	(4)	8
Bank loans and overdrafts	1	(1)	(3)
	<u> </u>	<u> </u>	<u> </u>
	11	(12)	7
	<u> </u>	<u> </u>	<u> </u>

ACCOUNTING POLICIES

(a) Basis of combination

Transactions and balances within Beatrice Chemical, except for inter-company sales, have been eliminated in the combined financial statements. Not eliminating these sales has an insignificant effect on profit. Most subsidiaries operating outside the USA are included on the basis of financial years ending on 31st December. The share capital, retained earnings and balances due to Beatrice Companies, Inc. have been included in Capital and Reserves in the combined financial statements.

(b) Stocks

Stocks are valued at the lower of cost and market value. In the audited financial statements certain US stocks were valued on the 'last-in, first-out' cost basis. For the purposes of this report all stocks are valued on a 'first in, first out' basis.

(c) Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation is provided principally on the straight-line method so as to write off the cost of tangible fixed assets over their estimated useful lives, as follows:

Buildings	10 to 50 years
Plant and equipment	2 to 14 years

(d) Leases

Leases which transfer substantially all the benefits and risks inherent in the ownership of the asset (finance leases) are recorded in the financial statements as tangible fixed assets and as obligations to pay future rentals. Assets acquired under finance leases are depreciated over the lives of the leases. All other leases (operating leases) are charged as an expense in the combined profit and loss accounts.

(e) Taxation

Beatrice Chemical's US operations are included in the consolidated US Federal income tax return of Beatrice Companies, Inc. The provisions in these financial statements have been computed as if Beatrice Chemical had filed separate returns. Certain items of income and expense (principally depreciation) are reported differently for income tax purposes than for financial reporting purposes. The tax effects of such timing differences are reflected in the financial statements as deferred taxation which is calculated on the full deferral method.

(f) Foreign exchange

Assets and liabilities are translated into US dollars at the rates of exchange ruling on each balance sheet date. Profits are translated into dollars at the average rates of exchange ruling during each year.

Translation gains and losses arising on the retranslation of net assets are recorded as a movement on reserves for operations in countries with a low level of inflation. For operations in highly inflationary countries (Brazil, Mexico and Nicaragua), translation gains and losses are charged against profits. Mexico is treated as a highly inflationary country beginning with the year ended 28th February, 1983.

NOTES ON THE FINANCIAL STATEMENTS

1. Turnover

Turnover represents amounts invoiced by Beatrice Chemical in respect of goods sold during the year. The analysis of turnover is as follows:

	Year ended February		
	1984	1983	1982
	\$m	\$m	\$m
Sales to third parties	439	392	415
Sales within Beatrice Chemical	28	25	30
	<u>467</u>	<u>417</u>	<u>445</u>

2. Net interest payable

	Year ended February		
	1984	1983	1982
	\$m	\$m	\$m
Interest payable	3	2	2
Interest receivable	(1)	(1)	(1)
Other operating income	(1)	—	(2)
	<u>1</u>	<u>1</u>	<u>(1)</u>

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following:

	Year ended February		
	1984	1983	1982
	\$m	\$m	\$m
Depreciation and amortisation	7	7	6
Auditors' remuneration	—	—	—
Operating lease expense	2	2	2
	<u>9</u>	<u>9</u>	<u>8</u>

Aggregate directors' remuneration has not been disclosed as it would not be meaningful due to the differing management structures of the units combined in these financial statements.

The analysis of profit on ordinary activities before taxation by geographical area is as follows:

	1984	1983	1982
	\$m	\$m	\$m
USA	41	32	38
Non-US	22	16	21
	<u>63</u>	<u>48</u>	<u>59</u>

The business of Beatrice Chemical is regarded by ICI to be one group of activities.

4. Tax on profit on ordinary activities

	Year ended February		
	1984	1983	1982
	\$m	\$m	\$m
Current taxation:			
US Federal	18	13	14
Non-US	9	7	9
State and local	3	2	3
	<u>30</u>	<u>22</u>	<u>26</u>
Deferred taxation:			
US Federal	(1)	—	2
Non-US	—	1	(1)
	<u>(1)</u>	<u>1</u>	<u>1</u>
	<u>29</u>	<u>23</u>	<u>27</u>

The charge for US Federal taxation was based on a rate of 46 per cent.

5. Fixed assets
(a) Tangible assets

At 29th February, 1984

	Cost	Depreciation	Net book value
	\$m	\$m	\$m
Land	4	-	4
Buildings	41	12	29
Plant and equipment	65	27	38
	<u>110</u>	<u>39</u>	<u>71</u>

Leased assets have been included in tangible assets as follows:

	Cost	Depreciation	Net book value
	\$m	\$m	\$m
Buildings	6	2	4
Plant and equipment	1	-	1
	<u>7</u>	<u>2</u>	<u>5</u>

(b) Investments

These represent investments in associated companies which are accounted for on an equity basis.

6. Stocks

	1984
	\$m
Raw materials and supplies	35
Work in progress	3
Finished goods	24

7. Debtors

	1984
	\$m
Amounts falling due within one year	76
Trade debtors	1
Other debtors	77
Amounts falling due after one year	2
Other debtors	79

8. Creditors: amount falling due within one year

	1984
	\$m
Bank loans and overdrafts	7
Current portion of long term loans	1
Trade creditors	39
Accruals and deferred income	14
Taxation	5
	<u>66</u>

9. Creditors: amount falling due after one year

	1984
	\$m
Loans—secured (9%—12.25%)	1
—unsecured (6.25%—10.9%)	9
	<hr/>
Finance lease obligations	10
Other creditors	2
	<hr/>
	13
	<hr/> <hr/>

	Loans	Finance
	\$m	Leases
	\$m	\$m
The loans are repayable and the finance lease obligations mature as follows:		
between 1 and 2 years	1	-
between 2 and 5 years	2	1
in 5 years or more	7	1
	<hr/>	<hr/>
	10	2
	<hr/> <hr/>	<hr/> <hr/>

10. Provision for liabilities and charges

The provision for liabilities and charges consists of provisions for deferred taxation. Deferred taxes have not been provided on the undistributed profits of non-US subsidiaries which are considered to be permanently invested. The retained profits that are considered to be permanently invested in these operations aggregated approximately \$46 million at 29th February, 1984.

11. Net transfers to Beatrice Companies, Inc.

Beatrice Companies, Inc. contracts for and provides various services to its operating units. These expenses are shown as distribution costs and administrative expenses in the combined profit and loss accounts. It is considered impractical to determine or estimate what these expenses would have been if Beatrice Chemical had operated independently of Beatrice Companies, Inc.

The net transfers to Beatrice Companies, Inc. comprise payments made for services and taxation together with other cash transfers. No interest was charged in these financial statements.

12. Lease commitments

The future minimum lease payments, amounting to some \$1 million, all of which relate to non-cancellable operating leases to which Beatrice Chemical is committed at 29th February, 1984, fall due for payment between two and five years.

13. Pensions

Beatrice Companies, Inc. operates pension schemes covering the majority of its permanent employees in the USA and Canada. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. Under the purchase agreement dated 12th December, 1984 assets will be transferred to ICI to meet, on a fully funded basis, the total liabilities accrued to date. There were no material funding deficiencies in these schemes in the three years to 29th February, 1984.

Outside North America there are some local pension schemes but no actuarial valuations for these are available.

14. Contingent liabilities

The combined financial statements include the operations of Quimica Stahl, Centroamericana, S. A., a Nicaraguan company. There is a possibility that the company might be nationalised. The net assets of the company included in the financial statements amount to some \$1m. The profits and losses relating to this operation, included in the combined profit and loss accounts, are not material.

Yours faithfully,

Peat, Marwick, Mitchell & Co.,
Chartered Accountants.

Appendix 2

GENERAL INFORMATION REGARDING IMPERIAL CHEMICAL INDUSTRIES PLC ("ICI")

1. Disclosure of Interests

(a) The interests of the Directors of ICI (the names of all of whom are given below) and their families in the share capital of ICI as shown in the Register of Directors' Interests required to be kept under the Companies Act 1967, as at 26 February 1985, were as follows:-

	Ordinary Stock Units of £1		Ordinary Shares under Option
	Beneficial	Non-Beneficial	
A. W. Clements	3,043	—	80,695
Sir Arnold Hall	562	—	—
P. G. Harvey	3,830	—	—
J. H. Harvey-Jones	6,367	—	75,000
D. H. Henderson	5,100	—	56,700
Sir Robin Ibbs	14,112	—	60,600
Sir Alex Jarratt	562	118	—
W. G. L. L. Kiep	500	—	—
Sir Patrick Meaney	1,325	—	—
Sir Jeremy Morse	1,819	—	—
C. H. Reece	2,785	—	—
S. Saba	500	—	104,700
N. B. Smith	11,220	—	—
Lord Thomson of Monifieth	500	—	38,097
F. Whiteley	5,573	—	—

(b) Copies of all Directors' service contracts of more than one year's duration were available at the Annual General Meeting of ICI held on 18 April 1984 and have not been varied since that date. The remuneration of the Directors will not be altered as a consequence of the transaction described in this Circular.

(c) No Director of ICI has any interest, direct or indirect, in any assets which, since 31 December 1984 (the date to which the latest published, audited accounts were made up) have been or are proposed to be acquired or disposed of by or leased to ICI or any of its subsidiaries and no Director of ICI has a material interest in any contract or arrangement entered into by ICI or any of its subsidiaries which is significant in relation to the business of ICI and its subsidiaries taken as a whole.

