Imperial Chemical Industries PLC Annual Report 1982

Contents

Financial Calendar

Dividend and interest payments

A second interim dividend for the year 1982, which the Annual General Meeting will be asked to confirm as the final dividend for that year, is payable on 2 April 1983 to Ordinary Stockholders registered in the books of the Company on 24 February 1983.

Dividend and interest payments are normally made as follows:—

First Interim Ordinary Dividend:	Second week of October (Announced last Thursday in July)
Second Interim Ordinary Dividend:	First week of April (Announced fourth Thursday in February)
Preference Dividends:	1 February, 1 August

Unsecured Loan Stocks:

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

Quarterly results

Unaudited trading results of the ICI Group for 1983 are expected to be announced as follows:—

First quarter	28 April 1983
Half year	28 July 1983
Nine months	27 October 1983
Full year	23 February 1984

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 234⅜p
(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).

Behind the figures in this Report lies an intense and sustained effort by everybody in the ICI Group to counteract the cumulative effects of two and a half years of unrelieved recession in the UK and progressive slow-down in economic activity throughout the world. Profits were indeed lower than in 1981 but they were not as low as might have been expected in the economic circumstances.

Achieving these results has involved an unrelenting and continuing attack on costs, closure of less efficient plants and product rationalisation – notably a decision to reduce substantially our position in low density polyethylene in order to concentrate on PVC. Even so, we have not allowed ourselves to become totally focussed on reduction and rationalisation. You will also read in the Report of growth achieved by new products and opportunities we have seized to make acquisitions which will strengthen our future position in paints, colours and PVC. I believe that the rapidity of our retrenchment and the way we are adjusting our product portfolio to the new business environment will bear comparison with the efforts of any of our international competitors.

The major factor sustaining us throughout the deepening recession of 1982 was of course the continuing profitability of the great majority of our businesses throughout the world, with particular successes within the agricultural, industrial explosives, oil, paints and pharmaceuticals business areas. There was also improvement in the performance and prospects of fibres and organic chemicals even though they are not yet breaking even. Purchase of the colours business of Produits Chimiques Ugine Kuhlmann broadens our range of colours for worldwide sale, and the fibres business is penetrating selected sectors of its market with a new range of higher-margin branded products.

The overall position is, however, depressed by commodity petrochemicals and plastics, a problem area we share with producers throughout the world. Recession has produced gross overcapacity and rock bottom prices, and we had the added disadvantage of unfavourable exchange rates for UK producers throughout most of the year. In spite of energetic action our losses in this part of our business increased in 1982. The strength and scale of our presence in these markets is, however, very considerable and we believe that the rationalisation of the industry now proceeding should see us remaining a powerful and competitive force in our chosen business areas.

For the future the Board is clear that its business strategy must enable the Group to continue to cope with the economic uncertainty and volatility which we can expect as regular features of the next decade. The foundations will continue to be our existing financial, geographic and product strengths which we shall build upon wherever possible. To this we are adding an even greater emphasis on technological ingenuity and innovation as the means of sustaining a flow of distinctive ICI products into the market. I am confident that we can shape our portfolio and organize our technology and marketing thrust to these ends and that we have people of drive and talent to achieve the objective.

As we move forward the process of transition and organization change will need to continue. What we have so far achieved reflects great credit on all our employees and I believe our policy of reducing as far as possible the adverse effect on individuals, a policy we shall continue, is being rewarded by understanding and support from employees in some very painful circumstances.

Our overriding objective is to get profits back on an upward trend. Towards the end of 1982 there was a significant shift in exchange rates and early this year a significant reduction in oil prices. These may be omens of economic change from which we shall benefit. Let us hope so, but in a turbulent world economic environment it will be wise for us to continue to concentrate on self-reliance and creating our own opportunities.

3 March 1983 John Harvey-Jones

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

		1982 £m	1981 £m
Sales	Sales to customers outside the Group	7,358	6,581
	Chemicals – UK	2,030	1,899
	– Overseas	4,402	3,851
	Oil	926	831
	Exports from the United Kingdom at f.o.b. value		
	Chemicals	1,449	1,300
	Oil	103	153
Profits	Trading profit – historical cost accounts (HC)	366	425
	– current cost accounts* (CCA)	159	121
	Profit before taxation – HC	259	335
	– CCA	99	91
	Profit attributable to parent company before extraordinary items – HC	145	192
	– CCA (1981 loss)	3	(45)
	Earnings (before extraordinary items) per £1 Ordinary Stock – HC	24·2p	32·3p
	– CCA (1981 loss)	0·5p	(7·6p)
Dividends	Dividend per £1 Ordinary Stock	19·0p	19·0p
Capital	Capital expenditure		
	Fixed assets	292	411
	New investments	94	37
	Additional working capital	111	239
	Assets employed at year end – HC	5,379	5,211
	– CCA	7,589	7,773
	Percentage return on average assets employed – HC	7·4%	9·4%
	– CCA	2·4%	2·0%

*Current cost accounts give recognition to the effects of inflation; the main adjustments to trading profit, compared with the historical cost accounts, are an extra depreciation charge of £179m (1981 £201m) and charges of £69m (1981 £185m) for the cost of inflation in working capital. To facilitate comparison with 1982 results, the CCA results for 1981 have been restated in 1982 £'s. (See detailed accounts on pages 36 to 38.)

Economic background

The world recession deepened in 1982 and world chemical output was 4 per cent lower. UK manufacturing production again declined, with chemical output falling by 1 per cent despite a 2 per cent increase in exports.

The trade-weighted average value of sterling was 5 per cent below the average for 1981, with a gradual weakening throughout the year against the US dollar but showing little movement overall against the main European currencies until November.

Group sales

The volume of Group chemical sales worldwide increased by 3 per cent. Selling price increases did not match higher operating costs, and trading margins were further reduced.

Trading profit

Operating efficiency improved further, but severe difficulties in the petrochemicals and plastics business area depressed trading profit below the 1981 level despite an outstanding performance by pharmaceuticals and reduction of losses in fibres and organic chemicals.

Profit before tax

Profit before tax was £259m, 23 per cent lower than in 1981.

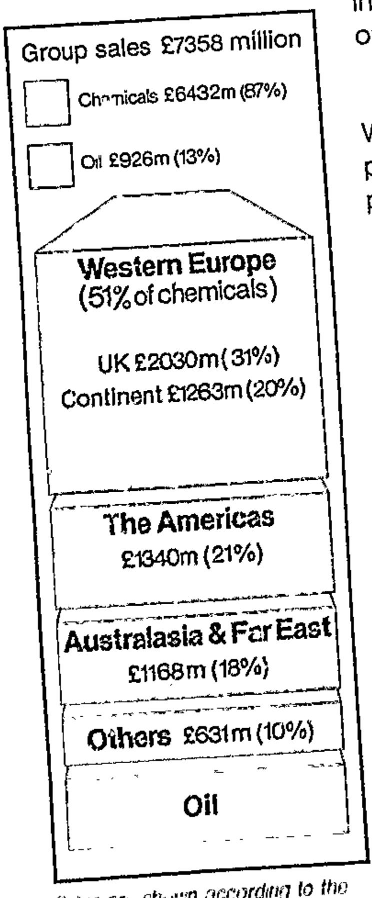
Finance

With lower expenditure on fixed capital and with working capital held under firm control, no additional finance was required.

Dividends

The second interim dividend payable on 2 April 1983 will be 10p per £1 unit of Ordinary Stock, making a total of 19p for the year (1981 19p).

Products and territories



Sales are shown according to the territory in which customers are located

The pharmaceuticals business continued to grow strongly, and agricultural products, industrial explosives and paints did well in more difficult trading conditions than those of 1981.

With stagnant demand and severe overcapacity worldwide, the trading loss on petrochemicals and plastics increased by £85m to £139m. Action to overcome the problems of this sector was intensified.

The losses incurred in fibres and organic chemicals were reduced by £23m to £43m.

The trading profit of £73m from oil was £10m down, primarily because of higher taxation.

UK chemical sales volume was 2 per cent higher, but trading margins again fell. Exports of chemicals from the UK grew by 7 per cent in volume.

Chemical sales volume in Continental Western Europe increased by 6 per cent, but margins remained inadequate.

The contribution to Group profit by the operations outside Western Europe fell overall, with reductions in Australasia and Canada but an increase in the Indian sub-continent

Directors

J. H. Harvey-Jones, MBE (Chairman)

A. W. Clements	Sir Patrick Meaney*
Sir Arnold Hall, FRS*	Sir Jeremy Morse, KCMG*
P. G. Harvey	C. H. Reece
D. H. Henderson	Sir Francis Sandilands, CBE*
Sir Robin Ibbs	N. B. Smith, CBE
Sir Alex Jarratt, CB*	The Rt Hon Lord Thomson of Monifieth, KT*
W. G. L. L. Kiep*	F. Whiteley

*Non-Executive Directors

Senior Executives

Division Chairmen

Agricultural	B. Appleton
Fibres	J. Lister
Mond	R. I. Lindsell
Organics	S. E. Blurton
Paints	R. C. Hampel
Petrochemicals and Plastics	T. O. Hutchison
Pharmaceuticals	P. W. Cunliffe, CBE
Plant Protection	A. Hayes

General Managers

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

Chief executives of major subsidiary companies

ICI Australia Ltd	Chairman and Managing Director	M. D. Bridgland
ICI Americas Inc	President and Chief Executive Officer	H. Corless
C-I-L Inc	President and Chief Executive Officer	C. H. Hantho
ICI Group of Companies in India	Chairman	A. L. Mudaliar
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
Registrar and Transfer Office	B. P. Mould, PO Box 227, Imperial Chemical House, Millbank, London SW1P 3JL
Auditors	Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY Thomson McLintock & Co, 70 Finsbury Pavement, London EC2A 1SX

The Directors of Imperial Chemical Industries PLC present their fifty-sixth Annual Report, together with the Accounts of the Company for the year 1982. They will be laid before the stockholders at the fifty-sixth Annual General Meeting to be held on 21 April 1983, and copies are being provided for those employees of the Company who are not also stockholders.

ECONOMIC BACKGROUND

The world economic recession deepened in 1982. In the USA and Canada, industrial activity was declining from the start, whilst the main economies in Western Europe worsened about mid-year after two years of stagnation. Weakness in markets for oil, minerals and other commodities hit many overseas economies, including Australia, whilst increased debt payment problems imposed new strains on the international financial system. Inflation diminished rapidly in the USA and other leading countries, and interest rates fell sharply in the second half of the year. Business confidence, however, remained low.

UK economic activity improved slightly in 1982, although there was a further fall in manufacturing production, with imports of manufactured goods again increasing. Exports by manufacturers held their 1981 level despite the fall in world trade. Consumer expenditure rose strongly from the summer onwards, accompanied, however, by a further bout of de-stocking. Inflation declined to an annual rate of 5½ per cent at the end of 1982 – the lowest for over a decade – and wage settlements continued to moderate.

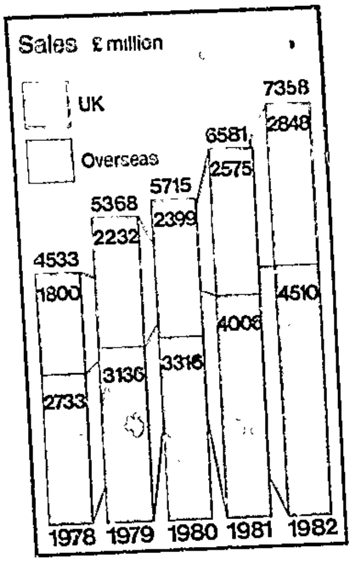
The trade-weighted average exchange rate of sterling against other currencies for the year as a whole was 5 per cent lower than the average for 1981. Within the average, however, there were considerable variations in movements against different currencies. Until November, the pound was relatively strong and remarkably stable against the Deutschemark which is the determining currency for most European chemical prices. Against the US dollar, which determines oil feedstock prices and the prices for chemicals in many overseas markets, sterling weakened gradually throughout the year before falling sharply in November.

World chemical output in 1982 was about 4 per cent below the 1981 level. The biggest decline was in the USA, but West European output also fell away. UK chemical production was about 1 per cent less than in 1981; exports increased by about 2 per cent but total sales by UK producers into the home market continued to diminish. With overcapacity persisting throughout the industry, competition in all chemical markets remained severe and there was heavy pressure on selling prices and margins.

GROUP RESULTS

Although an increase in volume of chemical sales was achieved in 1982 and further progress was made in improving operating efficiency, profits overall remained unsatisfactory for the third successive year. The Group's profit before tax was £259m, following £335m in 1981 and £284m in 1980, compared with average annual profits of over £500m during the late 1970's. Nevertheless, outside the hard-pressed commodity chemicals and bulk plastics sectors, there were again a number of good performances, most notably pharmaceuticals.

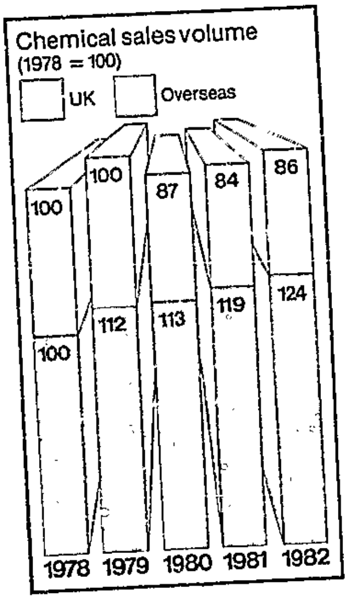
Losses by the petrochemicals and plastics, fibres and organic chemicals sectors pulled profits down by £182m in conditions of stagnant demand and overcapacity. Many of ICI's customers in the UK struggled to survive in the face of imports which were considerably helped by exchange rates until late in the year. These difficulties emphasised the strategic importance to the Group of its wide spread of businesses, many of which achieved good profits despite the world recession



Group sales in 1982 were £7,358m compared with £6,581m in 1981 Despite the decline of about 4 per cent in world chemical output, ICI achieved a 3 per cent volume increase in chemical sales. In the UK, chemical sales volume was 2 per cent higher, after falling by 3 per cent in 1981; in Continental Western Europe the increase was 6 per cent, following a 10 per cent increase in 1981; in other overseas territories the volume rose by 2 per cent as in the previous year. Oil sales volume was 8 per cent higher. Compared with 1981 and in terms of local currencies, selling prices of chemicals were on average 5 per cent higher in the UK, 4 per cent higher in Continental Western Europe and 1 per cent higher in other overseas territories, but these increases were all well below the OECD inflation rate of 8 per cent for 1982. However, sales income in sterling terms benefited from the depreciation in the value of the pound to the extent of a further 2 per cent for Continental Western Europe and 11 per cent for other overseas territories.

Group trading profit on the historical cost basis declined by £59m to £366m. In real terms, however, taking account of the lower inflation rates in 1982, there was an improvement, as indicated by trading profits on the current cost basis which rose from £111m (or £121m when restated in 1982 £'s) to £159m.

Petrochemicals and plastics continued to be the major loss-making sector, with the loss on the historical cost basis more than doubling to £139m; within this sector, bulk polymers and aromatics made the largest losses. Although losses were again incurred in fibres and organic chemicals, these were considerably lower than in 1981. In pharmaceuticals a further substantial increase in profits was achieved and good profits continued to be made in the agricultural, industrial explosives, oil and paints sectors, although in the more difficult trading conditions they were not as high as in the previous year.