(d) The Directors of ICI have not been notified of any interest of 5 per cent or more in the issued capital of ICI save for notification by Morgan Guaranty Trust Company of New York of a holding of 16.1 per cent as at 19 February 1985.

2. Indebtedness

There has been no material change prior to the acquisition on 28 February 1985 in the indebtedness of ICI and its subsidiaries which was, at close of business on 31 December 1984, as follows:

	Secured	Unsecured	Total
	£m	£m	£m
Loans: Repayable within 1 year	36	171	207
Repayable after 1 year but within 2 years	47	129	176
Repayable after 2 years but within 5 years	55	195	250
Repayable after 5 years	57	828	885
	<u>195</u>	<u>1,323</u>	<u>1,518</u>
Short term borrowings	15	368	383

At 31 December 1984 ICI and its subsidiaries had investments and short term deposits amounting to £865m and cash of £146m.

Amounts in foreign currencies included above have been translated into sterling at the rates of exchange prevailing on 31 December 1984.

Save as aforesaid, and apart from intra-group borrowings, neither ICI nor its subsidiaries had outstanding at the close of business on 31 December 1984 any borrowings or indebtedness in the nature of borrowings, hire purchase commitments, guarantees or other contingent liabilities except as disclosed in Note 24 entitled "Commitments and contingent liabilities" in the ICI Group Report and Accounts for 1984.

3. Material Contracts

Neither ICI nor any of its subsidiaries has, within the two years immediately preceding the date of this Circular, entered into any contract, other than in the ordinary course of business, which is or may be material save for a Stock Purchase Agreement, dated as of 12 December 1984, between Beatrice Companies, Inc., LA Acquisition Corporation and ICI, being the agreement to acquire the Beatrice Chemical interests of Beatrice Companies, Inc. referred to in this Circular.

4. General Information

- (a) The Directors of ICI are of the opinion that, having regard to the existing bank and other facilities available, ICI and its subsidiaries, as enlarged following the acquisition described in this Circular, have sufficient working capital for their present requirements.
- (b) Neither ICI nor any of its subsidiaries is engaged in any litigation or arbitration of material importance to the financial position of ICI and its subsidiaries taken as a whole nor so far as the Directors are aware is any such litigation or arbitration pending or threatened.
- (c) There has been no material change in the financial or trading position of ICI and its subsidiaries, other than in the ordinary course of business, since 31 December 1984, the date to which the latest published audited accounts were made up.
- (d) Trading performance to date during 1985 is abreast of expectations showing no deterioration from levels achieved during 1984.
- (e) Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their report included in Appendix 1 and the references thereto in the form and context in which they appear.

5. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Hoare Govett Limited, Heron House, 819/325 High Holborn, London WC1V 7PB during normal business hours on any weekday (Saturday and public holidays excepted) up to and including 19 April 1985:

- (a) the Memorandum and Articles of Association of ICI;
- (b) the published accounts of ICI for the two financial years ended 31 December 1983 and 1984;
- (c) the material contract referred to at paragraph 3 above;
- (d) the report of Peat, Marwick, Mitchell & Co. referred to in Appendix 1;
- (e) the consent letter referred to at paragraph 4(e) above.

IMPERIAL CHEMICAL INDUSTRIES PLC

(Registered in England No. 218019)

Registered Office:
Imperial Chemical House,
Millbank,
London SW1P 3JF

11 March 1985

To:

The Holders of the Company's Ordinary Stock (and, for information only, to the holders of Preference Stock and Loan Stock).

Dear Stockholder,

EMPLOYEE SHARE OPTION SCHEMES

At the Annual General Meeting held on 18 April 1984 approval was given for the introduction of new Senior Staff Share Option Schemes to replace those which were about to expire. The new United Kingdom Senior Staff Option Scheme includes a provision empowering the Board to amend the Scheme to the extent necessary to render it capable of approval pursuant to any present or future United Kingdom legislation. It was stated at the Annual General Meeting that the Board intended to use this power to amend the Scheme so that approval could be obtained for it when the relevant provisions of the Finance Bill then before Parliament were enacted. The minor amendments required to the Scheme solely to enable it to comply with the statutory rules have recently been made and the Scheme is expected to be approved shortly by the Inland Revenue under the Finance Act 1984, thereby allowing the gains arising from the exercise of options under the Scheme to be subject to capital gains tax rather than income tax.

The Finance Act 1984 did, however, include some unexpected features in the new statutory pattern for share option schemes and the Board consider it desirable to make other amendments to the Company's 1984 Scheme now that the scope and full details of the new legislation are known. The Board also wish to put forward amendments to the provisions in the Scheme which determine the limit on the share options that can be granted to any employee, thereby giving the administering committee some additional flexibility in the granting of options within the overall maximum approved at last year's Annual General Meeting.

The making of these amendments, which are described below, requires the approval of the Company in general meeting. The proposals are accordingly being put forward for stockholders' consideration and a Resolution empowering the Board to give effect to them will be submitted for approval at the Annual General Meeting to be held on 29 April 1985. The proposals conform to the broad guidelines issued by the National Association of Pension Funds Limited in November 1984.

The main features of the UK Scheme as it now exists are set out in the Appendix to this letter. The proposed amendments are as follows:—

- (1) The maximum period of an option will be changed from seven to ten years.
- (2) An option holder who ceases to be employed in the ICI Group by reason of injury, disability, retirement or redundancy or because the company employing him ceases to be a member of the ICI Group, currently has the right to exercise his options within one year thereafter. It is proposed that the right should be exercisable within that period or within three and a half years from the date of grant, whichever is the later. The Finance Act 1984 requires

that an option must be held for a minimum of three years if it is to receive the benefit of capital gains tax treatment and this amendment will be helpful in that respect.

(This amendment, and the preceding one, would apply to options already granted under the 1984 Scheme as well as to future options).

- (3) The restriction which prevents options from being granted to employees nearing retirement will be amended so that it applies to those who are within two years of their retirement date (rather than three years as hitherto).
- (4) In order to allow the administering committee, if they so decide, to offer additional Finance Act approved options to employees who have participated in the Company's pre-1984 Schemes, it is proposed to amend the four-times earnings provision in the 1984 Scheme. This provision states that options may not be granted to an employee if the acquisition moneys for Ordinary Shares of the Company pursuant to any options granted to him under the Senior Staff Schemes during the preceding ten years amounts to four times his annual salary. The amendment would exclude from that limit the acquisition moneys under any options granted more than five years before the date of the 1985 Annual General Meeting and half the moneys payable under any later options granted under the Company's pre-1984 Schemes up to the time of their expiry in May 1984.
- (5) It is also proposed to make one other modification to the four-times earnings limit which would exclude from that limit any acquisition moneys paid by an employee under options already exercised if, during the preceding five years, the rate of growth in earnings per share places the Company in the top 25 per cent of the companies in the Financial Times - Stock Exchange 100 Share Index, taking into account only companies which have had a Stock Exchange Listing for at least five years. For this purpose the Company may rely on the latest available figures from Datastream or other comparable independent source. The calculation in respect of any company for which appropriate figures are not available from such source would be provided in a manner approved by the Company's auditors.

The amended Scheme will continue to comply with the requirements for approval under the Finance Act 1984.

In accordance with the authority given at the 1984 Annual General Meeting the Board has approved and introduced a 1984 Overseas Senior Staff Share Option Scheme corresponding in all material respects to the 1984 UK Scheme. Authority is now sought to enable the Board to make equivalent amendments to the 1984 Overseas Scheme, thereby maintaining the similarity of the two Schemes.

The total number of Ordinary Shares of the Company which may be acquired under the 1984 UK and Overseas Senior Staff Schemes during the ten years' duration of the Schemes will remain unchanged at 12,200,000.

The proposals described above have been considered by a Committee of the Board comprised only of the Non-Executive Directors of the Company, none of whom can be a beneficiary under the Schemes. The Committee considers that the proposals are in the best interests of the Company and therefore invites you to vote in favour of Resolution No. 6 in the Notice of Meeting contained in the Company's Annual Report for 1984 with which this letter is enclosed.

You will find enclosed the form of proxy for use at the Annual General Meeting. You are asked to complete and return it to the Company's Transfer Office as soon as possible. The return of the proxy form will not prevent you from attending the Meeting and voting in person should you wish to do so.

Yours truly

JOHN HARVEY-JONES,

Chairman

APPENDIX

SUMMARY OF THE MAIN FEATURES OF THE 1984 UNITED KINGDOM SENIOR STAFF SHARE OPTION SCHEME IN ITS EXISTING FORM

1. The maximum number of Ordinary Shares of the Company which may be acquired under this Scheme and the 1984 Overseas Senior Staff Share Option Scheme is 12,200,000.
2. The Scheme is administered by a committee comprised of the Non-Executive Directors of the Company, none of whom is eligible to participate in the Scheme. The employees (including Executive Directors) entitled to participate in the Scheme, and the extent of the participation of each, is at the discretion of the committee. Participants must be full time employees of a UK employer within the ICI Group. Options may not be offered to employees who are within three years of retirement.
3. The price per share at which an option may be exercised is determined by the administering committee but must not be less than the nominal value of an Ordinary Share nor less than the average of the middle market quotations of ICI Ordinary Shares on The Stock Exchange on the three business days immediately preceding the date on which the option is offered.
4. Options may not be granted to an employee if the total sum he has paid, or could pay, for Ordinary Shares of the Company pursuant to any options granted to him by the Company during the preceding ten years (other than options granted under a Savings-Related Share Option Scheme of the Company) amounts to four times his annual salary. Additionally, an option will be void to the extent that it causes the amount payable by an employee under outstanding Finance Act approved options to exceed the limit laid down in the Act. Within these limits, a participant's entitlement is determined by the administering committee.
5. Options may be offered on two occasions in any year, namely within 30 days after the public announcement of the Company's half yearly and annual results. The consideration for an option is £1.
6. An option may normally not be exercised earlier than three years from the date on which it is granted and under no circumstances may it be exercised later than seven years from that date. If, before or after the normal minimum option period of three years, an option holder dies in service or ceases to be employed in the ICI Group by reason of injury, disability, retirement or redundancy or because the company employing him ceases to be a member of the ICI Group, he or his personal representative may exercise his options during the ensuing 12 months.
7. An option is personal to the employee and may not be transferred.
8. No option may be granted more than ten years after the commencement of the Scheme.
9. A person holding an option under the Scheme must withdraw from the ICI Employees' Profit-Sharing Scheme.

Copies of the full Scheme in its existing form will be available for inspection from the date of this letter at the Company's registered office during normal office hours until the Annual General Meeting and also at that Meeting.

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**30 Accounts for
the year 1984**

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

For the year ended 31 December 1984

	Notes	1984 £m	1983 £m
Turnover		9,909	8,256
Operating costs	3	(8,990)	(7,718)
Other operating income	3	144	155
Trading profit (after providing for depreciation 1984 £440m, 1983 £436m)		1,063	693
Share of profits less losses of related companies and amounts written off investments	4	71	61
Net interest payable	5	(100)	(135)
Profit on ordinary activities before taxation		1,034	619
Tax on profit on ordinary activities	6	(373)	(201)
Profit on ordinary activities after taxation		661	418
Attributable to minorities		(56)	(21)
Net profit attributable to parent company		605	397
Extraordinary items	7	(20)	(19)
Net profit for the financial year		585	378
Dividends	8	(186)	(147)
Profit retained for year		399	231
Earnings before extraordinary items per £1 Ordinary Stock	9	98.2p	65.3p

Group reserves attributable to parent company

	Notes	1984 £m	1983 £m
At beginning of year		2,721	2,443
Transfer to deferred tax provision	6	(100)	—
Profit retained for year			
Company		72	90
Subsidiaries		314	139
Related companies		13	2
		399	231
Other amounts taken direct to reserves		181	47
At end of year	10	3,201	2,721

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

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Balance sheets (historical cost)
At 31 December 1984

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Assets employed	Notes	Group		Company	
		1984 £m	1983 £m	1984 £m	1983 £m
Fixed assets					
Tangible assets	11	3,629	3,376	1,306	1,297
Investments					
Subsidiaries	12			2,554	2,323
Related and other companies	13	442	348	78	33
		4,071	3,724	3,938	3,653
Current assets					
Stocks	14	1,740	1,462	690	636
Debtors	15	2,102	1,661	426	327
Investments and short-term deposits	16	865	688	152	155
Cash		146	86	18	2
		4,853	3,897	1,286	1,120
Total assets		8,924	7,621	5,224	4,773
Creditors due within one year					
Short-term borrowings	17	(383)	(329)	(103)	(153)
Current instalments of loans	20	(207)	(209)	(19)	(12)
Other creditors	18	(2,084)	(1,542)	(1,393)	(1,186)
		(2,674)	(2,080)	(1,515)	(1,351)
Net current assets (liabilities)		2,179	1,817	(229)	(231)
Total assets less current liabilities		6,250	5,541	3,709	3,422
Financed by					
Creditors due after more than one year					
Loans	20	1,311	1,268	199	224
Other creditors	18	127	139	708	650
		1,438	1,407	907	874
Provisions for liabilities and charges	19	279	202	53	35
Deferred income: grants not yet credited to profit		196	198	129	134
Minority interests		508	392		
Capital and reserves attributable to parent company					
Called-up share capital	21	628	621	628	621
Reserves	10				
Share premium account		415	386	415	386
Revaluation reserve		122	108	6	5
Other reserves		327	238	495	291
Profit and loss account		2,294	1,925	1,076	1,076
Related companies' reserves		43	64		
Total reserves		3,201	2,721	1,992	1,758
Total capital and reserves attributable to parent company		3,829	3,342	2,620	2,379
		6,250	5,541	3,709	3,422

The accounts on pages 30 to 51 were approved by the Board of Directors on 11 March 1985 and were signed on its behalf by:

John Harvey-Jones *Director*

Alan Clements *Director*

John Crowe *Treasurer*



John Harvey-Jones
Alan Clements
John Crowe

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At 31 December 1984

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John Crowe *Treasurer*



John Harvey-Jones
Alan Clements
John Crowe

**Statement of sources and applications
of Group funds**
For the year ended 31 December 1984

Sources

	Notes	1984 £m	1983 £m
Funds generated from operations			
Trading profit			
Depreciation		1,063	693
Petroleum revenue tax paid, less provided		440	436
Government grants credited to profit, less received		(24)	(33)
Dividends and interest from related companies		(9)	(8)
Miscellaneous items, including exchange		38	41
		(32)	29
Less: interest and taxation paid during year		1,476	1,158
Interest (net)		(120)	(137)
Taxation		(179)	(100)
Sources net of interest and taxation		1,177	921

Applications

Dividends paid during year			
Parent company		160	122
Subsidiaries to minority shareholders		23	18
Fixed assets		183	140
Tangible assets			
Disposals of tangible assets		441	361
Acquisitions and new investment	22	(35)	(59)
Disposals of subsidiaries and investments	22	119	70
		(25)	(108)
Additional working capital		500	264
Stocks			
Debtors		133	66
Creditors and provisions (excluding dividends, taxation, petroleum revenue tax and advance proceeds from oil sales)		248	112
		(181)	(143)
Total applications		200	35
Surplus		883	439
		294	482

Represented by

Increased investment of minorities in subsidiaries		33	15
Issues of ICI Ordinary Stock		36	29
Issue of warrants to subscribe for ICI Ordinary Stock		—	15
Reduction in advance proceeds from oil sales		(8)	(23)
Net repayment of loans		(172)	(137)
Increase in short-term borrowings (1983 decrease)	*	54	(202)
Increase in cash and short-term investments	*	(237)	(179)
		(294)	(482)

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

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

Depreciation

The Group's policy is to write off the book value of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 22 years for buildings and 14 years for plant and equipment. Depreciation of assets qualifying for grants is calculated on their full cost. Oil production assets are depreciated in accordance with the policy set out below.

Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at average rates for the relevant accounting period. 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 foreign currency loans, are taken to trading profit. In the Group accounts exchange differences arising on consolidation of the net investments in overseas subsidiary and related companies are taken to reserves, as are differences arising on equity investments denominated in foreign currencies in the Company accounts. Differences on foreign currency loans are taken to reserves and offset against the differences on net investments.

The basis of accounting for foreign currency translation was modified from 1 January 1984, following the introduction of the UK accounting standard SSAP 20; if the new basis had been applied in 1983 the results for that year would not have been materially different from those published and therefore have not been restated.

Government grants

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

Oil production assets including concessions and exploration

Expenditure on acquiring oil concessions, exploring for oil and construction of production assets is, in general, capitalized and depreciated over the life of the wells on the basis of the rate of production. Immediate write-offs are made, and included in Group depreciation, in the following circumstances:

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

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

Oil taxation

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

Pensions funding

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

Plant closures and staff reductions

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

Related companies

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

The holding value of significant related companies in the Group balance sheet is calculated by reference to the Group's equity in the net tangible assets of such companies, as shown by the most recent accounts available, adjusted where appropriate.

Accounting policies (continued)

Research and development

Stock valuation

Taxation

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

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

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes (but see note 6 for treatment of deferred tax provision resulting from major changes to UK tax rates and allowances contained in the Finance Act 1984). However, no provision is made for taxation deferred by reliefs, principally accelerated taxation allowances on UK capital expenditure, if there is reasonable evidence that such deferred taxation will not be payable in the future. Credit for deferred corporation tax is taken in respect of the provision for deferred petroleum revenue tax.

Advance corporation tax payable on dividends paid and provided for the year is not written off if UK corporation and oil tax liabilities are expected to be sufficient to absorb this tax. For 1983, to the extent that further UK corporation and oil tax liabilities existed, any unrelieved advance corporation tax written off in earlier periods was credited.

Notes relating to the accounts

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

1 Composition of the Group

The Group accounts consolidate the accounts of Imperial Chemical Industries PLC (the Company) and its subsidiaries, of which there were 349 at 31 December 1984. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 113 subsidiaries made up their accounts to dates earlier than 31 December, but not earlier than 30 September.

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

The accounts of certain subsidiary and related companies, representing approximately 14 per cent of Group turnover and 21 per cent of Group net assets, have been audited by firms other than the Group joint auditors.

2 Segment information

Business sectors

Turnover and profit on ordinary activities before taxation are set out in the table below on a worldwide basis for each business sector.