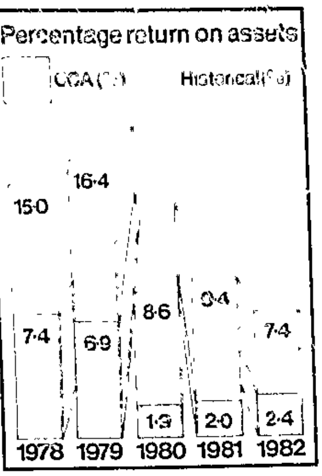


Trading profits in the UK, having improved in 1981, suffered a sharp reverse, due mainly to the effect of the prolonged recession on selling prices of commodity chemicals and bulk plastics. The contribution from overseas companies was also lower, with an increase in the Indian subcontinent being more than offset by lower profits in Australasia and Canada.

Depreciation of £400m charged before arriving at trading profit was £52m higher than in 1981 on the historical cost basis, reflecting a full year's operation of several major new plants commissioned in late 1981; on the current cost basis, depreciation rose by £46m to £579m.

Group profit before taxation, after marginally higher financing costs of £146m, was 23 per cent lower at £259m (1981 £335m). The following table summarizes sales and profit before tax for the last two years on a quarterly basis.

Quarter	Chemical Sales 1981 £m	Chemical Sales 1982 £m	Oil Sales 1981 £m	Oil Sales 1982 £m	Profit before Tax 1981 £m	Profit before Tax 1982 £m
First	1,287	1,583	209	198	52	62
Second	1,418	1,641	185	230	83	83
Third	1,477	1,579	174	220	86	58
Fourth	1,568	1,629	263	278	114	56
	5,750	6,432	831	926	335	259



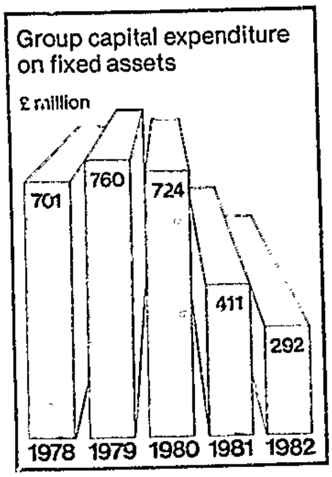
The taxation charge of £92m (1981 £111m) represented 36 per cent of profit before tax (1981 33 per cent). The charge comprised £24m of UK taxation, £59m of overseas taxation and £9m of taxation on principal associated companies. Earnings after taxation attributable to the parent company were £145m (24.2p per £1 unit of Ordinary Stock) compared with £192m (32.3p per £1 unit) in 1981.

A second interim Ordinary dividend of 10p per £1 unit, which the Annual General Meeting will be asked to confirm as the final dividend for 1982, is payable on 2 April 1983. This, together with the first interim dividend of 9p per unit paid on 8 October 1982, makes a total Ordinary dividend of 19p for the year, unchanged from 1981. The gross equivalent of this (including the related tax credit) is 27.14p. The payment of these dividends requires £115m (1981 £113m), leaving £30m (1981 £73m) retained in the business.

On a current cost accounting basis, profit before tax was £99m (1981 £84m, or £91m in 1982 £'s) and earnings for Ordinary stockholders were 0.5p per £1 unit of Ordinary Stock compared with a loss in 1981 of 6.9p (or 7.6p in 1982 £'s).

CAPITAL PROGRAMME

With demand for bulk chemicals and plastics showing little growth throughout the world and existing plants providing ample capacity in most business sectors, authorization of expenditure for expansion was confined to pharmaceuticals, crop protection and other specialised businesses in which ICI has a strong position. Capital expenditure on cost reduction and modernisation of plants was authorized on a highly selective basis. In addition, opportunities were taken to make acquisitions which strengthen the Group's position in paints, colours and the PVC market in Continental Western Europe. Overall, there was a reduction in Group authorizations.



The falling trend of authorizations in recent years and the completion of major projects, in many cases at a cost substantially below the original estimate, resulted in lower capital expenditure for the year.

The following table summarizes Group authorizations and expenditure on fixed assets for each of the past three years.

Fixed Assets	Authorized			Expenditure		
	1980 £m	1981 £m	**1982 £m**	1980 £m	1981 £m	**1982 £m**
United Kingdom	176	71	**113**	390	168	**129**
Continental Western Europe	45	25	**13**	148	39	**17**
The Americas	61	164	**90**	117	118	**79**
Other countries	42	67	**30**	69	86	**67**
	324	327	**246**	724	411	**292**
Total authorized but unspent at end of year				465	381	**335**

In addition to expenditure on fixed assets, other new investment in 1982 amounted to £94m compared with £37m in 1981.

FINANCE

The difference between funds generated internally and cash requirements, together with the related movements in external finance, are shown for the years 1981 and 1982 in the table below. A detailed statement of source and application of funds is given on page 28

	1982 £m	1981 £m
Funds generated internally		
Funds generated from operations	852	952
Less interest and taxation paid during the year	(245)	(224)
Net funds generated from operations	607	728
Net cash requirements	578	761
New fixed assets	292	411
Acquisitions and new investment	94	37
Disposal of fixed assets and investments	(54)	(27)
Additional working capital	111	239
Dividends	135	101
Surplus (deficit) representing changes in external finance	29	(33)
External finance		
Issues of ICI Ordinary Stock	26	2
Loan Stocks and other non-current borrowings repaid, less new borrowings	(103)	(18)
Sale and leaseback of fixed assets	—	49
Others	(18)	(16)
	(95)	17
Decrease in net liquid resources	66	16
	(29)	33

During 1982, issues of Ordinary Stock totalling 9 million £1 units comprised 7 million units in respect of the Employees' Profit-Sharing Scheme and 2 million units in connection with acquisitions.

Funds generated internally were sufficient to meet the Group's cash requirements. With net liquid resources being reduced by £66m to £64m at 31 December 1982, loan repayments of £151m considerably exceeded new borrowings of £48m.

WORKING CAPITAL

Firm control on levels of stockholding and on credit allowed to customers, assisted by the lower rate of inflation in 1982, restricted the additional cash required to finance working capital to £111m, compared with £239m in 1981.

Despite the higher volume of sales, the whole of the increase in trading working capital was due to the effects of inflation, currency exchange movements and acquisitions. Stocks and trading debtors and creditors were all lower in real terms.

STOCKHOLDERS

At the end of 1982 the register of stockholders consisted of 421,146 Ordinary Stock accounts, 755 Preference Stock accounts and 195,530 accounts in respect of all classes of Loan Stock. 373,022 stockholders held £1,000 or less of Ordinary Stock and only 3,045 held more than £5,000 of Ordinary Stock. Almost all the 740 holders of more than £50,000 of Ordinary Stock are insurance companies, pension funds, unit trusts, banks and other institutions, representing millions of people who, as holders of insurance policies, members of pension funds, unit holders and the like, have – with their families – a direct interest in the progress of ICI.

So far as the Board are aware, at no time during 1982 or up to and including 9 February 1983 (one month prior to the date of the Notice of Meeting on page 40) has any 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 deals on a worldwide basis with the results of each class of business in which the Group is engaged. The table below gives the sales and trading profit attributable to each class. It does not include the results of associated companies.

	Sales		Trading Profit	
	1982 £m	1981 £m	**1982 £m**	1981 £m
Agriculture	**1,369**	1,245	**158**	182
Fibres	**464**	444	**(25)**	(36)
General chemicals	**1,386**	1,232	**60**	75
Industrial explosives	**286**	258	**33**	35
Oil	**1,160**	1,056	**73***	83*
Organic and speciality chemicals	**649**	573	**(18)**	(30)
Paint and decorative products	**500**	455	**22**	27
Petrochemicals and plastics	**1,910**	1,746	**(139)**	(54)
Pharmaceuticals	**516**	407	**138**	90
Miscellaneous	**94**	118	**—**	—
	8,334	7,534	**302**	372
Inter-class eliminations	**(976)**	(953)	**4**	(2)
Royalty income			**35**	32
Government grants			**25**	23
Totals as in profit and loss account	**7,358**	6,581	**366**	425

*After provision of £183m (1981 £127m) for petroleum revenue tax and supplementary petroleum duty.

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

CLASSES OF BUSINESS

Agriculture

Sales £1,369 million
(1981 £1,245m)

Trading profit £158m
(1981 profit £182m)

The continuing decline in economic activity throughout the world affected agricultural markets, and demand for fertilizers slackened. In the UK, as in Canada and India, demand remained adequate to run plants at high rates, but international pressures weakened prices. Elsewhere, the general economic conditions were made worse by local problems, with a further year of drought in Australia and the rubber and palm oil markets remaining depressed in Malaysia.

Ammonia and methanol, the principal products in the related industrial chemicals business, suffered from the recession. Export prices for ammonia, the main intermediate for fertilizers, were weak. UK demand for methanol, which has multiple industrial uses, particularly in building, remained low throughout the year. Production levels of both chemicals were sustained by exports, mainly to Continental Western Europe, but the sales were less profitable than in recent years.

Sales of crop protection chemicals continued to show substantial worldwide growth, but competitive pressures limited ICI's ability to raise prices to adequate levels in line with inflation of costs. Good gains in export sales, particularly of paraquat herbicide, pyrethroid insecticides and rodenticide products, were achieved, but with reduced profit margins. Market reception of the new 'Fusilade' herbicide has been excellent in the USA and elsewhere, with initial sales well ahead of forecast, and during the year the construction in the UK of the first commercial-scale plant for this product was authorized.

Fibres

Sales £464 million
(1981 £444m)

Trading loss £25m
(1981 loss £36m)

Although some improvement in the West European fibres market was evident in late 1981 and early 1982, the recovery was halted in the worsening economic climate and European consumption of fibres in 1982, as a whole, was below that of 1981. In consequence, the Group's fibres business was unable to achieve the break-even position for the year which had been expected on the basis of trading in the early part of the year. Nevertheless, despite the poorer trading conditions, the loss for the year was reduced. This improvement was achieved by continuing major efforts on cost reduction, combined with increasing contributions from novel branded products which have improved the product portfolio and brought market share gains in selected sectors.

The relative strength of the dollar prevented a resurgence of imports from the USA, but the French and Italian devaluations increased pressure from European producers. Within Western Europe, the leading producers continued their efforts to bring capacity closer to demand and further steps were announced in 1982. The re-negotiated Multi-Fibre Arrangement should ensure reasonable control over the rate of increase of textile imports into Europe.

During 1982 the development of a wider range of 'Melinar' polymers for polyester bottles and other containers was successful in meeting the sophisticated demands of the container market, and sales increased by 70 per cent in this rapidly growing sector.

Overseas, the associated and subsidiary companies traded profitably, although the performance of Fiber Industries, Inc in the USA was seriously affected by the downturn in the US economy and the suspension of imports by China. The associated companies in Spain and Portugal took advantage of buoyant market conditions, with results well ahead of expectations.

General Chemicals

Sales £1,386 million
(1981 £1,232m)

Trading profit £60m
(1981 profit £75m)

This worldwide class of business is centred on alkalis, chlorine, and chlorinated and fluorinated products, but also includes acids, methacrylates, lime, salt and a range of more specialised chemicals. The main manufacturing base is in Western Europe, principally the UK, but there is substantial production in Canada and Australia, with smaller plants in some other countries.

These businesses are crucially dependent on the health of manufacturing industry and in 1982 weak manufacturing performance in most countries resulted in stagnant ICI sales volume. Against this background, however, the Group achieved further penetration of Continental European and North American markets. The deterioration in profit for the class of business as a whole was largely a consequence of poor results in some chlorine derivative businesses. Profits were maintained in the majority of general chemicals businesses with the assistance of continuing substantial savings in fixed costs.

Worldwide overcapacity for soda ash, particularly the surplus of natural ash in the USA, led to damaging pressure from dumped imports into Western Europe. Representations by the European Council of Chemical Manufacturers' Federation (CEFIC) to the EEC Commission, on behalf of soda ash manufacturers, were upheld, and resulted late in the year in the imposition of anti-dumping duties and the obtaining of undertakings on price levels from importers.

ICI's chlorine production in the UK continued to suffer a significant electricity cost disadvantage compared with competitors in Continental Western Europe, reflecting the adverse impact of the UK tariff structure upon large industrial users.

The Group's joint ventures with Nalco Chemical Company of the USA in water treatment and oilfield chemicals continued to perform well, and a joint company was formed in South East Asia

Industrial explosives

Sales £286 million
(1981 £258m)

Trading profit £33m
(1981 profit £35m)

The mining industry, which is the largest market for the Group's industrial explosives remained depressed throughout 1982. Base metals, particularly copper, were at historically low prices early in the year and prolonged shutdowns and closures of mines were common, particularly in the USA and Canada. Coal mining, which had grown well in recent years, showed signs of levelling off and worldwide surplus capacity in steel had a big adverse effect on iron ore mining.

Despite these difficulties, overall sales and profits of industrial explosives and accessories held up well. Sales and profits in Australia were significantly higher due to new mine development in the early part of the year. In the UK, despite somewhat lower sales than in 1981, a major cost reduction programme over the past two years enabled better profits to be achieved.

Good progress is being made in the development of emulsion explosives, and field trials are under way in principal markets.

Oil

Sales £1,160 million
(1981 £1,056m)

Trading profit £73m
(1981 profit £83m)

Crude oil output from the North Sea Ninian field averaged 307,000 barrels per day in 1982, compared with a daily average of 292,000 barrels in 1981. ICI Petroleum Ltd's share of 1982 production was approximately 20 million barrels (17 million in 1981). In addition, with the commissioning in May and December of the recovery plants for liquified petroleum gases (LPG) at the Sullom Voe terminal in the Shetlands, ICI Petroleum's share of propane and butane production was 600,000 barrels. Ninian production rates peaked in 1982 and, with one third of the ultimate Ninian reserves having already been extracted, the rates of production in 1983 and later years are expected to decline. ICI Petroleum's share of proved Ninian reserves remaining at the end of 1982 was approximately 130 million barrels of crude oil and 7 million barrels of LPG.

Demand for refinery products remained weak throughout 1982, but margins were slightly higher on average than in 1981 and, overall, the refining part of the business made a small profit.

Drilling activities for exploration and appraisal on the UK continental shelf continued during 1982, primarily in order to evaluate the potential of possible future developments. ICI Petroleum participated in applications for further North Sea blocks in the eighth UK round of licensing.

In the Gulf of Mexico, exploration activity was greatly curtailed because of continuing weak gas demand. By the end of 1982, thirteen separate fields were in production and ICI's share of the 1982 output was just under 2 billion cubic feet of gas, together with minor quantities of gas condensate and oil. ICI's share of proved gas reserves at the end of 1982 was approximately 20 billion cubic feet.

In the California offshore area, the presence of a sizeable oil accumulation was confirmed by appraisal drilling of the Point Arguello oil discovery carried out by a consortium (led by Chevron USA Inc) in which ICI has a 10 per cent interest, and also by adjacent licensees on an extension of the field. A continuing modest exploration programme in Alberta, Canada, has yielded proved reserves to ICI of approximately 20 billion cubic feet of gas, together with small quantities of oil.

Trading profit from the Group's worldwide oil and gas operations was £10m lower than in 1981. This was principally due to increased oil taxation provisions in respect of supplementary petroleum duty and petroleum revenue tax (£183m in 1982 compared with £127m in 1981) and to lower dollar prices for crude oil, the combined effect of which exceeded the benefit from exchange rate movements and the increase in North Sea operating income arising from higher production.

Organic and speciality chemicals

Sales £649 million
(1981 £573m)

Trading loss £18m
(1981 loss £30m)

Despite the continuing recession in textiles and in other industries which consume dyes and pigments, ICI's worldwide sales of these colours products increased in 1982. Prices could not, however, be raised sufficiently to recover cost inflation. As in 1981, the first half of the year showed some signs of improvement, but the worldwide business situation deteriorated during the second six months. Within this overall picture, sales performance varied substantially between markets. The UK market continued to contract, particularly in the textiles area, and sales volume fell. Sales improved in Continental Western Europe, the Middle East and Africa, but only to a limited extent in the Far East. Economic problems in Latin America badly affected sales there. However, in spite of the generally unfavourable business climate, the trading loss on colours products was reduced significantly as a result of further savings in fixed costs.