	Turnover		Profit	
	1984 £m	1983 £m	1984 £m	1983 £m
Agriculture	1,828	1,507	218	174
Colours, polyurethanes and speciality chemicals	981	803	14	10
Fibres	654	565	22	(7)
General chemicals	1,615	1,472	145	107
Industrial explosives	358	301	41	26
Oil (see note 3)	1,349	1,040	109	93
Paint	619	592	39	26
Petrochemicals and plastics	2,778	2,296	138	(7)
Pharmaceuticals	806	637	249	199
Miscellaneous	156	111	9	5
	11,144	9,324	984	626
Inter-sector eliminations	(1,235)	(1,068)	(1)	(3)
	9,909	8,256	983	623
Royalty income and government grants (see note 3)			80	70
Trading profit			1,063	693
Share of profits less losses of related companies and amounts written off investments			71	61
Net interest payable			(100)	(135)
Profit on ordinary activities before taxation			1,034	619

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

2 Segment information (continued)

Geographic areas

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

	Turnover		Profit	
	1984 £m	1983 £m	1984 £m	1983 £m
United Kingdom				
Home sales	3,120	2,849		
Export sales	2,835	2,169		
	5,955	5,018	578	390
Continental Western Europe	1,798	1,527	66	49
The Americas	2,001	1,561	214	114
Australasia and the Far East	1,419	1,131	105	64
Indian sub-continent	283	228	38	25
Other countries	114	106	5	2
	11,570	9,571	1,006	644
Inter-area eliminations	(1,661)	(1,315)	(23)	(21)
	9,909	8,256	983	623
Royalty income and government grants (see note 3)			80	70
Trading profit			1,063	693

Turnover in each geographic market in which customers are located was:

	1984 £m	1983 £m
Chemicals		
United Kingdom	2,346	2,184
Continental Western Europe	1,891	1,592
The Americas	2,111	1,639
Australasia and the Far East	1,613	1,309
Indian sub-continent	319	250
Other countries	540	474
	8,820	7,448
Oil	1,089	808
Total turnover	9,909	8,256

Employees

Average number of people employed by the Group	1984	1983
United Kingdom	58,600	61,800
Continental Western Europe	13,200	12,500
The Americas	17,200	16,000
Australasia and the Far East	13,700	14,100
Indian sub-continent	11,500	11,000
Other countries	1,400	1,600
Total employees	115,600	117,900

	1984 £m	1983 £m
3 Trading profit		
Turnover	9,909	8,256
Operating costs		
Cost of sales	(6,702)	(5,761)
Distribution costs	(691)	(576)
Research and development (including technical service)	(299)	(276)
Administrative and other expenses	(1,240)	(1,064)
Employees' profit-sharing bonus	(58)	(41)
Other operating income	(8,990)	(7,718)
Government grants	28	28
Royalties	52	42
Other income	64	85
	144	155
Trading profit	1,063	693
Total charge for depreciation included above	440	436
Petroleum revenue tax included in cost of sales	169	148
Gross profit, as defined by the Companies Act 1981	3,207	2,495
4 Share of profits less losses of related companies and amounts written off investments		
Share of profits less losses of related companies		
Dividend income	44	40
Share of undistributed profits less losses	27	14
Share of profits less losses before tax	71	54
Gains on disposals of investments	9	7
Amounts written off investments (including provisions raised £13m (1983 £2m) and released £4m (£2m))	(9)	—
	71	61
Total dividend income from shares in related companies comprised £18m (1983 £19m) from listed companies and £26m (£21m) from unlisted companies.		
5 Net interest payable		
Interest payable and similar charges		
Loan interest	138	132
Interest on short-term borrowings and other financing costs	49	62
	187	194
Interest receivable and similar income from current asset investments		
Listed redeemable securities	(6)	(7)
Short-term deposits	(84)	(52)
	(90)	(59)
Exchange differences on short-term currency borrowings and deposits	3	—
Net interest payable	100	135
Loan interest includes £88m (1983 £80m) on loans not wholly repayable within 5 years.		
6 Tax on profit on ordinary activities		
ICI Group		
United Kingdom taxation		
Corporation tax	278	198
Double taxation relief	(28)	(25)
Deferred taxation adjustment	6	(16)
Advance corporation tax (net)	—	(43)
	256	114
Overseas taxation		
Overseas taxes	93	72
Deferred taxation adjustment	11	3
	104	75
Total ICI Group	360	189
Related companies	13	12
Total tax on profit on ordinary activities	373	201

6 Tax on profit on ordinary activities (continued)

UK and overseas taxation has been provided on the profits earned for the periods covered by the Group accounts. UK corporation tax has been provided at the rate of 46½ per cent (1983 52 per cent). The assumption has been made that the UK system of capital allowances will change in accordance with the provisions of the Finance Act 1984. The Group tax charge has been influenced by a number of factors, including the utilization of prior year tax losses.

	Group		Company	
	1984 £m	1983 £m	1984 £m	1983 £m
Deferred taxation				
The amounts of deferred taxation accounted for and the potential amounts of deferred taxation are:				
Accounted for at balance sheet date (note 19)				
Timing differences on UK capital allowances and depreciation in future years	97	13	72	—
Miscellaneous timing differences	5	(4)	(6)	—
Advance corporation tax recoverable	(48)	—	(48)	—
	54	9	18	—
Corporation tax effect of deferred petroleum revenue tax provision	(35)	(61)		
	19	(52)	18	—
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged	376	696	319	586
Miscellaneous timing differences	30	8	2	(13)
	406	704	321	573
Total	425	652	339	573

The Finance Act 1984 contained major changes in the rates of UK corporation tax and capital allowances. In order to reflect these changes a provision for deferred taxation of £100m has been established by an adjustment to Group reserves. The adoption of Statement of Standard Accounting Practice No. 15 in 1978 resulted in a change of accounting policy and the then existing deferred tax provision of £249m, in respect of timing differences between UK capital allowances and depreciation, was released and credited to reserves.

7 Extraordinary items

	1984 £m	1983 £m
Profits (losses) on various divestments, mainly in the United States	(20)	21
Provision in respect of ICI's 37½ per cent equity share in Corpus Christi Petrochemical Company and related facilities	—	(40)
	(20)	(19)
Extraordinary items had no tax effect in 1984 or 1983.		

8 Dividends

	1984 (pence per £1 Stock unit)	1983	1984 £m	1983 £m
Ordinary				
Interim, paid 3 October 1984	12p	10p	74	61
Second interim, to be confirmed as final, payable 2 April 1985	18p	14p	112	86
	30p	24p	186	147
Preference				
Dividends on 5% (now 3.5% plus tax credit) Cumulative Preference Stock were £0.3m (1983 £0.3m).				

9 Earnings per £1 Ordinary Stock

	1984 £m	1983 £m
Earnings for Ordinary Stockholders, before extraordinary items	605	397
Average Ordinary Stock in issue during year, weighted on a time basis	616	608
Earnings before extraordinary items per £1 Ordinary Stock	98.2p	65.3p

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

10 Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Related companies' reserves £m	1984 Total £m	1983 Total £m
Group reserves attributable to parent company							
At beginning of year	386	108	238	1,925	64	2,721	2,443
Adjustment for deferred tax (see note 6)				(100)		(100)	
Profit retained for year				386	13	399	231
Amounts taken direct to reserves							
Share premiums	29					29	20
Revaluations		3				3	2
Exchange adjustments		14	108	55	(49)	128	(2)
Other movements		1	2	(6)	24	21	27
	29	18	110	49	(25)	181	47
Movements between reserves							
		(4)	(21)	34	(9)		
At end of year	415	122	327	2,294	43	3,201	2,721
Parent company reserves							
At beginning of year	386	5	291	1,076		1,758	1,577
Adjustment for deferred tax (see note 6)				(72)		(72)	
Profit retained for year				72		72	90
Amounts taken direct to reserves							
Share premiums	29					29	20
Exchange adjustments							
Investments in overseas subsidiaries and related companies			201			201	67
Currency loans and other items			3			3	(12)
Other movements		1				1	16
	29	1	204			234	91
At end of year	415	6	495	1,076		1,992	1,758

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

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

In the Group accounts, £135m of net exchange losses on foreign currency loans have been offset in reserves against exchange gains on the net investment in overseas subsidiary and related companies.

11 Tangible fixed assets

Group	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued				
At beginning of year	1,106	4,952	297	6,355
Exchange adjustments	111	342	27	480
Revaluations	4	(1)		3
New subsidiaries	10	6		16
Capital expenditure			441	441
Transfers	47	354	(401)	
Disposals	(59)	(177)		(236)
At end of year	1,219	5,476	364	7,059
Depreciation				
At beginning of year	412	2,567		2,979
Exchange adjustments	34	153		187
Disposals	(37)	(139)		(176)
Charge for year	43	397		440
At end of year	452	2,978		3,430
Net book value at end of year 1984	767	2,498	364	3,629
Net book value at end of year 1983	694	2,385	297	3,376

Expenditure on hire of plant and machinery charged against trading profit was £121m (1983 £104m).

The net book value of Group tangible fixed assets at the end of the year included expenditure on oil production assets, including concessions and exploration, totalling £164m (1983 £196m). Depreciation for the year on oil production assets totalled £49m (1983 £56m) of which £15m (£19m) was in respect of exploration expenditure deemed unsuccessful and impairment of the value of concessions. See accounting policy on page 33.

Company	Land and buildings £m	Plant and equipment £m	Payments on account and assets in course of construction £m	Total £m
Cost or as revalued				
At beginning of year	345	2,416	142	2,903
Capital expenditure			200	200
Transfers	12	157	(169)	
Disposals	(6)	(58)		(64)
At end of year	351	2,515	173	3,039
Depreciation				
At beginning of year	168	1,438		1,606
Disposals	(3)	(55)		(58)
Charge for year	13	172		185
At end of year	178	1,555		1,733
Net book value at end of year 1984	173	960	173	1,306
Net book value at end of year 1983	177	978	142	1,297

	Group		Company	
The net book value of land and buildings comprised:	1984 £m	1983 £m	1984 £m	1983 £m
Freeholds	734	663	169	171
Long leases (over 50 years unexpired)	16	15	3	5
Short leases	17	16	1	1
	767	694	173	177

11 Tangible fixed assets (continued)

	Group		Company	
	Land and buildings	Plant and equipment	Land and buildings	Plant and equipment
	1984	1983	1984	1983
	£m	£m	£m	£m
Revalued assets included in tangible fixed assets:				
Revalued amount	249	238	286	276
Depreciation	60	61	178	164
Net book value	189	177	108	112
If the amount of these revalued assets had been determined according to historical cost accounting rules they would have been included at:				
Cost	113	117	283	269
Depreciation	51	58	222	202
Net book value	62	59	61	67

12 Investments in subsidiaries

	Shares £m	Loans £m	Total £m
Book value			
At beginning of year			
Cost	1,187	1,252	2,439
Scrip issues capitalised	47		47
Exchange adjustments	1,234	1,252	2,486
Additions	208	152	360
Disposals and repayments	108	388	496
	(8)	(658)	(666)
At end of year	1,542	1,134	2,676
Cost	1,495	1,134	2,629
Scrip issues capitalised	47		47
Provisions			
At beginning of year			
Exchange adjustments	(132)	(31)	(163)
Releases	(8)	(1)	(9)
Eliminated on disposal	45		45
	5		5
At end of year	(90)	(32)	(122)
Balance sheet value at end of year 1984	1,452	1,102	2,554
Balance sheet value at end of year 1983	1,102	1,221	2,323

	1984 £m	1983 £m
The balance sheet value of investments in shares in Group companies included:		
Investments listed on The Stock Exchange, London	5	5
Other listed investments	132	114
	137	119
With an aggregate market value of	509	441

Information on principal subsidiaries is given on page 50.

13 Investments in related and other companies

	Related companies		Other	Total £m
	Shares £m	Loans £m	investments £m	
Group				
Book value				
At beginning of year				
Cost	319	22	16	357
Scrip issues capitalised	13			13
	332	22	16	370
Exchange adjustments	50	5	2	57
Additions and reclassifications	65	23	2	90
Disposals and repayments	(9)	(1)		(10)
At end of year	438	49	20	507
Cost	425	49	20	494
Scrip issues capitalised	13			13
Share of post-acquisition reserves less losses				
At beginning of year	67			67
Exchange adjustments	(47)			(47)
Reserves of companies not previously accounted for on equity basis	18			18
Profits not distributed	13			13
Other	4			4
At end of year	55			55
Provisions				
At beginning of year	(84)	(2)	(3)	(89)
Exchange adjustments	(19)	(1)		(20)
Additions	(8)	(2)	(1)	(11)
At end of year	(111)	(5)	(4)	(120)
Balance sheet value at end of year 1984	382	44	16	442
Balance sheet value at end of year 1983	315	20	13	348

The balance sheet value of the above investments included:

1984

Investments listed on The Stock Exchange, London	4	1	5
Other listed investments	133	13	146
	137	14	151
With an aggregate market value of	211	16	227

1983

Investments listed on The Stock Exchange, London	2		2
Other listed investments	146	12	158
	148	12	160
With an aggregate market value of	325	13	338

Information on principal related companies is given on page 51.

13 Investments in related and other companies (continued)

Company	Related companies Shares £m	Loans £m	Other investments £m	Total £m
Book value				
At beginning of year				
Cost	32	9	4	45
Scrip issues capitalised	1			1
Exchange adjustments	33	9	4	46
Additions	1			1
Disposals	44	2		46
	(1)			(1)
At end of year	77	11	4	92
Cost	76	11	4	91
Scrip issues capitalised	1			1
Provisions				
At beginning of year				
Additions/releases	(11)		(2)	(13)
	1	(2)		(1)
At end of year	(10)	(2)	(2)	(14)
Balance sheet value at end of year 1984	67	9	2	78
Balance sheet value at end of year 1983	22	9	2	33

The balance sheet value of the above investments included:

1984			
Investments listed on The Stock Exchange, London	4	1	5
With an aggregate market value of	8	2	10
1983			
Investments listed on The Stock Exchange, London	2	1	3
Other listed investments	1		1
	3	1	4
With an aggregate market value of	5	2	7

14 Stocks

	Group		Company	
	1984 £m	1983 £m	1984 £m	1983 £m
Raw materials and consumables	566	476	214	190
Stocks in process	210	186	125	125
Finished goods and goods for resale	964	800	351	321
	1,740	1,462	690	636

15 Debtors

Amounts due within one year				
Trade debtors	1,638	1,312	15	5
Amounts owed by subsidiaries			301	118
Amounts owed by related companies	143	34	4	1
Other debtors	187	208	60	160
Prepayments and accrued income	106	79	44	37
	2,074	1,633	424	321
Amounts due after more than one year	28	28	2	6
Total	2,102	1,661	426	327

	Group		Company	
	1984 £m	1983 £m	1984 £m	1983 £m
16 Current asset investments and short-term deposits				
Redeemable securities listed on The Stock Exchange, London	140	52	82	19
Other listed investments	105	12		
Total listed investments	245	64	82	19
Unlisted investments	113	43		
Short-term deposits	358	107	82	19
	507	581	70	136
	865	688	152	155
Market value of listed investments	252	68	82	19
17 Short-term borrowings				
Bank borrowings				
Secured by fixed charge	1	8		
Secured by floating charge	14	9		
Unsecured	215	151	42	41
Other borrowings (unsecured)	230	168	42	41
	153	161	61	112
	383	329	103	153
18 Other creditors				
Amounts due within one year				
Trade creditors	866	650	334	276
Bills of exchange payable	15	12		
Advance proceeds from oil sales	8	8	8	8
Other payments received on account	15	21	6	6
Amounts owed to subsidiaries			570	510
Amounts owed to related companies	49	30	10	1
Corporate taxation	385	198	140	92
Petroleum taxation	55	57		
Value added and payroll taxes and social security	81	89	55	63
Other creditors	347	266	121	112
Accruals	151	125	37	32
Dividends to Ordinary Stockholders	112	86	112	86
	2,084	1,542	1,393	1,186
Amounts due after more than one year				
Trade creditors	6	7	1	2
Advance proceeds from oil sales	5	13	5	13
Amounts owed to subsidiaries			697	623
Corporate taxation	88	100		10
Other creditors	28	19	5	2
	127	139	708	650
19 Provisions for liabilities and charges				
Group	At beginning of year £m	Transfers from reserves £m	Movement in year £m	At end of year £m
Deferred taxation				
Petroleum revenue tax	118			
Corporation tax thereon	(61)	16	(21)	97
Other tax	9	84	10	(35)
Advance corporation tax recoverable			9	102
			(48)	(48)
Oilfield abandonment costs	66	100	(50)	116
Employee benefits	28		7	35
Other provisions	65		14	79
	43		6	49
	202	100	(23)	279
Company				
Deferred taxation				
Advance corporation tax recoverable		72	(6)	66
Other provisions	35		(48)	(48)
	35			35
		72	(54)	53

20 Loans

	Repayment dates	Group		Company	
		1984 £m	1983 £m	1984 £m	1983 £m
Secured loans					
Sterling	1985/96	3	4		
Foreign currencies					
Australian dollars (6½ to 15½%)	1985/2000	135	131		
Others (5½ to 17%)	1985/2007	57	51		
Total secured		195	186		
Secured by fixed charge		67	43		
Secured by floating charge		128	143		
Unsecured loans					
Sterling					
7½% Stock	1986/91	53	59	53	59
8% Stock	1988/93	56	60	56	60
10½% Stock	1991/96	43	43	43	43
5½% Stock	1994/2004	26	26	26	26
8½% convertible bonds*	1999	100	—		
Others	1985/99	18	32	16	27
		296	220	194	215
Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)					
		—	26		
Foreign currencies					
US dollars					
Eurodollar bonds (7½ to 8½%)	1985/92	68	71		
US dollar bonds (8½ to 9.05%)	1985/2003	224	184		
US dollar bonds* (9½%)	1990	86	69		
Convertible Eurodollar bonds* (6½%)	1997	21	19		
Loans (5½ to 12½%)	1985/2005	190	207	8	7
Others	1985/98	28	26	6	6
		617	576	14	13
Swiss francs (3½ to 7½%)	1985/94	115	142	6	5
Deutschemarks (6½ to 8½%)	1985/92	88	120	4	3
Dutch florins (5½ to 9%)	1985/91	28	32		
Canadian dollars (5½ to 14½%)	1987/96	130	128		
Others (6½ to 18%)	1985/2003	49	47		
		1,027	1,045	24	21
Total unsecured		1,323	1,291	218	236
Total loans		1,518	1,477	218	236

Loans or instalments thereof are repayable:
After 5 years from balance sheet date

Lump sums	489	376	178	188
Instalments	396	384		
	885	760	178	188
From 2 to 5 years	250	299	2	20
From 1 to 2 years	176	209	19	16
Total due after more than one year	1,311	1,268	199	224
Total due within one year	207	209	19	12
	1,518	1,477	218	236

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

	716	703		
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Loans from banks included in the table above amounted to £73m (1983 £101m) in the Group of which £3m (1983 £7m) was secured. In the Company there were unsecured bank loans of £6m (1983 £6m). New borrowings during the year totalled £131m, of which £100m related to 8½% convertible sterling bonds issued by a finance subsidiary for the general purposes of the ICI Group.