The most important development during the year was the acquisition of the colours business of the largest colours manufacturer in France, PCUK-Produits Chimiques Ugine Kuhlmann, including their factories in Brazil and the UK as well as their main manufacturing base in France. The acquisition will give ICI's colours business a broader range of products for its worldwide sales and strengthen its market position in France and Western Europe generally.

Other products such as nitrocellulose, aniline, silicones and biocides were similarly affected in 1982 by adverse trading conditions, with a poor UK performance offsetting volume gains for some of these products overseas.

Sales volume of polyurethane chemicals increased in 1982, but severe price competition in the USA meant that cost inflation was not recovered and consequently trading profits there declined although market share was maintained. Sales in Western Europe, particularly of the more specialised products, increased markedly and trading results showed the effect of this and of the steps taken to reduce costs.

Sales volumes of the Atlas range of speciality chemicals, which include sorbitol, mannitol, speciality surfactants, activated carbon and polyester resins, were slightly lower in Western Europe although trading profit was maintained. In the USA, volumes and trading profit were affected by the recession.

Paint and decorative products

Sales £500 million
(1981 £455m)

Trading profit £22m
(1981 profit £27m)

Although profits from paint improved in the UK, these were more than offset by reductions in Canada, Australasia and the Far East, which owed much to the effect of the worldwide recession in the industrial and automotive sectors of the business. There was a sharp improvement in sales and profitability in the UK decorative paints sector where ICI's market share increased significantly following the successful launch of Natural Whites.

As part of the strategy of concentrating on high-technology sectors of the market on an international basis, ICI made an offer in 1982 for Arthur Holden & Sons PLC, which has a substantial share of the can coatings market in the UK and France, and the company was acquired in October. Arthur Holden's operations are complementary to the Group's existing position in West Germany and elsewhere in the world; the company will continue to operate under its own name, becoming the centre of the Group's international can coatings business.

The new resin plant at Stowmarket which updates and extends the Group's West European facilities, was commissioned during the year, with substantial savings achieved against the original construction cost estimate.

The wallcoverings, coated fabrics and PVC sheet business operated by ICI Hyde Products Ltd suffered significant losses owing to poor demand in highly competitive markets. Negotiations are in progress for the merger of ICI Hyde Products Ltd with Wallington Weston & Co Ltd, a subsidiary of Marley plc located at Frome, Somerset, which primarily makes unsupported PVC sheet and film. The objective is to create in the new company, to be named Weston-Hyde Products Ltd, a strong UK-based PVC processing business built on the facilities and experience of ICI and Marley.

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Petrochemicals and plastics

Sales £1,910 million
(1981 £1,746m)

Trading loss £139m
(1981 loss £54m)

The recession in demand for petrochemicals and plastics continued for a third year in Western Europe, with few signs of recovery, and it intensified in other parts of the world, including North America and Australia. In consequence, extensive overcapacity continued and margins were squeezed with unabating severity in the Group's worldwide business throughout the year. These problems were aggravated in Western Europe by the strengthening of the US dollar against sterling and other major currencies which caused an increase in sterling raw material costs, particularly for naphtha. These adverse factors, and continuing inflation in other costs, caused a further deterioration in the Group's West European trading results despite substantial improvements in productivity and operating efficiency, and modest gains in sales volume and in sterling realisations from sales. In the USA and Australia, trading results also deteriorated, due to weak sales volume and to intensified downward pressure on prices.

The combined effect of these difficulties in 1982 was an increase of £85m in the Group's trading loss on petrochemicals and plastics. Despite the higher trading loss, there was a positive cash flow from operations in Western Europe after allowing for fixed and working capital but before financing charges. The largest losses continued to be incurred in Western Europe on the three bulk polymers – low density polyethylene, polypropylene and PVC – and on aromatics. On the other hand, 'Melinex' polyester film, 'Perspex' acrylic sheet and engineering plastics achieved increased profits.

ICI has responded to the poor trading situation in Western Europe through a concerted strategy involving the following main elements: strengthening its position in businesses where the Group has technical and commercial advantages; reducing involvement in weaker businesses and in those where market prospects are poorer; closing less efficient or underloaded plant capacity; and improving internal costs and efficiency. Considerable progress was achieved during 1982 in all these areas. Particular developments were the withdrawal from manufacture of low density polyethylene in the UK and the transfer of this business to BP Chemicals International Ltd, while at the same time acquiring their PVC business in the UK, including their new PVC plant at Barry in South Wales. As part of this exchange, which came into effect in August 1982, ICI increased its share of the jointly owned olefines and butadiene plants at Wilton from 50 per cent to 80 per cent. This enabled ICI to close older olefines and butadiene plants and to concentrate production on newer and more efficient units. Other capacity withdrawn from service in 1982 included polyethylene plants at Wilton and Rozenburg, an ethylene glycol plant and some aromatics units. At the end of 1982 ICI acquired the PVC resin, compound and film operations of Lonza A.G. in West Germany and Switzerland, which will further strengthen ICI's position in the Continental market for PVC products.

'Melinex' polyester film continues to be highly successful throughout the world; ICI Americas Inc increased their capacity for this product during 1982 and further extensions were authorized. Towards the end of 1982 ICI Australia Ltd brought on stream their first plant for the manufacture of 'Propafilm' polypropylene film.

Pharmaceuticals

Sales £516 million
(1981 £407m)

Trading profit £138m
(1981 profit £90m)

ICI's pharmaceuticals business continued to grow successfully, both in sales and profits. The principal factor for 1982 was an increase in worldwide sales volume, with the business also benefiting from some weakening of sterling from its high 1981 level. Once again over 80 per cent of pharmaceuticals sales were made outside the UK, with £124m in Continental Western Europe, £191m in the Americas and £120m in other overseas markets. This international business is based on products of ICI research and is backed by a worldwide marketing and technical service organization.

Sales of 'Tenormin', ICI's cardio-selective beta-blocker heart drug, showed significant growth and a feature of the year's achievement was its very successful performance in the USA following the launching there in late 1981. 'Tenormin' is now the fastest growing beta-blocker in the USA, as it is in the rest of the world. ICI's other major beta-blocker, 'Inderal' is still the world leader in this sector of the market. 'Nolvadex', a palliative treatment for certain cases of breast cancer, continued its worldwide sales growth and was particularly successful in Japan. Other important contributions came from the antacid 'Mylanta' and the range of antiseptics products which include a number of new formulations developed in recent years.

The Group's expenditure in 1982 on pharmaceutical research and development was over £60m, and this work is referred to on page 19.

TERRITORIAL ANALYSIS

This part of the review analyses the results in each of the main geographical areas of the Group's operations. The sales and trading profit made by companies located in each area are shown in the table below. Export sales and their related profits are included in the territories from which those sales were made.

	Sales 1982 £m	Sales 1981 £m	Trading Profit 1982 £m	Trading Profit 1981 £m
United Kingdom				
Home sales	2,839	2,569		
Exports (at invoice value)	1,792	1,650		
	4,631	4,219	176	216
Continental Western Europe	1,172	1,015	(4)	(13)
The Americas	1,273	1,077	53	63
Australasia and the Far East	1,055	939	72	94
Indian sub-continent	189	140	21	10
Other countries	105	99	(1)	4
	8,425	7,489	317	374
Inter-territory eliminations	(1,067)	(908)	(11)	(4)
Royalty income			35	32
Government grants			25	23
Totals as in profit and loss account	7,358	6,581	366	425

The United Kingdom

The volume of chemical sales in the UK at the beginning of 1982 was depressed, but business improved somewhat in the second and third quarters before falling back in the fourth quarter. The average for the year was 2 per cent higher than in 1981, but was 14 per cent below the 1979 level.

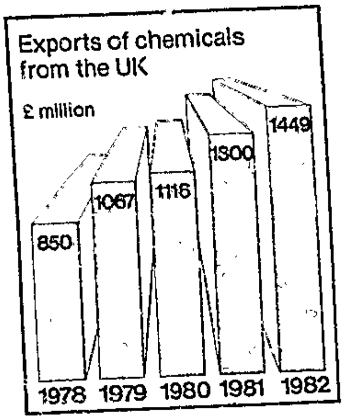
For commodity chemicals and bulk plastics, sales conditions remained difficult throughout 1982, especially as earlier hopes of significant improvement in industrial activity failed to materialise. Rising consumer expenditure in the second half of the year was not reflected in increased demand on the chemical industry, partly because business confidence remained low and stockholdings were reduced.

Sales made to non-manufacturing sectors were less affected by the recession, and pharmaceutical and crop protection products in particular achieved steady growth to new high levels of demand.

Costs rose more slowly than in 1981 but still faster than prices could be raised, and trading margins again fell. Selling prices have remained virtually static since late 1981.

Exports from the UK

The f o b. value of Group direct exports of chemicals from the UK in 1982 was £1,449m, an increase of £149m (11 per cent in value and 7 per cent in volume). Despite strenuous efforts to improve sales in a number of overseas markets, the increase in value was limited by recession in developed countries and by growing shortages of hard currency in many developing countries. The value of exports to the EEC increased by 11 per cent in spite of a decline in the overall size of the market for chemicals.



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

	1980 £m	1981 £m	**1982 £m**
Chemicals			
Western Europe			
EEC	479	565	**626**
Rest of Western Europe	121	127	**147**
	600	692	**773**
Africa	137	151	**154**
Far East	82	111	**138**
North America	75	100	**134**
Middle East	53	61	**70**
Central and South America	56	63	**58**
Eastern Europe and USSR	61	53	**57**
Australasia	43	58	**52**
Indian sub-continent	9	11	**13**
Total (chemicals)	1,116	1,300	**1,449**
Oil	57	153	**103**
Total Exports	1,173	1,453	**1,552**

Continental Western Europe

Continental Western Europe accounts for about 20 per cent of Group sales of chemicals and over half the exports from the UK continue to be sold there. Despite the difficult trading conditions in 1982, Group sales in the territory increased to £1,311m, comprising £1,263m of chemicals and £48m of oil; over half the value of these sales were exports from the UK. Volume of chemical sales in the territory increased by 6 per cent. Price increases, however, were insufficient to recover cost inflation and during most of the year the strength of sterling kept the cost of imports from the UK at a high level. Because of these factors and also substantial excess capacity in a number of sectors, profit margins remained depressed and fibres, petrochemicals and plastics continued to make losses. Pharmaceuticals, crop protection products and polyurethanes, however, performed well.

The Group has major manufacturing facilities in West Germany, the Netherlands, France and Italy, producing a wide range of plastics, fibres, polyurethanes, paints, pharmaceuticals and speciality chemicals. The complex at Wilhelmshaven, West Germany, which manufactures chlorine, vinyl chloride monomer and PVC is now fully operational, and the PVC interests acquired from Lonza A.G. will be integrated with this part of the business.

The acquisition of the colours business of PCUK in October 1982, referred to on page 12, will strengthen significantly ICI's base in Continental Western Europe and open up opportunities for further development in this sector through the Group's sales network in the territory.

Eastern Europe

In spite of Eastern Europe's worsening economic situation, enough finance was available to allow some recovery in sales by ICI on satisfactory payment terms. Crop protection chemicals accounted for a quarter of total sales.

The Americas

USA The United States economy was in recession throughout 1982 This was reflected in the performance of the chemical industry which suffered from weak domestic markets and overcapacity. ICI Americas Inc withstood these conditions well and benefited from the breadth of its portfolio Sales of pharmaceutical products were substantially higher than in 1981, due mainly to the rapid market penetration achieved by the beta-blocker heart drug 'Tenormin' Agricultural chemicals also performed well and the year saw the first use in the USA of the new selective herbicide 'Fusilade'. The 'Melinex' polyester film business had another successful year. Additional capacity for 'Melinex' thick film was commissioned in 1982 and a further large extension of thin film capacity was authorized. Speciality chemicals, dyes and polyurethanes held their shares of the market in difficult trading conditions. The petrochemicals business was significantly affected by world overcapacity.

Despite the weak market, ICI Americas increased its overall sales volume, but the effect of lower prices and margins in a number of product sectors meant that trading profit from operations declined slightly in dollar terms from the record level achieved in 1981.

Canada The Canadian economy was severely affected by the worst recession since the 1930's and this, together with the downturn in the US economy, created very difficult trading conditions f r C-I-L Inc and its subsidiary companies. The sales income of the C-I-L Group was Canadian $1,060m compared with Canadian $1,150m in 1981. In spite of vigorous actions to control manufacturing and overhead costs, income from operations was substantially down at Canadian $62m (1981 Canadian $111m) and, as a result, dividends for the year were lower.

The downturn was experienced across the complete range of C-I-L products which includes agricultural, industrial and speciality chemicals, paints, plastics, industrial explosives and underground mining equipment. Prices were depressed in the agricultural chemicals sector, and the severe reduction in activity in Canada's natural resource industries, to which C-I-L is a major supplier, affected a number of products including industrial chemicals. Explosives performed well in a difficult market, but sales of mining equipment were affected by the downturn in mining activity. C-I-L strengthened its position as a supplier of speciality products by purchasing a joint interest in a group of companies supplying drilling fluids to the oil and gas industry. C-I-L is also involved in joint ventures for natural gas exploration and development.

The plastics business was affected by an explosion in April in the new low density polyethylene plant extension at Edmonton, Alberta. Production was quickly re-established on the original plant, but the new reactor will not be able to resume operation before June 1983. Equipment and production losses were covered by insurance.

Latin America Profits in Latin America were below those achieved in 1981 because of major economic problems in Mexico Profits improved in Argentina and Brazil, but these increases were more than offset by the trading loss incurred in Mexico. Selling and merchanting operations in other Latin American countries, principally Colombia, Peru Nicaragua, Guatemala and Uruguay, remained profitable despite adverse economic and political conditions.

The performance of Duperial S.A.I.C. in Argentina was particularly creditable in view of the extremely difficult trading conditions during the year. Although business conditions remained difficult in Brazil, ICI Brasil SA was able to achieve a significant improvement in trading profits. Dyestuffs were the main contributor to this improvement and will be further strengthened by the acquisition of the dyes business of Fosfanil SA as part of ICI's purchase of the PCUK colours business.

The economic situation in Mexico deteriorated rapidly in mid-year and ICI's operations were severely affected by the imposition of price controls and the sharp devaluation of the peso. All businesses suffered, particularly those such as pharmaceuticals which depend on imported raw materials. Costs have been sharply cut back.

Australasia

The ICI Australia Group manufactures in Australia, New Zealand and Papua New Guinea an extensive range of products, including plastics, organic and inorganic chemicals, fibres, paints, industrial explosives, pharmaceuticals, crop protection chemicals, veterinary products and fertilizers.

The rate of growth of the Australian economy declined during 1982 as the world recession began to bite. Depreciation of the Australian dollar gave some relief to manufacturers, but this was offset by large labour cost increases and a rise in inflation.

Sales income of the ICI Australia Group was nearly 4 per cent higher at A $1,315m than in the previous year, but volume was slightly lower. Trading profit at A $85m was 26 per cent lower than in 1981, with most of the decrease occurring in the second half of the year. The Australian market for most of the Group's products has been static for the past two years, reflecting the underlying malaise of the economy. Throughout this period there has been severe competition from imports of petrochemicals and plastics at damagingly low prices, and this became more acute throughout 1982; some anti-dumping measures were introduced, after protracted investigations, but the pressure on prices continued and market demand weakened further towards the end of the year. Severe and continuing drought in the eastern states of Australia caused a steep reduction in demand for fertilizers.

Although the New Zealand economy deteriorated as the year progressed, the overall performance of the ICI New Zealand Group was considerably better than in 1981.

Far East

Sales in the Far East were maintained but profits were lower, mainly due to the effects of the world recession on the economies of commodity-producing countries in South East Asia. Exports from the UK were again at record levels, with significant increases in agricultural chemicals and petrochemicals.

The Japanese economy slowed down in 1982, with an increasingly depressing effect on ICI's sales of commodity chemicals. However, sales overall were somewhat higher than in 1981 and profits increased, with good performances from agricultural chemicals and particularly pharmaceuticals. Construction of a plant for the manufacture of 'Fluon' (polytetrafluoroethylene) in Japan was completed at the year end by Asahi Fluoropolymers Company Ltd, the joint company formed with Asahi Glass Co Ltd in 1981.

In Malaysia, sales of fertilizers were adversely affected by continued weakness in agricultural commodities, and paint sales were hit by depressed demand. Industrial chemicals remained buoyant. ICI Asiatic (Agriculture) Company Ltd, a company in which the Group has a 51 per cent interest, was formed jointly with East Asiatic Company (Thailand) Ltd to manufacture and market crop protection chemicals in Thailand.

ICI (China) Ltd, based in Hong Kong, had a successful year. Sales in its territory were up by more than 10 per cent in local currency and profits by over 20 per cent. Business with China was maintained at previous levels and there was a strong performance in Taiwan.

Of the three manufacturing companies in Indonesia the progress of one, producing agricultural chemicals, was checked by the recession but the other two, producing paints and pharmaceuticals, had a further successful year.

Africa

Exports from the UK to Africa were £154m compared with £151m in 1981. The largest export sales were to South Africa and Nigeria. The principal exports were petrochemicals, crop protection chemicals, dyestuffs, pharmaceuticals and general chemicals.

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

Indian sub-continent

The ICI Group in India manufactures industrial explosives, fertilizers, polyester fibre, polyethylene, rubber chemicals, paints, crop protection chemicals and pharmaceuticals; associated companies make dyestuffs and textile auxiliaries. The proposed merger was announced in October of three subsidiary companies (Indian Explosives Ltd, The Alkali and Chemical Corporation of India, Ltd and Chemicals and Fibres of India Ltd) and one associated company (Crescent Dyes & Chemicals Ltd) into a single company in which ICI will retain a majority shareholding. The merger is subject to the approval of the respective shareholders and of the Indian authorities. It offers substantial benefits in terms of strengthening existing businesses and facilitating future growth through the provision of greater financial and fiscal flexibility.

With fewer infrastructural problems affecting the Indian economy, sales by the Group in 1982 were 25 per cent higher in local currency, and profits recovered substantially from the previous depressed year. Sales from the recently extended fertilizer plant at Kanpur provided a significant contribution.

Sales in Pakistan increased by 50 per cent and profits improved, reflecting the commissioning of the new polyester fibre plant officially opened by the President of Pakistan in April 1982.

Middle East

Sales in the Middle East again increased despite continuing political and economic uncertainties in the region. The value of exports from the UK was 15 per cent higher than in 1981.

ASSOCIATED COMPANIES

Details of ICI's investments in its principal associated companies are given on page 35.

AECI Ltd

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

Sales by AECI increased to Rand 1,550m, but trading profit at Rand 221m showed an 8 per cent decrease in comparison with 1981, primarily as a result of the recessionary conditions in the South African economy, severe competition from imports, and increases in the cost of imported raw materials caused by the weakening in the value of the Rand. With both interest and tax rates having increased during the year, earnings per share fell by 13 per cent.

Carrington Viyella Plc

Carrington Viyella Plc is a major textile group in which ICI held a 49 per cent interest. Latest published results for the half year to 30 June 1982 showed sales of £119m and a pre-tax loss of £2 6m.

On 9 February 1983, as a result of an offer by Vantona Group Public Limited Company for the whole of the issued Ordinary shares becoming unconditional, ICI ceased to be a shareholder in Carrington Viyella and acquired a holding of just under 20 per cent in Vantona Group, since renamed Vantona Viyella Plc.

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 a world-scale ethylene, propylene and related petrochemicals plant at Corpus Christi in the USA. The partnership was affected by the severe overcapacity in the industry which was reflected in lower rates of operation than in 1981 and lower ethylene prices. This resulted in lower sales so that, despite cost savings and benefits achieved from using a wide range of feedstocks, the operation again traded at a loss.

Fiber Industries, Inc

This company, in which ICI has a 37½ per cent interest with the rest being held by Celanese Corporation, is the second largest manufacturer of polyester fibre in the USA. Volumes and prices declined sharply in the domestic market, and exports were significantly affected by the decision of the Chinese Government to suspend imports of polyester staple fibre and filament yarn during the second half of 1982. As a result of these factors, trading profits fell sharply

oxide Group PLC

Tioxide Group PLC, in which ICI has a 50 per cent interest, is a leading international company in titanium dioxide pigments During the year Tioxide further strengthened its world position by acquiring full ownership of the Spanish company, Titanio S A., in which it previously had held a 45 per cent interest.

A pre-tax profit of £7m in the first six months of 1982 showed little change from that earned in the corresponding period of 1981 under similar trading conditions, and cost reduction measures continued to be implemented

ESEARCH AND ECHNOLOGY

The Group's expenditure on Research, Development and Technical Service in 1982 was £244m (1981 £229m), of which £70m (1981 £59m) was spent overseas. ICI continues to reorient its research effort in line with the changing business situation. Considerable effort is aimed at improving the Group's immediate competitive position, but there is also a drive into high technology areas such as high performance materials, biologically active products and speciality chemicals. It is these technologies which are expected to be important new sources of profitable business in the future. They need adequate research now so that the business opportunities can be realised later. For this reason the research and development expenditure overall has been maintained at a substantial level (3·3 per cent of sales, corresponding to only a slight reduction from 1981) despite the generally difficult business climate.

For some years ICI's research and development has included substantial programmes on new inorganic materials and on high value composite materials. Several promising products are now being developed for use in specialised high technology sectors. For example, composite materials made by combining high temperature thermoplastics with strong fibres are being evaluated in aerospace applications. These composites have generated a favourable reaction in the market place because of their advantages in lower fuel costs and ease of fabrication compared with alternative materials. Again, following the introduction of the heat-resistant inorganic fibre 'Saffil', which was used in the American space shuttle, other novel inorganic materials are being tested in the market. At a time when low energy usage in manufacture is increasingly in demand, inorganic products have an intrinsic attraction. Further, the fire-resistance of inorganic materials is an added fundamental reason to explore their use in a variety of applications.

ICI has continued its policy of substantial investment in pharmaceuticals research which is conducted principally in the UK, with additional units in the USA, Australia and France. Research is directed mainly towards treatments for cancer, arthritis, systemic infections, and metabolic, gastro-intestinal and nervous disorders. In addition, further broadening and strengthening of ICI's presence in the cardio-vascular field continues, with new formulations, combinations and clinical uses for 'Inderal' and 'Tenormin' and a number of completely new cardio-vascular products under development.

Following the successful launching of the new grass herbicide 'Fusilade', for use in broad leaf crops, research continues on a highly selective soya herbicide for use alone or in combination with other herbicides. Another area of chemistry is providing a family of new fungicides for application to foliage, or as a seed dressing, in a wide variety of crops. There is also considerable interest in a novel plant growth regulator and in its use, for example, as an alternative to pruning fruit trees and for the management of amenity grass and shrubs.

New paints technology is being developed which meets a need to reduce atmospheric pollution from solvents released from paint during industrial painting processes. A novel waterborne coloured basecoat for finishing motor vehicles, which does not contain chemical solvents, is undergoing proving trials in North America and Western Europe. Improvements have also been achieved through reducing the solvent content of conventional paint systems by the development of organic microgel particles.

Process technology research is continuing in selected areas of importance. For instance, a new low cost, low energy process for the manufacture of ammonia has been developed which uses a newly formulated catalyst which permits synthesis to be carried out at low pressure. This technology will be licensed worldwide.

The use of computer technology as an aid to research in chemistry and biology is growing worldwide. ICI is amongst the leaders in applying this technology to the search for chemical products with desirable biological activity or other valuable properties which are related to chemical structure. In particular, research on new pharmaceuticals products, agricultural chemicals, dyes and other effect products has benefited from this development.

PERSONNEL

The average number of people employed by the Group in 1982 was **123,800** (1981 132,400) located in the following areas:—

	United Kingdom	Continental Western Europe	The Americas	Australasia and the Far East	Indian sub-continent	Other countries
1981	74,700	10,600	18,800	15,700	10,800	1,800
1982	**67,300**	**10,400**	**18,000**	**15,300**	**11,100**	**1,700**

ICI's policy is to staff its operations as far as possible with nationals of the relevant country whilst endeavouring to ensure that its management has appropriate international experience. At the end of 1982 the number of UK nationals working abroad was only 345. A further 230 employees of other nationalities were serving away from their own countries.

The United Kingdom

The aggregate remuneration in 1982 of Group employees in the UK was £645m (1981 £660m).

Management of change has continued to be a key task throughout the Company and considerable effort has been applied to keeping employees informed of business developments and of reasons for business decisions. Continuing change has necessitated further reduction in numbers employed which has been achieved essentially by voluntary means and by investing considerable effort in redeployment activity. The Company has at the same time maintained an intake of young people and continues to play a full part in the Manpower Services Commission's Youth Opportunities Programme.

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 with effect from 1 July 1982 by 3½ per cent, being an amount which the Pension Funds could pay without an increased rate of contributions from the Company. A second increase of 3 per cent was made with effect from 1 November 1982. In each case the full increase was applied to those who had been retired for a year or more, and smaller increases were awarded to more recently retired employees. The Company intends that future pension reviews should take place in November each year instead of in July.

The last actuarial valuations of the Pension Funds showed that they were in a satisfactory state of solvency. In order to maintain this position it was agreed, on the advice of the Actuaries, to pay special contributions to the Funds totalling £11·5m a year over three years commencing November 1982 to provide for the second pension increase made during the year. The next actuarial valuations of the Funds are due as at 31 March 1983.

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 1982 is 4·2p per £1 of remuneration (at a total cost of £23m) compared with 4·8p (£27m) for 1981.

SAFETY, HEALTH AND THE ENVIRONMENT

ICI has maintained its efforts to safeguard the health and safety of employees, to make its products safe and to ensure that the environmental consequences of its operations are acceptable to the community. The Group has continued to work closely with Governments with a view to establishing effective agreements and regulations in the fields of safety, health and the environment, both at national and international levels. Research has continued with the aim of contributing to the better understanding of some of the fundamental issues involved.

DONATIONS

Donations made by the Group in 1982 for charitable purposes in the UK amounted to £800,000 (£720,000 in 1981), of which more than half was given for higher education, particularly in the sciences and engineering at British universities. The remainder was given to a wide variety of causes, including medical research, management training, learned and scientific societies, the arts, and organizations serving the young, the elderly and the handicapped. The Company continued its policy of not making donations for political purposes.

D OF DIRECTORS

ization

It is essential that the organization and operational style of a group such as ICI are kept under close review so that appropriate changes are made, with minimum disruption, as the external environment changes and new challenges arise. In the course of 1982, the Board gave special attention to this, concentrating particularly on its own role and on the way in which the Executive Directors, now reduced in number to eight, should carry out their responsibilities. With the Board as a whole providing overall strategic direction and control of the Group, the essential task of the Executive Directors, working as a team under the leadership of the Chairman as the Company's principal executive officer, is to carry out strategic planning for the Group and to monitor progress. The day-to-day activities of the operating units are the responsibility of their Chief Executives, now acting within the framework of a new planning, budgeting and monitoring system which provides greater delegation of authority to Chief Executives and sharper accountability. As part of the new style of operating, it has been decided that only the staff required to assist the Board in its essential task should be located with the Board, in a smaller Head Office building in London, with other corporate activities being mainly carried out by, or alongside, the appropriate operating units.

ectors of the mpany during 1982

It is with great pleasure that the Directors record the honour of Knighthood conferred on Sir Robin Ibbs in The Queen's Birthday Honours for 1982 and on Sir William Duncan in the New Year Honours List for 1983.

The names of the Directors of the Company at the date of this Report are set out on page 4. With the exception of Sir Robin Ibbs, whose re-appointment to the Board was referred to in the Report for 1981, and Mr W. G. L. L. Kiep, whose appointment to the Board is referred to below, all served as Directors for the whole of 1982. In addition, Sir William Duncan and Mr R Haslam, who retired in the early part of 1983, were Directors during the whole of 1982, and Sir Maurice Hodgson and Dr A. Robertson were Directors up to their retirement on 31 March 1982.

oard changes

A tribute to Sir Maurice Hodgson was included in the Annual Report for 1981. Sir William Duncan, Mr Haslam and Dr Robertson have also served the Company with great distinction and their colleagues on the Board express warm appreciation of their notable contributions over many years to the growth of the ICI Group.

Sir William Duncan joined the Company in 1941 as a student apprentice in Nobel Division. After graduating in mechanical engineering he moved to Billingham Division in 1950 and became its Engineering Director in 1961. He joined Head Office in 1964 as General Manager—Management Services and in 1966 he was appointed President of ICI Americas Inc and was later its Chairman and Chief Executive Officer. He was appointed a Director in 1971 and elected a Deputy Chairman in 1977. As a member of the Board for more than twelve years he has played a major role in a wide range of ICI's activities, including particularly its operations in North America, the development of personnel policies and employee consultation systems, and overseeing the Group's capital investment programme.

Mr Haslam joined Nobel Division in 1947 as an explosives technical service engineer. Transferring after ten years to personnel work, he became the Division's Personnel Director in 1960 and, in 1963, Commercial Director of Plastics Division and later a Deputy Chairman of that Division. In 1969 he became a Deputy Chairman of Fibres Division and was its Chairman from 1971 until he was appointed to the Board in 1974. He was elected a Deputy Chairman in 1980. His major contributions to the Board have included distinguished service as Personnel Director for four years and more recently a leading role in the expansion of ICI's business in the Americas.

Dr Robertson began his career with the Company as a laboratory boy at Billingham in 1936 and, after graduating in chemistry, he was engaged on research until 1948. After holding a series of management posts at Billingham and in Central Personnel Department he was appointed Personnel Director of Dyestuffs Division in 1962 and became a Deputy Chairman of that Division in 1965. Before being appointed to the Board in 1975 he was for two years Chairman of Plant Protection Division. As a member of the Board he contributed notably to the growth of the Company's agricultural and plant protection businesses and to the expansion of the Group's activities in the Pacific and Far East.

The Board is also shortly to lose the services of Sir Francis Sandilands who does not intend to offer himself for re-election as a Director at the Company's Annual General Meeting on 21 April 1983. Sir Francis has been a Non-Executive Director since 1975. His deep knowledge of financial and insurance matters and his wide experience in the sphere of institutional investment have made him a valuable member of the Board and an outstanding Chairman of the ICI Pension Funds Investment Committees. His colleagues on the Board record their grateful appreciation of his helpful support and wise counsel.

One new Director has been appointed since the last Annual General Meeting of the Company. Mr W. G. L. L. Kiep, the Managing Director of Gradmann & Holler, the West German insurance group, was appointed a Director of the Company with effect from 1 July 1982 and serves in a non-executive capacity.

Directors recommended for re-election

Under Article 80, Mr W. G. L. L. Kiep (aged 57 years) retires and is recommended for re-election, together with Sir Arnold Hall (aged 67 years), Mr D. H. Henderson (aged 50 years) and Mr F. Whiteley (aged 52 years), who retire under Article 98. Sir Francis Sandilands also retires under Article 98, but does not offer himself for re-election.