*Conversion rights attach to certain bonds, unless previously redeemed and subject to adjustment in certain events, as follows:

20 Loans (continued)

8½% sterling bonds, until 1 October 1999, into Ordinary Stock of the Company at 800 pence per £1 of Ordinary Stock (with an option to redeem on 15 October 1989 at a premium of 12%, giving rise to a contingent liability of £12 million);

9¾% US dollar bonds, until 1 June 1990, into sterling bonds at a conversion rate of US\$1.5773 = £1;

6¾% Eurodollar bonds, until 1 September 1997, into Ordinary Stock of the Company at 460 pence per £1 of Ordinary Stock (with a fixed rate of exchange applicable on conversion of the bonds of US\$1.7423 = £1).

21 Called up share capital of parent company

	Authorized £m	Allotted, called up and fully paid 1984 £m	1983 £m
5% (now 3.5% plus tax credit) Cumulative Preference Stock (£1 units)	9	9	9
Ordinary Stock (£1 units)	619	619	612
Unclassified shares (£1 each)	97		
	725	628	621

Ordinary Stock issued during the year totalled £7m, including issues in respect of the Employees' Profit-Sharing Scheme £6m and the Company's share option schemes £1m.

Options outstanding at 31 December 1984 to subscribe for Ordinary shares of £1 under the Company's share option schemes were:

Subscription price	Last date when options exercisable	1984 Number of shares	1983 Number of shares
£2.69	31 March 1987	2,147,849	2,307,776
£2.86	31 March 1988	1,326,568	1,431,854
£3.20	31 January 1986	1,565,468	1,723,437
£3.55	18 March 1987	243,000	880,000
£3.55	17 September 1987	25,000	60,000
£3.55	18 March 1988	138,000	552,000
£3.55	17 March 1989	279,000	310,000
£3.93	16 March 1990	92,000	92,000
£3.96	31 December 1988	652,744	684,540
£5.33	31 December 1989	619,739	
£5.88	14 March 1991	131,000	
£5.95	12 September 1991	1,169,200	
		8,389,568	8,041,607

Options granted to directors, included above, are shown on page 47.

During 1984, movements in the number of shares under option comprised new options issued 1,934,521, options exercised 1,307,730, and options lapsed 278,830. Warrants existed throughout the year in connection with a US dollar bond issue granting options to subscribe for 11,700,000 Ordinary shares of £1 at 540p, exercisable until 1 June 1990.

At the end of 1984, there were 26,330,800 shares available for the granting of options (1983 18,771,147).

22 Acquisitions and new investment

	1984 £m	1983 £m
Acquisitions and new investment comprised:		
Fixed assets		
Goodwill	13	13
Related companies	1	1
Net current assets	96	43
Deferred liabilities	14	10
Loans	(1)	(1)
Purchase of minorities	(3)	—
	(1)	4
	119	70

Disposals in 1984 comprised subsidiaries £4m and related companies £21m (1983 £9m subsidiaries and £99m related companies).

23 Subsequent events

On 28 February 1985, the Group completed the purchase of the Beatrice Chemical interests of Beatrice Companies, Inc. at a price of US\$ 750m which may be subject to minor adjustment following completion of the audit of the acquired companies as at 28 February 1985.

The acquired businesses are principally in the fields of reinforced performance plastics and speciality chemicals and associated services. In the year to 29 February 1984 they recorded external sales of US\$ 439m and pre-tax profits of US\$ 63m (US\$ 34m after tax). The book value of the acquired net assets in the unaudited accounts of Beatrice Companies, Inc. at 30 September 1984 amounted to US\$ 155m.

In connection with the acquisition, the Company has issued 18 million £1 Ordinary Stock units which were placed with institutional investors (outside the USA) on 1 March 1985 at a price of £8.25 per £1 Ordinary Stock unit. This stock will carry the right to the second interim dividend of 18p payable on 2 April 1985. The balance of the purchase consideration was met from Group cash resources and by using facilities previously negotiated with the Group's bankers.

24 Commitments and contingent liabilities

	Group		Company	
	1984	1983	1984	1983
	£m	£m	£m	£m
Commitments for capital expenditure not provided for in these accounts (including acquisition of share and loan capital in subsidiary and other companies):				
Contracts placed for future expenditure	109	69	68	40
Expenditure authorized but not yet contracted:				
Chemical interests of Beatrice Companies, Inc.	647	—		
Other	389	332	209	171
	1,145	401	277	211

Contingent liabilities existed at 31 December 1984 in connection with guarantees and uncalled capital relating to subsidiary and other companies and guarantees relating to pension funds, including the solvency of pension funds. Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss. Litigation and other proceedings against companies in the Group are not considered material in the context of these accounts.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1984 would be £162m (1983 £146m) for the Group, including £127m (1983 £113m) in respect of guarantees of borrowings by Corpus Christi Petrochemical Company, in which the Group has a 37.5 per cent interest; the maximum liability for the Company, mainly on guarantees of borrowings of subsidiaries, would be £1,098m (1983 £1,012m).

In 1982, 1983 and 1984 the Company agreed to make special payments aggregating £40m per annum, each over a three year period, in respect of increased benefits under the Staff Pension Fund, the Workers' Pension Fund and the Supplementary Pension Fund; at 31 December 1984 the instalments still to be paid totalled £74m.

A subsidiary of ICI Australia Ltd has entered into agreements with an associated company which has been incorporated specifically to erect an olefines plant and to lease it to the subsidiary. Under the terms of the agreements, commitments to pay lease rentals over the next 13 years are £262m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

25 Emoluments of directors and employees

The total emoluments of the directors of the Company for the year were £1,712,000 (1983 £1,197,000) including £77,000 (£70,000) in respect of non-executive directors. Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £2,871,000 (£3,415,000).

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

25 Emoluments of directors and employees (continued)	Emoluments £		Directors 1984 1983		Employees 1984 1983		Emoluments £		Directors 1984 1983		Employees 1984 1983	
	1- 5,000						95,001-100 000				1	
	5,001-10,000						100,001-105,000				1	
	10,001-15,000		6		5		105,001-110,000				2	
	20,001-25,000				1		110,001-115,000				3	
	30,001-35,000				303		115,001-120,000		1			
	35,001-40,000				151		120,001-125,000		2			
	40,001-45,000				90		130,001-135,000		1			
	45,001-50,000				60		135,001-140,000		1			
	50,001-55,000				27		165,001-170,000		1			
	55,001-60,000				23		170,001-175,000		1			
	60,001-65,000				17		175,001-180,000		1			
	65,001-70,000				5		180,001-185,000		1			
	70,001-75,000				8		185,001-190,000		1			
	75,001-80,000				4		190,001-195,000		2			
	80,001-85,000				5		195,001-200,000		1			
	85,001-90,000						215,001-220,000		1			
	90,001-95,000				3		285,001-290,000		1			

The emoluments of the Chairman were £287,261 (1983 £170,999). Three of the directors whose emoluments are shown above for 1983 were directors for part of the year only.

The average number of people employed by the Group in 1984 was 115,600 (1983 117,900) and the amounts charged in arriving at trading profit for the year in respect of those employees were:

	1984 £m	1983 £m
Wages and salaries		
Social security costs	1,336	1,227
Pension fund contributions, pensions and gratuities (including severance payments 1984 £36m; 1983 £63m)	112	99
Other employment costs	212	214
Employees' profit-sharing bonus	25	29
	58	41
Less amounts allocated to capital expenditure etc.	1,743 (38)	1,610 (43)
	1,705	1,567

26 Directors' interests in stocks, shares and debentures

The interests at 31 December 1984 of the persons who on that date were directors (including the interests of their families) in stocks, shares and debentures of the Company and its subsidiaries, are shown below. Their interests at 1 January 1984 are shown in brackets where these differ from the holdings at the year end. There were no changes in the period 1 January 1985 to 19 February 1985.

	ICI Ordinary Stock £	ICI Ordinary shares under option	
A W Clements	3,043	80,695	(68,579)
Sir Arnold Hall	562		
F G Harvey	3,830	(2,634)	
J H Harvey-Jones	6,367	(1,367)	
D H Henderson	5,100	75,000	(105,000)
Sir Robin Ibbs	14,112	56,700	(40,000)
Sir Alex Jarratt: beneficial	562	60,600	(68,000)
non-beneficial	118		
W G L L Kiep	500		
Sir Patrick Meaney	1,325		
Sir Jeremy Morse	1,819		
C H Reece	2,785	104,700	(68,000)
N B Smith	11,220	38,097	(69,397)
Lord Thomson	500		
F Whiteley	5,573	(4,306)	

**26 Directors' interests
in stocks, shares
and debentures
(continued)**

The options to subscribe for Ordinary shares were granted in 1980-84 for not more than seven years and include options granted on 13 September 1984 to Mr A W Clements, Mr D H Henderson, Dr C H Reece and Dr N B Smith, each in respect of 36,700 Ordinary shares, and to Sir Robin Ibbs in respect of 40,600 Ordinary shares. Except as mentioned below, the options were granted under the terms of the Company's senior staff share option schemes and the price to be paid for the shares is 355p per share under the options granted in 1980-82, 393p per share under an option granted in 1983 and 595p per share for options granted in 1984. The exceptions are options granted under the Company's savings-related share option schemes to Mr A W Clements to subscribe for 579 shares at 269p per share and 416 shares at 533p per share, and to Dr N B Smith to subscribe for 579 shares at 269p per share and 818 shares at 286p per share.