Sir Arnold Hall has been a Non-Executive Director for twelve years; he is Chairman of Hawker Siddeley Group PLC. Mr D. H. Henderson has twenty-five years' service with the ICI Group, three as a Director; he is currently the Business Director for the explosives, organic chemicals, paints, pharmaceuticals and plant protection businesses. Mr F. Whiteley has twenty-seven years' service, three as a Director; he is currently Personnel Director, and also Business Director for the fibres and general chemicals businesses.

Each of the Executive Directors recommended for re-election has a service contract with the Company which is subject to termination by either party upon giving not less than 3 years' notice at any time; each contract also terminates when the age of 62 is attained, unless it is extended by agreement at the request of the Company.

Directors' remuneration

Article 86 of the Company's Articles of Association provides that each Director shall be entitled to receive remuneration for his services as Director in the sum of £2,000 per annum and that the Company in general meeting may increase such amount either for a year or longer or for an indefinite term. The figure of £2,000 has remained unchanged since the incorporation of the Company in 1926. In addition to this remuneration the Non-Executive Directors receive fees for their services on various committees, the rate for which has remained unchanged since 1980, and the Executive Directors receive salaries under their service contracts. It is now proposed that Article 86 be replaced by a new Article, and a special resolution for that purpose is set out in item 5 of the Notice of Meeting on page 40.

The intention is that the fixed remuneration paid to the Non-Executive Directors and the additional remuneration currently paid to them (the combined total of which was £76,455 for 1982) should be replaced by remuneration agreed by the Directors in accordance with the new Article, subject to the overall limit of £150,000. The Executive Directors are excluded from remuneration under the new Article, but their present level of remuneration will be maintained by merging the existing fixed sum of £2,000 per annum into their salaries. It is not expected that the full £150,000 under the new Article will be utilised in the near future; rather it is designed to provide some headroom for further increases in Non-Executive Directors' remuneration over a number of years.

The new Article makes specific provision to allow extra remuneration, when justified, to be paid in the case of any Non-Executive Director resident outside the UK.

Article 112 allows Executive Directors to receive salaries under their service contracts and an amendment is required to that Article in consequence of the exclusion of Executive Directors from remuneration under Article 86.

Directors' interests

At no time during the year has any Director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business. A statement of Directors' interests in stocks, shares and debentures of the Company and its subsidiaries is set out on page 33.

ITAL OF
COMPANY

A special resolution will be proposed at the Annual General Meeting of the Company on 21 April 1983 in order to enable the Directors to continue to exercise their existing power under the Company's Articles of Association to allot unissued shares in the capital of the Company and to allow the Directors, in certain limited circumstances described below, to allot shares for cash otherwise than pro rata to existing Ordinary stockholders; the resolution is set out in item 4 of the Notice of Meeting on page 40. Apart from some additional wording to clarify the position in respect of convertible securities, the resolution is in similar form to that which was passed at last year's Annual General Meeting following the coming into force of the relevant provisions of the Companies Act 1980. The resolution is expressed to run until 31 December 1984, but the intention, as before, is to seek to renew it and to roll it forward by one year at each future Annual General Meeting.

Paragraphs (b) and (c) of the resolution impose conditions on the Directors as to the extent to which they may allot equity shares for cash otherwise than pro rata to existing Ordinary stockholders. Paragraph (b) is required to enable the Directors, in the event of a rights issue, to continue the established practice of selling for the benefit of certain overseas stockholders the equity securities to which those stockholders are entitled and which it would be illegal or unduly costly to offer to them; 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 the last ten Annual General Meetings. The intention is that this authority would be used by the Directors if they wished to issue further Ordinary shares of the Company (or to issue or guarantee the issue of securities convertible into, or carrying the right to subscribe for, Ordinary shares of the Company) in the following circumstances:—

1 to take advantage of favourable opportunities to raise funds in international markets;

2 if placings of Ordinary Stock prove necessary or desirable in connection with 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 Stock Exchange in implementation of the Company's Listing Agreement

AUDITORS

The Auditors, Price Waterhouse and Thomson McLintock & Co, are willing to continue in office, and a resolution re-appointing them and authorizing the Directors to fix their remuneration will be submitted to the Annual General Meeting. The remuneration and expenses of the Auditors in respect of the statutory report to the members of the Company for the year 1982, provided for in the Group accounts, amount to £550,000, which was marginally lower than in 1981. The total figure for the Group was £2·9m (1981 £2·7m), 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 territories in which the subsidiaries operate.

THANKS TO EMPLOYEES

The determination of ICI's employees to overcome difficulties is a great strength of the Group. The Directors record their warm appreciation and gratitude for the way in which all employees have responded during 1982 and for their continuing support and dedication.

On behalf of the Board

Imperial Chemical House
Millbank, London SW1P 3JF

P. S. G. FLINT
Secretary

3 March 1983

(This table 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.)

Sources of income

	1982 £m	1981 £m	Percentage change
Sales	7,358	6,581	+12%
Royalties and other trading income	99	82	+21%
Less: Materials and services used	5,272	4,551	+16%
Value added by manufacturing and trading activities	2,185	2,112	+3%
Share of profits less losses of principal associated companies and income from other trade investments	39	52	
Total value added	2,224	2,164	+3%

Disposal of total value added

	Notes	1982 £m	1981 £m	Percentage change
Employees	(1)	1,444	1,362	+6%
–pay, plus pension and national insurance contributions, and severance payments		1,421	1,335	
–profit sharing bonus	(2)	23	27	
Governments	(3)	67	88	-24%
–corporate taxes		92	111	
–less: grants		25	23	
Providers of capital		283	287	–1%
–interest cost of net borrowings		146	142	
–dividends to stockholders		115	113	
–minority shareholders in subsidiaries		22	32	
Re-investment in the business	(4)	430	427	+1%
–depreciation and provisions in respect of extraordinary items		400	354	
–profit retained		30	73	
		2,224	2,164	

Notes

1 Average number of employees decreased by 6 per cent.

2 1982 UK bonus rate 4·2p per £1 of remuneration (1981 4·8p).

3 Does not include tax paid by employees on their pay. Income tax paid by UK employees under PAYE amounted to £136m in 1982 (1981 £136m).

4 Contribution towards the total spent in the year on new fixed assets, working capital and additional investments.

Accounting policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948. Group accounting policies conform with UK Accounting Standards; the following paragraphs describe the main policies. Legislation or local usage precludes some overseas subsidiaries from conforming with certain of these policies and therefore, where appropriate, adjustments are made on consolidation in order that the Group accounts are presented on a consistent basis.

Associated companies & other trade investments

An associated company is defined as a company, not being a subsidiary, in which the Group has a substantial interest and on whose commercial and financial policy decisions the Group exercises significant influence. The Group's share of the profits less losses of the principal associated companies is included in the Group profit and loss account using an accounting date coincident with that of the ICI Group company which holds the investment. The results are calculated from the latest available audited accounts adjusted to incorporate unaudited results for more recent periods. The results of other companies in which the Group has trade investments, including the smaller associated companies, are included only to the extent of dividends received or provisions for losses.

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

Depreciation

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

Estimates of asset lives cannot be made with precision and in practice a range of possible lives exists. Recognising to some extent the problem of continuing inflation, the Group has, in its historical cost accounts, adopted lives at the lower end of this range. Under the Group's policy of reviewing the remaining lives of individual assets, it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 23 years for buildings and 13 years for plant and equipment.

Depreciation on assets qualifying for investment grants or regional development grants is calculated on their full cost.

Foreign currencies

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

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the price paid for a business exceeds the values attributable to such net assets. Goodwill is written off to Group profit as an extraordinary item over a period or, if minor, on acquisition. At 31 December 1982 all goodwill had been written off.

Government grants

Investment and regional development grants are credited to trading profit over a period approximating to the life of the qualifying assets. The grants shown in the balance sheets consist of the total grants receivable to date less the amounts so far credited to profits.

Oil accounting

(a) Concessions, exploration and development

Expenditure on acquiring, exploring for and developing oil reserves is, in general, capitalised and depreciated over the life of the wells on the basis of the rate of production. However, immediate write-offs are made in the following circumstances:

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

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

The foregoing method is known as the 'successful efforts' basis.

(b) Oil taxation

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

Supplementary petroleum duty is charged against trading profit as it arises.

Pension funding

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

Plant closures and staff reductions

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

Research and development

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

Stock valuation

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

Taxation

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

Advance corporation tax payable on dividends paid or provided for a year is included in the tax charge for that year to the extent that it cannot be recovered against current corporation or oil tax liabilities on that or a prior year's profits. Credit is taken for advance corporation tax charged in previous years when it can be recovered against tax liabilities.

For the year ended 31 December 1982

	Notes	1982 £m	1981 £m
Sales to external customers		7,358	6,581
Trading profit	(2)	366	425
Share of profits less losses of principal associated companies and income from other trade investments	(3)	39	52
Interest and financing costs less income	(4)	(146)	(142)
Profit before taxation		259	335
Taxation	(5)	(92)	(111)
Profit after taxation		167	224
Attributable to minorities		(22)	(32)
Profit attributable to parent company before extraordinary items		145	192
Extraordinary items	(6)	—	(6)
Profit attributable to parent company after extraordinary items		145	186
Dividends	(7)	(115)	(113)
Profit retained for year		30	73
Earnings before extraordinary items per £1 Ordinary stock	(8)	24·2p	32·3p

Reserves attributable to parent company

	Notes	1982 £m	1981 £m
At beginning of year		2,352	2,138
Profit retained for year		30	73
Amounts taken direct to reserves		61	141
At end of year	(9)	2,443	2,352

At 31 December 1982

Assets employed

	Notes	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Fixed assets	(10)	**3,422**	3,342	**1,346**	1,441
Interests in subsidiaries	(11)			**1,162**	900
Trade investments	(12)	**403**	433	**45**	77
Net current assets	(13)	**1,554**	1,436	**80**	124
Stocks		1,377	1,253	577	574
Debtors		1,499	1,391	93	68
Liquid resources		595	719	113	44
Current assets		3,471	3,363	783	686
Creditors		1,386	1,338	507	512
Short-term borrowings		531	589	196	50
Current liabilities		1,917	1,927	703	562
		5,379	5,211	**2,633**	2,542

Financed by

	Notes	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Capital and reserves					
Attributable to parent company:					
Issued capital	(14)	**612**	603	**612**	603
Reserves	(9)	**2,443**	2,352	**1,577**	1,481
		3,055	2,955	**2,189**	2,084
Attributable to minorities		**362**	336		
		3,417	3,291		
Grants not yet credited to profit		**203**	211	**139**	154
Deferred liabilities	(15)	**223**	212	**66**	89
Loans	(16)	**1,536**	1,497	**239**	215
		5,379	5,211	**2,633**	2,542

The accounts on pages 25 to 38 were approved by the Board of Directors on 3 March 1983 and were signed on its behalf by:

J. H. HARVEY-JONES
A. W. CLEMENTS } Directors

C. J. CROWE, Treasurer

For the year ended 31 December 1982

	Notes	Group 1982	Group 1981
Source of funds		£m	£m
Funds generated from operations		366	425
Trading profit		400	348
Depreciation		58	67
Petroleum revenue tax provided but not yet paid	(i)	(6)	58
Government grants		39	31
Dividends and interest from associated companies	(ii)	(5)	23
Miscellaneous items, including exchange			
Total generated from operations		852	952
Less: interest and taxation paid during year		(245)	(224)
Interest		(146)	(136)
Taxation		(99)	(88)
Net funds generated from operations		607	728
Application of funds			
New fixed assets		292	411
Disposal of fixed assets		(25)	(15)
Acquisitions and new investment	(iii)	94	37
Disposal of subsidiaries and investments	(iii)	(29)	(12)
Additional working capital		111	239
Stocks		26	100
Debtors		39	225
Creditors (excluding dividends, taxation and petroleum revenue tax)		46	(86)
Dividends paid during year		135	101
Parent company (previous year final and current year interim)		113	84
Subsidiaries to minority shareholders		22	17
Total funds applied		578	761
Surplus (deficit) representing changes in external finance		29	(33)
External finance			
Increased investment of minorities in subsidiaries		5	3
Issues of ICI Ordinary stock		26	2
Reduction in advance proceeds from oil sales		(23)	(19)
Loan stocks and other non-current borrowings repaid (less new borrowings)		(103)	(18)
Sale and leaseback of fixed assets		—	49
Decrease in net liquid resources	(ii)	66	16
Total external finance		(29)	33

Notes

(i) In 1982 grants credited to profit exceeded grants received; in 1981 grants received exceeded credits to profit.

(ii) The movement in net liquid resources represents the difference between amounts shown in the opening and closing balance sheets. Liquid resources decreased by £124m (1981 £279m increase); short-term borrowings decreased by £58m (£295m increase).

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

(iii) Acquisitions and new investment in 1982 comprised:

	£m
Fixed assets	49
Goodwill	3
Trade investments	32
Net current assets	50
Deferred liabilities	(19)
Loans	(12)
Total	103
Less: attributable to shareholdings already owned	(9)
	94

New ICI Ordinary stock was issued to discharge £7m of the cost of acquisitions. New investment in 1981 comprised £4m in respect of subsidiaries and £33m in respect of trade investments.

Disposals in 1982 comprised subsidiaries £8m and trade investments £21m (1981 £7m minority shareholdings in subsidiaries and £5m trade investments).

(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 324 at 31 December 1982 Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 108 subsidiaries make up their accounts to dates earlier than 31 December, but not earlier than 30 September.

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

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

2 Trading profit

	1982 £m	1981 £m
Trading profit comprises:		
Sales	7,358	6,581
Royalty and other income	99	82
Government grants	25	23
Cost of sales exclusive of depreciation	(5,386)	(4,704)
Depreciation	(400)	(348)
Selling, general and administrative expenses	(1,307)	(1,182)
Employees' profit-sharing bonus	(23)	(27)
	366	425

	1982	1981
The following amounts have been charged in arriving at trading profit:		
Audit fees and expenses	2·9	2·7
Expenditure on research, development and technical service	244	229
Hire of plant	95	79
Pension fund contributions, pensions and gratuities (including severance payments 1982 £44m; 1981 £51m)	206	204
Petroleum revenue tax and supplementary petroleum duty	183	127

3 Share of profits less losses of principal associated companies and income from other trade investments

	1982	1981
Share of profits less losses of principal associated companies*	36	51
Income from other trade investments		
– listed	1	1
– unlisted	13	11
Net losses on disposals of and provisions in respect of investments	(11)	(11)
	39	52

*Dividends and interest from principal associated companies were £17m (1981 £17m) from listed companies and £9m (£10m) from unlisted companies. (The proportion of AECI Ltd held indirectly and classified as unlisted in 1981 has been reclassified as listed and 1981 figures have been restated).

4 Interest and financing costs less income

	1982	1981
Interest – loans wholly repayable within 5 years	46	37
– loans not wholly repayable within 5 years	89	92
– bank overdrafts	23	18
Other interest and financing costs	69	65
Income from redeemable securities	(7)	(9)
Interest on short-term deposits	(74)	(61)
	146	142

5 Taxation

	1982 £m		1981 £m	
ICI Group				
United Kingdom taxation				
Corporation tax	105		138	
Double taxation relief	(30)		(23)	
Deferred taxation adjustment	7		(38)	
Advance corporation tax (net)	(58)	24	(36)	41
Overseas taxation				
Overseas taxes	54		55	
Deferred taxation adjustment	5	59	2	57
Total ICI Group		83		98
Principal associated companies		9		13
		92		111

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

In the UK the depreciation charge exceeded the capital allowances utilised in both 1982 and 1981 and consequently there was no benefit to the UK tax charge from accelerated capital allowances.

The net UK corporation tax charge, after double taxation relief, largely results from the taxation on UK oil trade profits. Tax relief from other parts of the Group cannot be used to extinguish this charge. A substantial part of the total advance corporation tax credit is related to taxes payable on oil trade profits.

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

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Accounted for at balance sheet date				
Timing differences on UK capital allowances and depreciation in future years	35	35	22	22
Miscellaneous timing differences	(3)	(8)	—	—
	32	27	22	22
Corporation tax effect of deferred petroleum revenue tax provision	(71)	(78)	—	—
	(39)	(51)	22	22
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged, less losses	646	700	513	560
Advance corporation tax	(43)	(101)	(43)	(101)
Miscellaneous timing differences	7	5	(24)	(31)
	610	604	446	428
Total	571	553	468	450

6 Extraordinary items

There were no extraordinary items in 1982 (1981 £6m in respect of ICI's equity share of extraordinary items provided by Carrington Viyella Plc).

7 Dividends

	1982 £m	1981 £m
5 per cent (now 3.5 per cent plus tax credit) Cumulative Preference stock (dividends for both years were £0.3m)	—	—
Ordinary stock Interim 9.0p (1981 9.0p) per £1 unit	54	54
Second interim 10.0p (1981 10.0p) per £1 unit	61	59
	115	113

The interim dividend was paid on 8 October 1982 and the second interim dividend, to be confirmed as final, is payable on 2 April 1983.

8 Earnings per £1 Ordinary stock

	1982	1981
Earnings for Ordinary stockholders, before extraordinary items	145	192
Average Ordinary stock in issue during year, weighted on a time basis	598	594
Earnings before extraordinary items per £1 Ordinary stock	24·2p	32·3p

The effect on earnings per £1 Ordinary stock of (a) full conversion of outstanding convertible bonds of a subsidiary and (b) issue of shares under option (see Note 14) would not be material.

9 Reserves

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
At beginning of year	2,352	2,138	1,481	1,462
Profit (loss) retained for year –	30	73		
By Company	(54)	(114)	(54)	(114)
By subsidiaries	83	173		
In principal associated companies	1	14		
Amounts taken direct to reserves –				
Share premiums	17	1	17	1
Exchange adjustments –	83	92	133	132
Interests in overseas subsidiaries and associated companies	147	169	136	139
Fixed assets	21	33	—	—
Investments and other items	46	64		
Net current assets			1	3
Loans	(131)	(174)	(4)	(10)
Other movements (mainly reversal in 1982 of a 1981 revaluation surplus in respect of fixed assets of a principal associated company)	(39)	48	—	—
At end of year	2,443	2,352	1,577	1,481

Group reserves are those attributable to the parent company

Of the exchange adjustments taken to Group reserves, an increase of £86m (1981 £125m) arose on consolidation from retranslating the net investment in overseas subsidiaries and associated companies at closing rates of exchange, and a loss of £3m (£33m) arose on external loans in the accounts of individual companies.

Reserves at the end of the year included share premiums amounting to £366m (1981 £349m); the major part of the other reserves of the Company are capable of being distributed.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiaries or principal associated companies; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. Group reserves included £117m (1981 £161m) in respect of principal associated companies; the movement in 1982 comprised £1m retained profits, £3m exchange adjustments less £48m other movements.

10 Fixed assets

	Land and buildings			Plant and equipment			Total
	Cost or as revalued £m	Depreciation £m	Net book value £m	Cost or as revalued £m	Depreciation £m	Net book value £m	Net book value £m
Group							
At beginning of year	998	323	675	4,741	2,074	2,667	3,342
Exchange adjustments	68	21	47	196	76	120	167
New subsidiaries	6		6	43		43	49
Capital expenditure	39		39	253		253	292
Disposals and other movements	(30)	(28)	(2)	(229)	(203)	(26)	(28)
Depreciation for year		49	(49)		351	(351)	(400)
At end of year	1,081	365	716	5,004	2,298	2,706	3,422
Company							
At beginning of year	353	156	197	2,570	1,326	1,244	1,441
Capital expenditure	9		9	126		126	135
Disposals and other movements	(15)	(13)	(2)	(213)	(194)	(19)	(21)
Depreciation for year		13	(13)		196	(196)	(209)
At end of year	347	156	191	2,483	1,328	1,155	1,346

The net book value of Group fixed assets at the end of the year included:	1982 £m	1981 £m
Fixed assets under construction, excluding oil assets	241	261
Oil concessions, exploration and development expenditure	244	275
Revalued assets – land and buildings	185	183
– plant and equipment	118	127

Land and buildings comprised:	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Land	194	185	11	11
Buildings	887	813	336	342
	1,081	998	347	353
Freeholds	992	910	335	341
Long leases (over 50 years unexpired)	31	29	11	11
Short leases	58	59	1	1
	1,081	998	347	353

11 Interests in subsidiaries

	1982 £m	1981 £m
Shares at cost less amounts provided	892	753
Scrip issues capitalised	29	26
Book value of shares*	921	779
Amounts owed by subsidiaries	1,083	851
Amounts owed to subsidiaries*	(842)	(730)
	1,162	900

*The amounts owed to dormant subsidiaries (£92m) have been set off against the book value of the corresponding investments.

Information relating to the principal subsidiaries is given on page 34.

12 Trade investments

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Principal associated companies				
Share of equity	336	354		
Loans	3	12		
Equity at cost less amounts provided			31	47
Scrip issues capitalised			—	4
	339	366	31	51

Information relating to the principal associated companies is given on page 35.

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Other trade investments				
Equity and loans at cost less amounts provided	62	64	13	24
Scrip issues capitalised	2	3	1	2
	64	67	14	26
Total	403	433	45	77
The division of the above between listed and unlisted investments is:				
Listed equity	171	147	14	19
Unlisted equity	221	268	30	58
Loans	11	18	1	—
	403	433	45	77
Market value of listed equity	287	332	14	18

(The proportion of AECI Ltd held indirectly and classified as unlisted in 1981 has been reclassified as listed and 1981 figures have been restated.)

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
The following information is given in respect of the investments in unlisted equity				
Amount included in ICI profit before taxation	8	20	14	6
ICI share of profits less losses for period of latest audited accounts received				
Before taxation	12	13	14	17
After taxation	5	(1)	9	10
ICI share of aggregate undistributed profits less losses since acquisition (including amounts capitalised)	89	134	75	146
Aggregate amounts provided by ICI in respect of losses since acquisition	69	79	12	34

13 Net current assets

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Stocks				
Finished goods	795	709	309	304
Raw materials and other stocks	582	544	268	270
	1,377	1,253	577	574

Debtors

A wholly owned subsidiary has acquired trade debts from the parent company and certain other wholly owned subsidiaries under factoring agreements. Debts so acquired and outstanding at the balance sheet date amounted to £432m (1981 £417m) and are included in Group debtors.

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Liquid resources				
Redeemable securities, at cost	49	45	—	—
Short-term deposits	474	595	112	43
Cash	72	79	1	1
	595	719	113	44
Market value of redeemable securities	53	43	—	—
Creditors				
Trade and other creditors	1,184	1,101	446	453
Dividends to Ordinary stockholders	61	59	61	59
Taxation	141	178	—	—
	1,386	1,338	507	512
Short-term borrowings				
Bank borrowings – secured	32	24	—	—
– unsecured	152	134	36	50
Other short-term borrowings	347	431	160	—
	531	589	196	50

14 Capital of parent company

	Authorized £m	Issued 1982 £m	Issued 1981 £m
5 per cent (now 3·5 per cent plus tax credit) Cumulative Preference stock (£1 units)	9	9	9
Ordinary stock (£1 units)	604	603	594
Unclassified shares (£1 each)	112	—	—
	725	612	603

Ordinary stock was issued during the year in respect of the Employees' Profit-Sharing Scheme £7m and acquisitions £2m.

Options to subscribe for Ordinary shares of £1 outstanding at 31 December 1982 under the Company's share option schemes were:

Number of shares	Subscription price	Last date when options exercisable
2,557,882	£2·69	31 March 1987
1,544,913	£2·86	31 March 1988
1,978,599	£3·20	31 January 1986
2,440,000	£3·55	18 March 1987
310,000	£3·55	17 September 1987
577,000	£3·55	18 March 1988
310,000	£3·55	17 March 1989

Options granted to directors, included above, are shown on page 33.

15 Deferred liabilities

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Advance proceeds from oil sales (Note 17)	44	67	44	67
Deferred taxation	97	99	22	22
Petroleum revenue tax	136	150	—	—
Corporation tax thereon	(71)	(78)	—	—
Other tax (Note 5)	32	27	22	22
Oilfield abandonment costs	21	10	—	—
Employee benefits	61	36	—	—
	223	212	66	89

16 Loans

	Repayment Dates	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Secured loans					
Sterling	1983/96	4	3	—	—
Foreign currencies					
Australian Dollars (6¾ to 13½ per cent)	1983/2006	122	127	—	—
Others (5½ to 22¼ per cent)	1983/98	70	49	—	—
Total secured loans		196	179	—	—
Unsecured loans					
Sterling					
7¼ to 8 per cent stocks	1986/93	119	119	119	119
10¾ per cent stock	1991/96	43	43	43	43
5½ per cent stock	1994/2004	26	26	26	26
Others	1983/99	53	27	38	11
		241	215	226	199
Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)	1984/89	146	231	—	—
Foreign currencies					
US Dollars					
Euro-dollar bonds (6½ to 8¼ per cent)	1983/92	69	75	—	3
US Dollar bonds (8⅛ to 11 per cent)	1983/2003	232	197	—	—
Convertible Euro-dollar bonds* (6¾ per cent)	1997	17	15	—	—
Loans (7½ to 12½ per cent)	1983/2005	188	167	6	5
Others	1983/98	27	31	7	8
		533	485	13	16
Swiss Francs (3½ to 7¼ per cent)	1983/94	135	125	—	—
Deutsche Marks (6½ to 8⅛ per cent)	1983/92	121	112	—	—
Dutch Florins (5¼ to 9 per cent)	1983/91	39	41	—	—
Canadian Dollars (5⅝ to 14½ per cent)	1983/96	79	70	—	—
Others (6½ to 18 per cent)	1983/89	46	39	—	—
		953	872	13	16
Total unsecured loans		1,340	1,318	239	215
Total loans		1,536	1,497	239	215
Loans or instalments thereof are repayable within periods from balance sheet date of:					
Less than one year		119	52	3	5
From one to two years		192	115	22	2
From two to five years		409	412	26	18
Over five years		816	918	188	190
		1,536	1,497	239	215
Amount included above in respect of loans wholly repayable within five years		522	338	50	19

*Unless previously redeemed these bonds are convertible until 1 September 1997 into Ordinary stock of the Company at a conversion price, subject to adjustment in certain events, of 460 pence per £1 of Ordinary stock (with a fixed rate of exchange applicable upon conversion of the bonds of US$1·7423 = £1).

17 Ninian oilfield – advance proceeds from oil sales

At 31 December 1982 the Group had an approximate 18 per cent interest in the Ninian oilfield in the UK sector of the North Sea, on which it had incurred capital expenditure of £313m (1981 £310m). Financing for part of this expenditure has been arranged from banks as advance payments for a portion of the Group's share of the oil to be extracted. Discharge of the liability by way of deliveries of oil (to be re-purchased by the Group) will be completed by 1986. Should the oil sales proceeds be insufficient to meet the Group's obligations under the arrangements deficiencies will be payable in cash. The advance payments, net of amounts discharged, totalled £44m at 31 December 1982 (£67m) and are included in deferred liabilities in the Company and Group balance sheets; of this, £23m relates to oil deliveries undertaken to be made in 1983.

18 Commitments and contingent liabilities

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Capital expenditure (including acquisition of share and loan capital in subsidiary and other companies):				
Contracts placed for future expenditure	97	83	25	20
Expenditure authorized but not yet contracted	241	316	117	106
	338	399	142	126

Contingent liabilities existed at 31 December 1982 in connection with guarantees and uncalled capital relating to subsidiary and other companies, guarantees relating to Pension Funds, including the solvency of Pension Funds, and other guarantees and contingencies arising in the ordinary course of business.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1982 would be £144m (1981 £141m) for the Group, including £111m (1981 £96m) 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 £1,209m (1981 £1,471m).

In 1980, 1981 and 1982 the Company agreed to make special payments aggregating £34m 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 1982 the instalments still to be paid totalled £58m.

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 fifteen years are £336m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

19 Emoluments of directors and employees

The total emoluments of the directors of the Company for the year comprised fees £56,000 (1981 £50,000) and other emoluments £1,411,000 (£1,350,000 excluding £22,000 waived). Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £3,222,000 (£2,242,000).

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).

19 Emoluments of directors and employees (continued)

Emoluments £	Directors 1982	Directors 1981	Employees 1982	Employees 1981
1 - 5,000	1	2		
5,001 - 10,000	1	—		
10,001 - 15,000	5	5		
25,001 - 30,000	1	—		
30,001 - 35,000	—	—	173	165
35,001 - 40,000	1	—	101	109
40,001 - 45,000	—	—	60	50
45,001 - 50,000	—	—	35	19
50,001 - 55,000	—	—	14	13
55,001 - 60,000	—	—	10	6
60,001 - 65,000	—	—	12	3
65,001 - 70,000	—	—	—	7
70,001 - 75,000	—	—	4	2
75,001 - 80,000	—	—	4	3
80,001 - 85,000	1	—	2	—
85,001 - 90,000	—	—	2	—
90,001 - 95,000	—	3	1	—
95,001 - 100,000	1	3	—	1
100,001 - 105,000	2	—		
105,001 - 110,000	1	—		
110,001 - 115,000	1	1		
115,001 - 120,000	—	1		
135,001 - 140,000	2	—		
140,001 - 145,000	1	1		
160,001 - 165,000	—	1		

Four of the directors whose emoluments are shown above were directors for part of the year only (3 in 1981).

Two directors served as Chairman during the year, their emoluments whilst serving in that capacity being:

	1982 £	1981 £
Sir Maurice Hodgson (up to 31 March 1982)	37,618	140,907
J. H. Harvey-Jones (from 1 April 1982)	112,957	

20 Directors' interests in stocks, shares and debentures

The interests at 31 December 1982 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 1982 (or, if appointed during 1982, at their date of appointment) are shown in brackets where these differ from the holdings at the year end. Non-beneficial interests are indicated by an asterisk. There were no changes in the period 1 January 1983 to 9 February 1983 apart from the disposal of the non-beneficial interest marked†.

	ICI Ordinary stock £	ICI Ordinary shares under option
A. W. Clements	3,043	68,579
Sir William Duncan	3,304 *630	— (85,000)
Sir Arnold Hall	562	
P. G. Harvey	1,998 (1,268)	85,000
J. H Harvey-Jones	1,367	— (85,000)
R. Haslam	2,800	68,000
D. H. Henderson	2,100	68,000
Sir Robin Ibbs	2,112	
Sir Alex Jarratt	562 *118	
W G L L. Kiep	500 (nil)	
Sir Patrick Meaney	1,325	
Sir Jeremy Morse	1,819 *1,334†	
C. H Reece	2,785	68,000
Sir Francis Sandilands	562 *3,500	
N B Smith	1,220	69,397 (68,579)
Lord Thomson	500	
F Whiteley	562 (2,731)	

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

The options to subscribe for Ordinary shares were granted in 1980, 1981 and 1982 for not more than seven years Except as mentioned below, the options were granted under the terms of the Company's senior staff share option scheme and the price to be paid for the shares is 355p per share. The exceptions are options granted under the Company's savings-related share option scheme to Mr A. W. Clements to subscribe for 579 shares at 269p per share, and to Dr N B. Smith to subscribe for 579 shares at 269p per share and 818 shares at 286p per share.