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

**27 Other statutory
information**

Included in debtors are interest-free loans totalling £119,500 (1983 £116,839) to officers of the Company, comprising £35,000 in total to 3 directors and £84,500 in total to 5 other officers. The loans to directors were made, prior to their joining the Board, in accordance with the Company's policy of providing housing assistance to staff who have been transferred. The amounts outstanding throughout the year were £10,000 each from Sir Robin Ibbs and Dr C H Reece and £15,000 from Mr D H Henderson. The loans to the other officers were in respect of housing loans.

Remuneration of auditors charged in the Group accounts for 1984 was £3.6m (1983 £3.2m).

Profit and loss statement (current cost)
For the year ended 31 December 1984

	1984 £m	1983 restated in 1984 £'s £m	1983 £m
Turnover	9,909	8,667	8,256
Trading profit			
As in historical cost accounts	1,063	728	693
Cost of sales adjustment	(57)	(40)	(38)
Monetary working capital adjustment	(21)	(22)	(21)
Supplementary depreciation less indexation of government grants	(156)	(172)	(164)
Trading profit - current cost	829	494	470
Share of profits less losses of related companies and amounts written off investments	50	43	41
Profit before financing costs and taxation	879	537	511
Interest and other financial items			
As in historical cost accounts	(100)	(142)	(135)
Gearing adjustment (note 1)	63	68	65
Profit on ordinary activities before taxation	842	463	441
Taxation on profit on ordinary activities	(373)	(211)	(201)
Attributable to minorities	(36)	—	—
Net profit before extraordinary items attributable to parent company	433	252	240
Dividends	186	154	147
Earnings before extraordinary items per £1 Ordinary Stock	70.3p	41.5p	39.5p
Dividends per £1 Ordinary Stock	30.0p	25.2p	24.0p
Total depreciation charged, less government grants credited, in current cost accounts	568	600	572
Extraordinary items are shown in note 3.			

1 Accounting basis

These statements are prepared on a Current Cost Accounting (CCA) basis in accordance with the principles of Statement of Standard Accounting Practice No. 16. The accounting policies are as adopted in the historical cost accounts, except for modifications required to comply with SSAP 16. The bases for the current cost adjustments are:

- a Tangible fixed assets and depreciation:
 - i In general, indices of the cost of chemical plant.
 - ii Asset lives which are up to one third longer than those applied in the historical cost accounts (see page 33). Based on reviews of asset values and lives which have been undertaken as part of the Group's consideration of the current cost basis of accounting; the Group believes that it is appropriate for CCA purposes to use longer lives from within the range of possible lives.
- b Stocks and cost of sales—actual movements in costs, using the averaging method.
- c Changes in the requirements for monetary working capital (trading debtors less creditors)—movements in appropriate specific indices.
- d Government grants—indices of the cost of chemical plants; grants have been brought into profit over the lives adopted for CCA accounts.
- e Appropriate CCA adjustments have been made to the results of related companies.

The gearing adjustment is based on a gearing percentage of 20.0 per cent (1983 22.4 per cent), being the proportion of average non-equity finance to average total investment. For the purpose of calculating the gearing percentage, non-equity finance totalled £1,691m (1983 £1,558m) and comprised loans, short-term borrowings and other non-trading liabilities, less cash and short-term investments. The current cost value of the total investment in the business totalled £8,563m (£7,687m) and comprised tangible fixed assets (less government grants), fixed asset investments and net working capital. In calculating the gearing adjustment, the supplementary depreciation charge is adjusted to make allowance for the difference between historical and CCA asset lives.

To facilitate comparison with 1984 results, 1983 results are shown additionally re-stated in 1984 £'s by applying the movement of 5.0 per cent in the average UK retail price index.

2 Balance sheet at
31 December 1984

	1984 £m	1983 restated in 1984 £'s £m	1983 £m
Fixed assets			
Tangible assets at current cost (gross)	15,271	14,653	13,957
Tangible assets net of cumulative depreciation	6,084	5,962	5,679
Investments in related and other companies	805	794	756
Current assets and liabilities			
Stocks	1,767	1,582	1,507
Debtors, short-term investments and cash	3,113	2,556	2,435
Creditors due within one year	(2,674)	(2,184)	(2,080)
	2,206	1,954	1,862
Total assets less current liabilities	9,095	8,710	8,297
Creditors due after more than one year	1,438	1,477	1,407
Provisions	279	212	202
Grants not yet credited to profit	609	668	636
Capital and reserves			
Attributable to parent company			
Share capital	628	652	621
Reserves (see below)	5,440	5,112	4,870
Attributable to minorities	701	589	561
	9,095	8,710	8,297
3 Reserves			
At beginning of year	4,870	4,766	4,540
Adjustment for deferred tax	(100)	—	—
Inflation and exchange adjustments	393	260	248
Surplus for year			
Before extraordinary items	433	252	240
Extraordinary items	(20)	(61)	(58)
Dividends	(186)	(154)	(147)
	227	37	35
Share premiums	29	21	20
Other movements	21	28	27
At end of year	5,440	5,112	4,870

50 Principal subsidiary companies

31 December 1984

	Class of capital	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)			
Deutsche ICI GmbH (West Germany)	Ordinary	95 5†	Manufacture of nylon and polyester fibres, paint, pharmaceuticals, chlorine and plastics; merchandising of other ICI products
ICI Finance PLC (England)	Ordinary	100	Financial services
I.C.I. France SA (France)	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchandising of other ICI products
ICI Holland BV (Holland)	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchandising of other ICI products
ICI Petroleum Ltd (England)	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd (England)	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd (Scotland)	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC (Scotland)	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
The Americas (accounting dates 31 December)			
C-I-L Inc (Canada)	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment and plastics
Duperial S.A.I.C. (Argentina)	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchandising of ICI and other products
ICI Americas Inc (USA)	Common	100†	Manufacture of pharmaceuticals, agrochemicals, colours, petrochemicals, films and other chemicals; merchandising of other ICI products
Other Countries (accounting dates 30 September)			
Chemical Company of Malaysia Berhad (Malaysia)	Ordinary*	50	Manufacture of fertilizers, agrochemicals and chlorine products
ICI Australia Ltd (Australia)	Ordinary*	62†	Manufacture of chemicals, fertilizers, industrial explosives, paint, plastics and pharmaceuticals
ICI (China) Ltd (Hong Kong and China)	Ordinary	100	Merchandising of ICI and other products; manufacture of chemicals, paint and pharmaceuticals
ICI Japan Ltd (Japan)	Ordinary	100	Merchandising of ICI and other products
I.C.I. (Malaysia) Sdn Berhad (Malaysia)	Ordinary	70	Merchandising of ICI and other products; manufacture of paint
ICI New Zealand Ltd (New Zealand)	Ordinary*	75†	Manufacture of animal health products, industrial explosives, paint, resins and slide fasteners; merchandising of other ICI products
ICI Pakistan Manufacturers Ltd (Pakistan)	Ordinary*	62	Manufacture of polyester fibres and soda ash
ICI-Pharma Ltd (Japan)	Ordinary	60	Development, registration and marketing of ICI pharmaceutical products
ICI (South Africa) Ltd (Republic of South Africa)	Ordinary	100	Merchandising of ICI and other products; manufacture of pharmaceuticals; holding company
Indian Explosives Ltd (India)	Ordinary*	51	Manufacture of fertilizers, industrial explosives and accessories, polyester fibres, polyethylene, paint, agrochemicals, pharmaceuticals and rubber chemicals

*Listed †Held by subsidiaries

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

Principal related companies

31 December 1984

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	Issued share and loan capital at date of latest available audited accounts			Principal activities
	Class of capital	£m	Percentage held by ICI	
AECI Ltd (Republic of South Africa)	Ordinary*	67	38†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paint and plastics
	Preference	3	—	
	Loan	172	—	
Corpus Christi Petrochemical Company, including related facilities (USA)	Partners' capital	230	37½†	Manufacture of olefines
	Loan	339	—	
Incitec Ltd (Australia)	Ordinary	33	45†	Manufacture of fertilizers
	Shareholders' subordinated loan	14	65†	
	Loan	13	—	
Phillips-Imperial Petroleum Ltd (England)	Ordinary	—	50	Oil refining
	Loan	12	—	
Tioxide Group PLC (England)	Ordinary	31	50†	Manufacture of titanium pigments
	Preference	1	—	
	Loan	56	—	

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

†Held by subsidiaries.

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

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

Auditors' report

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 30 to 51 in accordance with approved auditing standards.