Beneficial interests in ICI unsecured loan stocks are held by the undermentioned Directors.

P. G. Harvey	£150	8 per cent stock
Sir Robin Ibbs	£1,000	5½ per cent stock
	£200	7¼ per cent stock
	£[illegible]50	8 per cent stock
Sir Patrick Meaney	£2[illegible]0	8 per cent stock

21 Other statutory information

Included in debtors are interest-free loans totalling £184,804 (1981 £197,349) to officers of the Company, comprising £35,000 in total to three directors and £149,804 in total to six 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 at the end of the year, which were also the maximum amounts during the year, were £10,000 each from Sir Robin Ibbs and Dr C. H. Reece and £15,000 from Mr D. H. Henderson (the same as at the beginning of the year). The loans to the other officers were mainly in respect of housing loans

The arrangements reported in the accounts for 1981 in respect of a freehold house purchased jointly by Dr N. B. Smith and the Company in 1979 and a leasehold flat purchased jointly by Mr D. H. Henderson and the Company in 1980 continued until 29 October and 31 December 1982 respectively. On those dates, under the authority given by the Annual General Meeting on 22 April 1982, the Company's interests in the properties were sold to the directors concerned. The sales realised £155,000 in the case of the house (cost to the Company £135,996) and £50,000 in the case of the flat (cost to the Company £50,000). The price paid by Dr Smith was the relevant proportion of the independently determined open market value of the property at the date of sale; the price paid by Mr Henderson was the cost to the Company, which exceeded the relevant proportion of the independently determined open market value at the date of sale.

31 December 1982

Company and country of principal operations and registration or incorporation		Class of capital	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)				
Deutsche ICI GmbH	West Germany	Ordinary	93 7†	Manufacture of nylon and polyester fibres, paints, pharmaceuticals, chlorine and plastics; merchanting of other ICI products
ICI Finance PLC	England	Ordinary	100	Financial services
I.C.I. France SA	France	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchanting of other ICI products
ICI Holland BV	Holland	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchanting of other ICI products
ICI Petroleum Ltd	England	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd	England	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd	Scotland	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC	Scotland	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
The Americas (accounting dates 31 December)				
C-I-L Inc	Canada	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment, paints and plastics
Duperial S.A.I.C.	Argentina	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchanting of ICI and other products
ICI Americas Inc	USA	Common	100†	Manufacture of pharmaceuticals, dyes, petrochemicals, plastics and other chemicals; merchanting of other ICI products
Other countries (accounting dates 30 September)				
Chemical Company of Malaysia Berhad	Malaysia	Ordinary*	50	Manufacture of fertilizers, agricultural chemicals and chlorine products
Chemicals and Fibres of India Ltd	India	Ordinary*	55	Manufacture of polyester fibre
ICI Australia Ltd	Australia	Ordinary*	62†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints, plastics and pharmaceuticals
I.C.I. (Malaysia) Sdn Berhad	Malaysia	Ordinary	70	Merchanting of ICI and other products; manufacture of paints
ICI (South Africa) Ltd	Republic of South Africa	Ordinary	100	Merchanting of ICI and other products; manufacture of zip fasteners and pharmaceuticals; holding company
Indian Explosives Ltd	India	Ordinary*	50	Manufacture of fertilizers and industrial explosives and accessories
The Alkali and Chemical Corporation of India, Ltd	India	Ordinary*	51	Manufacture of chemicals, paints, polyethylene, rubber chemicals, pharmaceuticals and agricultural chemicals

*Listed
†Held by subsidiaries

31 December 1982

Company and country of principal operations and registration or incorporation		Issued share and loan capital at date of latest available audited accounts: Class of capital	£m	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)					
Carrington Viyella Plc (ICI's holding was exchanged in 1983 for shares in Vantona Viyella Plc, in which ICI's holding becomes just under 20 per cent.)	England	Ordinary*	45	49	Manufacture of textiles
		Preference	10	—	
		Loan	43	—	
Phillips-Imperial Petroleum Ltd	England	Ordinary	—	50	Oil refining
Tioxide Group PLC (ICI's 50 per cent shareholding was transferred to a subsidiary company in 1982.)	England	Ordinary	31	50	Manufacture of titanium pigments
		Preference	1	—	
		Loan	33	—	
The Americas (accounting dates 31 December)					
Corpus Christi Petrochemical Company	USA	Partners' capital	107	37½†	Manufacture of olefines
		Loan	296	—	
Fiber Industries, Inc	USA	Common	51	37½	Manufacture of man-made fibres
		Loan	28	—	
Other countries (accounting dates for ICI Group accounts 30 September)					
AECI Ltd (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)	Republic of South Africa	Ordinary*	89	38†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints and plastics
		Preference	3	—	
		Loan	100	—	
Consolidated Fertilizers Ltd	Australia	Ordinary	28	45†	Manufacture of fertilizers
		Shareholders' subordinated loan	11	32†	
		Loan	20	—	

*Listed
†Held by subsidiaries

for the year ended 31 December 1982

1981 £m	1981 restated in 1982 £'s £m		1982 £m	1982 Percentages of profits to related average assets	1981
6,581	7,147	**Sales**	7,358		
111	121	**Trading profit** (Note 3)	159	2·5%	2·0%
27	29	Share of profits less losses of principal associated companies and income from other trade investments	20		
138	150	**Profit before financing costs and taxation**	179	2·4%	2·0%
(54)	(59)	**Interest and other financial items**	(80)		
(142)	(154)	As in historical cost accounts	(146)		
88	95	Gearing adjustment (Note 4)	66		
84	91	**Profit before taxation** (Note 4)	99	**Pence per £1 Ordinary stock**	
(111)	(121)	Taxation	(92)		
(14)	(15)	Minority interests	(4)		
(41)	(45)	**Profit (loss) attributable to parent company** (Note 4)	3	0·5p	(6·9p)
(6)	(6)	Extraordinary items	—		
(47)	(51)	**Profit (loss) attributable to parent company after extraordinary items** (Note 4)	3	0·5p	(7·9p)
(113)	(123)	Dividends	(115)	19·0p	19·0p
(160)	(174)	**Deficit met from reserves**	(112)		
(221)	(240)	**Deficit met from reserves under ICI's gearing method** (Note 4)	(158)		

Notes relating to the CCA results

1 Accounting basis

The accounts prepared on a Current Cost Accounting (CCA) basis include allowance for the impact of price changes on the funds needed to carry on the business and maintain its operating capability. Under the provisions of Statement of Standard Accounting Practice No. 16 (SSAP16) this is achieved by making adjustments to the holding values of assets employed and to the historical cost trading profit to take into account the current levels of construction costs and of raw materials and other operating costs. The profit before taxation further includes a gearing adjustment which represents the inflationary benefit to the stockholders from loan finance, and partially offsets the cost of loan interest. The presentation of the accounts has been designed to separate trading items from items associated with finance and to demonstrate the relationship between the profit and loss account and the balance sheet (see also Note 4 - gearing adjustment)

The accounting policies adopted in the historical cost accounts, set out on page 25, apply also to the CCA accounts, except for modifications required to comply with SSAP 16.

In order to provide a more useful comparison between 1981 and 1982 the results for 1981 have been shown both in 1981 £'s and re-stated in 1982 £'s. For this purpose the movement of 8·6 per cent in the average UK retail price index between 1981 and 1982 has been taken to represent the general rate of inflation.

2 Current cost adjustments

The bases for the current cost adjustments are:

(a) Fixed assets and depreciation–
(i) In general, indices of the cost of chemical plant. In view of the low level of activity in the chemical plant construction industry in Europe, leading to very competitive prices from contractors, it has been considered appropriate not to apply any index for inflation to values of chemical plant in Europe in 1982; these therefore continue to be stated at end 1981 price levels.
(ii) Asset lives which are approximately one third longer than those applied in the historical cost accounts (see page 25).

Balance sheet at 31 December 1982

1982 £m		1981 restated in 1982 £'s £m	1981 £m
	Assets employed		
5,409	Fixed assets excluding those under construction (Note 5)	5,717	5,264
(628)	Government grants (Note 2)	(737)	(679)
4,781		4,980	4,585
1,415	Stocks	1,410	1,298
1,460	Trading debtors	1,478	1,361
(1,101)	Trading creditors	(1,098)	(1,011)
6,555	**Net assets employed in manufacturing and trading activities**	6,770	6,233
224	Fixed assets under construction, less capital creditors	286	264
810	Trade investments	717	660
7,589	**Total investment**	7,773	7,157
	Financed by		
9	Preference share capital	10	9
1,536	Loans	1,626	1,497
44	Advance proceeds from oil sales	72	67
(64)	Liquid resources less short-term borrowings	(141)	(130)
341	Taxation and other non-trading provisions (net)	376	346
1,866	**Total non-equity finance**	1,943	1,789
519	**Capital and reserves attributable to minorities**	517	476
5,204	**Capital and reserves attributable to Ordinary stockholders**	5,313	4,892
603	Issued capital	645	594
4,540	Reserves (Note 6)	4,604	4,239
61	Provision for second interim dividend	64	59
7,589		7,773	7,157

2 Current cost adjustments (continued)

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 the cost of sales adjustment – 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 modified in the same way as fixed assets; grants have been brought into profits over the lives adopted for CCA accounts. In the balance sheet a deduction is made from fixed assets in respect of the current value of grants attributable to the residual value of the assets

3 Trading profit

Current cost adjustments reduced the historical cost trading profit as shown below:

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
Trading profit – historical cost accounts	**366**	462	425
Cost of sales adjustment	**(57)**	(129)	(119)
Monetary working capital adjustment	**(12)**	(56)	(52)
Supplementary depreciation	**(179)**	(201)	(185)
Indexation of government grants	**41**	45	42
Trading profit – current cost accounts	**159**	121	111

The amounts of depreciation charged and government grants credited in the current cost accounts were:

	1982	1981 restated in 1982 £'s	1981
Depreciation	**579**	579	533
Government grants	**66**	71	65

4 Gearing adjustment

The gearing percentage, being the proportion of average non-equity finance to average total investment, was 24·8% (1981 24·5%). Under SSAP16 the gearing adjustment in respect of fixed assets is related to the charge for supplementary depreciation (after making allowance for the difference between historical and CCA asset lives). The adjustment thus excludes revaluation surpluses not yet treated as realised. ICI believes that this results in mis-stating the amount by which the interests of the equity stockholders have been affected by loan and other external financing, the interest on which has been charged against profits.

Under ICI's method, the gearing adjustment represents the total holding gains less losses for the year on assets effectively financed by borrowings less cash. The exchange gains or losses on the non-sterling part of these net borrowings are then added to or deducted from the adjustment; in the event that the forthcoming UK accounting standard on foreign currency translation contains concepts on matching borrowings and assets which do not accord with this treatment, some future modification of the method may be appropriate.

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
The cost of interest and other financial items calculated in accordance with ICI's method would be:			
As in historical cost accounts	**(146)**	(154)	(142)
Gearing adjustment	**164**	244	225
Exchange losses on financial items	**(141)**	(204)	(188)
Current cost accounts–ICI's method	**(123)**	(114)	(105)
On this basis results would be:			
Profit before taxation	**56**	36	33
Loss attributable to the parent company:			
before extraordinary items	**(43)**	(111)	(102)
after extraordinary items	**(43)**	(117)	(108)
Deficit met from reserves	**(158)**	(240)	(221)

5 Fixed assets

	31 December 1982 Gross £m	Depreciation £m	Net £m	1981 restated in 1982 £'s Net £m	1981 Net £m
Land and buildings	2,415	1,075	**1,340**	1,389	1,279
Plant and machinery	10,774	6,458	**4,316**	4,655	4,286
	13,189	7,533	**5,656**	6,044	5,565
Under construction	(247)		**(247)**	(327)	(301)
	12,942	7,533	**5,409**	5,717	5,264

ICI's fixed assets in these CCA accounts are in general stated at replacement cost. In those businesses currently incurring substantial trading losses there is inevitably uncertainty as to whether or when such values will be recovered in full, and as to whether such assets would all be replaced. However, the current strategic intention is to pursue positive policies leading to restoration of profitable operations, and accordingly no provision has been made.

6 Reserves

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
At beginning of year	**4,239**	4,186	3,854
Inflation and exchange adjustments	**399**	582	536
Revaluation surplus on:			
Fixed assets	**102**	268	247
Government grants	**2**	(30)	(28)
Investments	**163**	71	65
Stocks	**41**	133	123
Monetary working capital adjustment	**11**	53	49
Gearing adjustment	**(60)**	(89)	(82)
Exchange adjustments	**140**	176	162
Deficit for year	**(112)**	(174)	(160)
Share premiums	**17**	1	1
Other movements	**(3)**	9	8
At end of year	**4,540**	4,604	4,239

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 25 to 38 in accordance with approved auditing standards.

In our opinion the financial statements on pages 25 to 35, 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 1982 and of the results and source and application 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 1982 on pages 36 to 38 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.

PRICE WATERHOUSE
THOMSON McLINTOCK & CO
Chartered Accountants

London 3 March 1983

For the years ended 31 December

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
					£m					
Assets employed										
Fixed assets	1,185	1,233	1,425	1,733	1,876	2,299	2,770	3,115	3,342	3,422
Trade investments	244	258	302	365	345	362	332	335	433	403
Net current assets	699	906	1,006	1,406	1,433	1,349	1,351	1,237	1,436	1,554
Total assets employed	**2,128**	**2,397**	**2,733**	**3,504**	**3,654**	**4,010**	**4,453**	**4,687**	**5,211**	**5,379**
Financed by										
Ordinary capital of ICI	480	486	494	559	564	570	581	593	594	603
Group reserves attributable to ICI Ordinary stockholders	615	806	934	1,249	1,679	1,874	2,208	2,138	2,352	2,443
ICI Ordinary stockholders' interest	**1,095**	**1,292**	**1,428**	**1,808**	**2,243**	**2,444**	**2,789**	**2,731**	**2,946**	**3,046**
Minority interests and preference capital of ICI	165	187	203	243	204	236	232	279	345	371
Deferred taxation (Note 1)	115	174	212	308	—	—	—	—	—	—
Grants not yet credited to profit	81	77	80	85	89	120	157	183	211	203
Deferred liabilities	—	—	—	26	74	126	130	187	212	223
Loans	672	667	810	1,034	1,044	1,084	1,145	1,307	1,497	1,536
Total funds invested	**2,128**	**2,397**	**2,733**	**3,504**	**3,654**	**4,010**	**4,453**	**4,687**	**5,211**	**5,379**
Sales, profits and reserves										
Sales (external) — UK	942	1,199	1,314	1,616	1,868	1,800	2,232	2,399	2,575	2,848
— Overseas	1,224	1,756	1,815	2,519	2,795	2,733	3,136	3,316	4,006	4,510
— Total	**2,166**	**2,955**	**3,129**	**4,135**	**4,663**	**4,533**	**5,368**	**5,715**	**6,581**	**7,358**
Trading profit (after depreciation)	**311**	**461**	**325**	**514**	**545**	**497**	**634**	**332**	**425**	**366**
Depreciation	157	169	182	205	221	225	248	291	348	400
Profits less losses from trade investments	39	50	34	43	41	41	59	62	52	39
Profit before loan interest and taxation	359	534	372	579	619	575	695	395	464	394
Profit before taxation	**310**	**484**	**315**	**504**	**534**	**483**	**613**	**284**	**335**	**259**
Taxation (Note 1)	145	220	148	236	158	123	123	123	111	92
Profit after taxation	165	264	167	268	376	360	490	161	224	167
Profit attributable to ICI before extraordinary items	**146**	**241**	**148**	**242**	**342**	**332**	**457**	**130**	**192**	**145**
Extraordinary items	15	(5)	(1)	(46)	(29)	(3)	(16)	(150)	(6)	—
Profit (loss) attributable to ICI after extraordinary items	**161**	**236**	**147**	**196**	**313**	**329**	**441**	**(20)**	**186**	**145**
Net dividends	50	54	59	83	93	105	134	101	113	115
Profit (loss) retained, transferred to reserves	111	182	88	113	220	224	307	(121)	73	30
Amounts credited (charged) direct to reserves	56	9	40	202	(39)	(29)	27	51	141	61
Earnings and dividends (in pence) per £1 Ordinary stock (Note 2)										
Earnings, before extraordinary items	30·0	49·1	29·7	45·2	60·9	58·6	79·2	22·1	32·3	24·2
Dividends	10·1	10·9	11·6	14·8	16·5	18·5	23·0	17·0	19·0	19·0
Dividends grossed up for imputed tax credit	14·5	16·3	17·9	22·7	25·0	27·6	32·9	24·3	27·1	27·1
Profit before loan interest and taxation, as a percentage of average assets employed	18·0	23·6	14·5	18·6	17·3	15·0	16·4	8·6	9·4	7·4