In our opinion the financial statements on pages 30 to 48, 50 and 51, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of affairs of the Company and the Group at 31 December 1984 and of the profit and sources and applications of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts for the year ended 31 December 1984 on pages 48 and 49 have been properly prepared, in accordance with the policies and methods described in the notes, to give the information required by Statement of Standard Accounting Practice No 16.

London
11 March 1985

Price Waterhouse
Thomson McLintock & Co
Chartered Accountants

Group financial record

For the years ended 31 December

Balance sheet

	1980 £m	1981 £m	1982 £m	1983 £m	1984 £m
Tangible fixed assets	3,115	3,342	3,422	3,370	3,629
Investments	335	433	403	348	442
Current assets					
Stocks	1,069	1,253	1,377	1,462	1,740
Debtors	1,114	1,391	1,499	1,661	2,102
Cash and short-term investments	440	719	595	774	1,011
Total assets	6,073	7,138	7,296	7,621	8,924
Creditors due within one year					
Short-term borrowing	(294)	(589)	(531)	(329)	(383)
Current instalments of loans	(65)	(52)	(119)	(209)	(207)
Other creditors	(884)	(1,092)	(1,283)	(1,542)	(2,084)
Total assets less current liabilities	4,830	5,405	5,363	5,541	6,250
Creditors due after more than one year					
Loans	1,242	1,445	1,417	1,263	1,311
Other creditors	293	313	87	139	127
Provisions and deferred income	285	356	442	400	475
Minority interests	270	336	362	392	508
Capital and reserves attributable to parent company	2,740	2,955	3,055	3,342	3,829
Total	4,830	5,405	5,363	5,541	6,250

Turnover and profits

Turnover: UK	2,399	2,575	2,848	2,866	3,131
Overseas	3,315	4,006	4,510	5,390	6,778
Total	5,715	6,581	7,358	8,256	9,909
Trading profit (after depreciation)	332	425	366	693	1,063
Depreciation	291	348	400	436	440
Share of profits less losses of related companies and amounts written off investments	62	52	39	61	71
Interest other than loan interest (net)	1	(13)	(11)	(3)	38
Profit before loan interest	395	464	394	751	1,172
Loan interest	(111)	(129)	(135)	(132)	(138)
Profit before taxation	284	335	259	619	1,034
Taxation	(123)	(111)	(92)	(201)	(373)
Attributable to minorities	(31)	(32)	(22)	(21)	(56)
Net profit attributable to parent company, before extraordinary items	130	192	145	397	605
Extraordinary items	(150)	(6)	—	(19)	(20)
Dividends	(101)	(113)	(115)	(147)	(186)
Profit (loss) retained, transferred to reserves	(121)	73	30	231	399

Sources and applications of funds

Sources net of interest and taxation	506	728	607	921	1,177
Dividends	(151)	(101)	(135)	(140)	(183)
Fixed assets	(724)	(421)	(332)	(264)	(500)
Reduced (additional) working capital	62	(239)	(111)	(35)	(200)
Surplus (deficit)	(307)	(33)	29	482	294

Return on assets

Profit before loan interest as a percentage of assets employed (average total assets less current liabilities)	8.4	9.1	7.3	13.8	19.9
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Current cost accounting

Profit before taxation, on a current cost accounting basis, expressed in 1984 £'s

97	100	109	463	842
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ICI Ordinary Stock comparisons 1980 to 1984

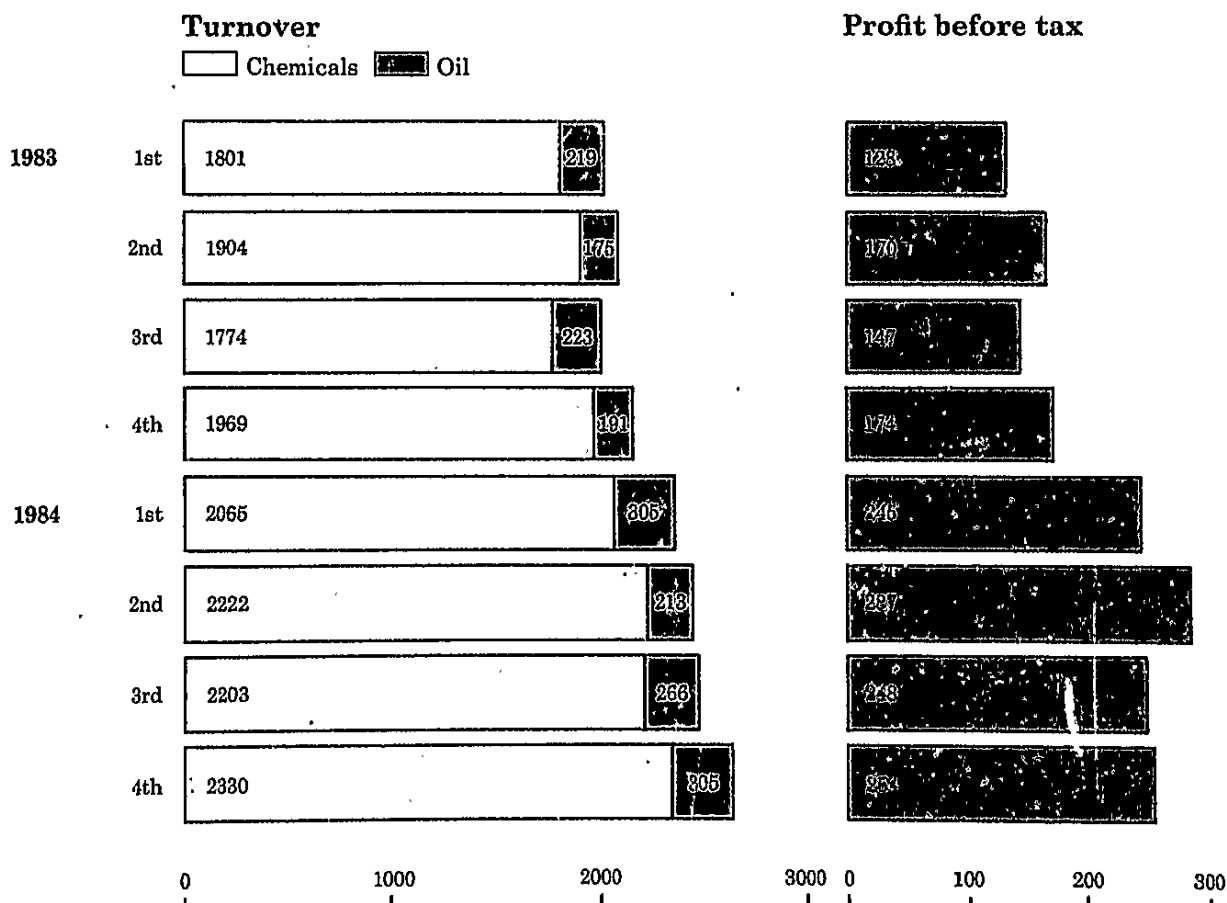
Pence per £1 Ordinary Stock unit

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	1980	1981	1982	1983	1984
Stock units (millions) in issue					
At year-end	593	594	603	612	619
Weighted average for year	588	594	598	608	616
Stock market price					
Highest	402p	330p	364p	660p	746p
Lowest	314p	226p	262p	345p	526p
Year-end	335p	290p	360p	636p	736p
Earnings per £1 Stock unit					
Historical cost basis	22p	32p	24p	65p	98p
Current cost accounting basis					
Money of year	-10p	-7p	—	39p	70p
Equivalent in 1984 money (adjusted by RPI)	-13p	-8p	—	41p	70p
Dividends					
Dividends (net)	17p	19p	19p	24p	30p
Dividends grossed up for imputed tax credit	24p	27p	27p	34p	43p
Dividends (net) in 1984 money (adjusted by RPI)	23p	23p	21p	25p	30p
Balance sheet value of Ordinary stockholders' equity at end of year per £1 unit	461p	496p	505p	545p	617p
Indexed value of the £, expressed in average 1984 £'s, based on UK retail price index (RPI)	1.33	1.19	1.10	1.05	1

Chart of quarterly results

£ million



Sources and disposal of value added

	Notes	1984 £m	1983 £m	Percentage change
Sources of income	Sales turnover	9,909	8,256	+20%
	Royalties and other trading income	116	127	-9%
	Less: materials and services used	(6,845)	(5,715)	+20%
	Value added by manufacturing and trading activities	3,180	2,668	+19%
	Share of profits less losses of related companies and amounts written off investments	71	61	+16%
	Total value added	3,251	2,729	+19%
Disposal of total value added	Employees	1		
	Pay, plus pension and national insurance contributions, and severance payments	1,647	1,526	
	Profit-sharing bonus	58	41	
		1,705	1,567	+9%
	Governments	3		
	Corporate taxes	373	201	
	Less: grants	(28)	(28)	
		345	173	+99%
	Providers of capital			
	Interest cost of net borrowings	100	135	
	Dividends to stockholders	186	147	
	Minority shareholders in subsidiaries	56	21	
		342	303	+13%
	Re-investment in the business			
	Depreciation and provisions in respect of extraordinary items	460	455	
	Profit retained	399	231	
		859	686	+25%
	Total disposal	3,251	2,729	

Notes

- 1 Average number of employees decreased by 2 per cent.
- 2 1984 UK bonus rate 10.1p per £1 remuneration (1983 7.4p).
- 3 Does not include tax deducted from the pay of employees. Income tax deducted from the pay of UK employees under PAYE amounted to £148m in 1984 (1983 £143m).

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