Notes 1 Deferred taxation for the years 1973 to 1976 has not been recalculated on the basis of the present accounting policy, set out on page 25, the cumulative amount of the prior years' adjustment at 1 January 1977 was £249m. From 1977 onwards deferred taxation is included in deferred liabilities

2 Earnings and dividends per £1 Ordinary stock have been adjusted to give effect to the bonus element in the rights issue made in 1976

Notice is hereby given that the fifty-sixth Annual General Meeting of Imperial Chemical Industries PLC will be held at the Royal Garden Hotel, Kensington High Street, London W8, on Thursday, 21 April 1983 at 11.00 a.m., for the following purposes:–

1. To consider the Company's Accounts and the Reports of the Directors and Auditors for the year ended 31 December 1982, and to confirm dividends

2. To elect Directors in place of those retiring (see page 22).

3. To appoint Auditors, and to authorize the Directors to fix the remuneration of the Auditors (see page 23).

4. To consider and, if thought fit, pass the following Resolution as a Special Resolution:–

'That the Directors of the Company be and are hereby generally authorized and empowered for the purposes of Section 14 and pursuant to Section 18 of the Companies Act 1980 during the period expiring on 31 December 1984 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 for the Company to make or for those Ordinary stockholders to accept an offer of equity securities of the Company, the equity securities to which they would otherwise be entitled; and

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

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

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

And that the foregoing shall be in substitution for the authority conferred on the Directors of the Company in that regard at the Annual General Meeting of the Company held on 22 April 1982.'

(Note: For an explanation of this Resolution, see page 23)

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

'That Article 86 of the Company's Articles of Association be and is hereby deleted and that the following new Article be and is hereby substituted therefor –

"86 The Directors other than those holding full-time salaried employment in the Company shall be entitled to remuneration for their services as Directors in such amount as the Board of Directors may determine not exceeding in aggregate £150,000 per annum (or such higher amount as may from time to time be determined by the Company by Ordinary Resolution) and such remuneration shall be apportioned amongst them as the Board of Directors may agree. In addition to the foregoing, any Director resident outside the United Kingdom and not holding full-time salaried employment in the Company may be paid such extra remuneration as the Board of Directors may determine."

And that Article 112 of the Company's Articles of Association be and is hereby amended by deleting the words:–

"", in addition to any remuneration for the time being paid to him under Article 86 for his services as a Director,"'.

(Note: For an explanation of this Resolution, see page 22)

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

9 March 1983

Imperial Chemical House, Millbank, London SW1P 3JF

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

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

The following information, which is available for inspection during business hours at the Company's Transfer Office, Imperial Chemical House, Millbank, London SW1P 3JL, will, on the day of the Annual General Meeting, be available for inspection at the Royal Garden Hotel, Kensington High Street, London W8, 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

About 460,000 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.

Printed in England [illegible]

Accounting policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948. Group accounting policies conform with UK Accounting Standards; the following paragraphs describe the main policies. Legislation or local usage precludes some overseas subsidiaries from conforming with certain of these policies and therefore, where appropriate, adjustments are made on consolidation in order that the Group accounts are presented on a consistent basis.

Associated companies & other trade investments

An associated company is defined as a company, not being a subsidiary, in which the Group has a substantial interest and on whose commercial and financial policy decisions the Group exercises significant influence. The Group's share of the profits less losses of the principal associated companies is included in the Group profit and loss account using an accounting date coincident with that of the ICI Group company which holds the investment. The results are calculated from the latest available audited accounts adjusted to incorporate unaudited results for more recent periods. The results of other companies in which the Group has trade investments, including the smaller associated companies, are included only to the extent of dividends received or provisions for losses.

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

Depreciation

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

Estimates of asset lives cannot be made with precision and in practice a range of possible lives exists. Recognising to some extent the problem of continuing inflation, the Group has, in its historical cost accounts, adopted lives at the lower end of this range. Under the Group's policy of reviewing the remaining lives of individual assets, it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 23 years for buildings and 13 years for plant and equipment.

Depreciation on assets qualifying for investment grants or regional development grants is calculated on their full cost.

Foreign currencies

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

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the price paid for a business exceeds the values attributable to such net assets. Goodwill is written off to Group profit as an extraordinary item over a period or, if minor, on acquisition. At 31 December 1982 all goodwill had been written off.

Government grants

Investment and regional development grants are credited to trading profit over a period approximating to the life of the qualifying assets. The grants shown in the balance sheets consist of the total grants receivable to date less the amounts so far credited to profits.

Oil accounting

(a) Concessions, exploration and development

Expenditure on acquiring, exploring for and developing oil reserves is, in general, capitalised and depreciated over the life of the wells on the basis of the rate of production. However, immediate write-offs are made in the following circumstances:

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

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

The foregoing method is known as the 'successful efforts' basis.

(b) Oil taxation

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

Supplementary petroleum duty is charged against trading profit as it arises.

Pension funding

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

Plant closures and staff reductions

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

Research and development

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

Stock valuation

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

Taxation

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

Advance corporation tax payable on dividends paid or provided for a year is included in the tax charge for that year to the extent that it cannot be recovered against current corporation or oil tax liabilities on that or a prior year's profits. Credit is taken for advance corporation tax charged in previous years when it can be recovered against tax liabilities.

[illegible]

For the year ended 31 December 1982

	Notes	1982 £m	1981 £m
Sales to external customers		7,35	6,581
Trading profit	(2)	366	425
Share of profits less losses of principal associated companies and income from other trade investments	(3)	39	52
Interest and financing costs less income	(4)	(146)	(142)
Profit before taxation		259	335
Taxation	(5)	(92)	(111)
Profit after taxation		167	224
Attributable to minorities		(22)	(32)
Profit attributable to parent company before extraordinary items		145	192
Extraordinary items	(6)	—	(6)
Profit attributable to parent company after extraordinary items		145	186
Dividends	(7)	(115)	(113)
Profit retained for year		30	73
Earnings before extraordinary items per £1 Ordinary stock	(8)	24·2p	32·3p

Reserves attributable to parent company

	Notes	1982	1981
At beginning of year		2,352	2,138
Profit retained for year		30	73
Amounts taken direct to reserves		61	141
At end of year	(9)	2,443	2,352

Balance sheets (historical cost)
At 31 December 1982

	Notes	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Assets employed					
Fixed assets	(10)	3,422	3,342	1,346	1,441
Interests in subsidiaries	(11)			1,162	900
Trade investments	(12)	403	433	45	77
Net current assets	(13)	1,554	1,436	80	124
Stocks		1,377	1,253	577	574
Debtors		1,499	1,391	93	68
Liquid resources		595	719	113	44
Current assets		3,471	3,363	783	686
Creditors		1,386	1,338	507	512
Short-term borrowings		531	589	196	50
Current liabilities		1,917	1,927	703	562
		5,379	5,211	2,633	2,542
Financed by					
Capital and reserves					
Attributable to parent company:					
Issued capital	(14)	612	603	612	603
Reserves	(9)	2,443	2,352	1,577	1,481
		3,055	2,955	2,189	2,084
Attributable to minorities		362	336		
		3,417	3,291		
Grants not yet credited to profit		203	211	139	154
Deferred liabilities	(15)	223	212	66	89
Loans	(16)	1,536	1,497	239	215
		5,379	5,211	2,633	2,542

The accounts on pages 25 to 38 were approved by the Board of Directors on 3 March 1983 and were signed on its behalf by:

J. H. Harvey-Jones
A W Clements } Directors

C. L. Crown Treasurer

Statement of source and application of funds

For the year ended 31 December 1982

	Notes	Group 1982	1981
		£m	£m
Source of funds			
Funds generated from operations			
Trading profit		366	425
Depreciation		400	348
Petroleum revenue tax provided but not yet paid		58	67
Government grants	(i)	(6)	58
Dividends and interest from associated companies		39	31
Miscellaneous items, including exchange	(ii)	(5)	23
Total generated from operations		852	952
Less: interest and taxation paid during year		(245)	(224)
Interest		(146)	(136)
Taxation		(99)	(88)
Net funds generated from operations		607	728
Application of funds			
New fixed assets		292	411
Disposal of fixed assets		(25)	(15)
Acquisitions and new investment	(iii)	94	37
Disposal of subsidiaries and investments	(iii)	(29)	(12)
Additional working capital		111	239
Stocks		26	100
Debtors		39	225
Creditors (excluding dividends, taxation and petroleum revenue tax)		46	(86)
Dividends paid during year		135	101
Parent company (previous year final and current year interim)		113	84
Subsidiaries to minority shareholders		22	17
Total funds applied		578	761
Surplus (deficit) representing changes in external finance		29	(33)
External finance			
Increased investment of minorities in subsidiaries		5	3
Issues of ICI Ordinary stock		26	2
Reduction in advance proceeds from oil sales		(23)	(19)
Loan stocks and other non-current borrowings repaid (less new borrowings)		(103)	(18)
Sale and leaseback of fixed assets		—	49
Decrease in net liquid resources	(ii)	66	16
Total external finance		(29)	33

Notes

(i) In 1982 grants credited to profit exceeded grants received; in 1981 grants received exceeded credits to profit.

(ii) The movement in net liquid resources represents the difference between amounts shown in the opening and closing balance sheets. Liquid resources decreased by £124m (1981 £279m increase); short-term borrowings decreased by £58m (£295m increase).

Movements in other items do not correspond to the change in balance sheet amounts, due to the effects of acquisitions and disposals of subsidiaries and retranslating opening currency balances of overseas subsidiaries at closing exchange rates

(iii) Acquisitions and new investment in 1982 comprised:

	£m
Fixed assets	49
Goodwill	3
Trade investments	32
Net current assets	50
Deferred liabilities	(19)
Loans	(12)
Total	103
Less: attributable to shareholdings already owned	(9)
	94

New ICI Ordinary stock was issued to discharge £7m of the cost of acquisitions. New investment in 1981 comprised £4m in respect of subsidiaries and £33m in respect of trade investments.

Disposals in 1982 comprised subsidiaries £8m and trade investments £21m (1981 £7m minority shareholdings in subsidiaries and £5m trade investments).

(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 324 at 31 December 1982. Owing to local conditions and to avoid undue delay in the presentation of the Group accounts, 108 subsidiaries make up their accounts to dates earlier than 31 December, but not earlier than 30 September.

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

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

2 Trading profit

	1982 £m	1981 £m
Trading profit comprises:		
Sales	7,358	6,581
Royalty and other income	99	82
Government grants	25	23
Cost of sales exclusive of depreciation	(5,386)	(4,704)
Depreciation	(400)	(348)
Selling, general and administrative expenses	(1,307)	(1,182)
Employees' profit-sharing bonus	(23)	(27)
	366	425

	1982 £m	1981 £m
The following amounts have been charged in arriving at trading profit:		
Audit fees and expenses	2·9	2·7
Expenditure on research, development and technical service	244	229
Hire of plant	95	79
Pension fund contributions, pensions and gratuities (including severance payments 1982 £44m; 1981 £51m)	206	204
Petroleum revenue tax and supplementary petroleum duty.	183	127

3 Share of profits less losses of principal associated companies and income from other trade investments

	1982 £m	1981 £m
Share of profits less losses of principal associated companies*	36	51
Income from other trade investments		
– listed	1	1
– unlisted	13	11
Net losses on disposals of and provisions in respect of investments	(11)	(11)
	39	52

*Dividends and interest from principal associated companies were £17m (1981 £17m) from listed companies and £9m (£10m) from unlisted companies. (The proportion of AECI Ltd held indirectly and classified as unlisted in 1981 has been reclassified as listed and 1981 figures have been restated).

4 Interest and financing costs less income

	1982 £m	1981 £m
Interest – loans wholly repayable within 5 years	46	37
– loans not wholly repayable within 5 years	89	92
– bank overdrafts	23	18
Other interest and financing costs	69	65
Income from redeemable securities	(7)	(9)
Interest on short-term deposits	(74)	(61)
	146	142

5 Taxation

	1982 £m		1981 £m	
ICI Group				
United Kingdom taxation				
Corporation tax	105		138	
Double taxation relief	(30)		(23)	
Deferred taxation adjustment	7		(38)	
Advance corporation tax (net)	(58)	24	(36)	41
Overseas taxation				
Overseas taxes	54		55	
Deferred taxation adjustment	5	59	2	57
Total ICI Group		83		98
Principal associated companies		9		13
		92		111

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

In the UK the depreciation charge exceeded the capital allowances utilised in both 1982 and 1981 and consequently there was no benefit to the UK tax charge from accelerated capital allowances.

The net UK corporation tax charge, after double taxation relief, largely results from the taxation on UK oil trade profits. Tax relief from other parts of the Group cannot be used to extinguish this charge. A substantial part of the total advance corporation tax credit is related to taxes payable on oil trade profits.

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

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Accounted for at balance sheet date				
Timing differences on UK capital allowances and depreciation in future years	35	35	22	22
Miscellaneous timing differences	(3)	(8)	—	—
	32	27	22	22
Corporation tax effect of deferred petroleum revenue tax provision	(71)	(78)	—	—
	(39)	(51)	22	22
Not accounted for at balance sheet date				
UK capital allowances utilised in excess of depreciation charged, less losses	646	700	513	560
Advance corporation tax	(43)	(101)	(43)	(101)
Miscellaneous timing differences	7	5	(24)	(31)
	610	604	446	428
Total	571	553	468	450

6 Extraordinary items

There were no extraordinary items in 1982 (1981 £6m in respect of ICI's equity share of extraordinary items provided by Carrington Viyella Plc).

7 Dividends

	1982 £m	1981 £m
5 per cent (now 3·5 per cent plus tax credit) Cumulative Preference stock (dividends for both years were £0·3m)	—	—
Ordinary stock: Interim 9·0p (1981 9·0p) per £1 unit	54	54
Second interim 10·0p (1981 10·0p) per £1 unit	61	59
	115	113

The interim dividend was paid on 8 October 1982 and the second interim dividend, to be confirmed as final, is payable on 2 April 1983.

8 Earnings per £1 Ordinary stock

	1982	1981
Earnings for Ordinary stockholders, before extraordinary items	145	192
Average Ordinary stock in issue during year, weighted on a time basis	598	594
Earnings before extraordinary items per £1 Ordinary stock	24·2p	32·3p

The effect on earnings per £1 Ordinary stock of (a) full conversion of outstanding convertible bonds of a subsidiary and (b) issue of shares under option (see Note 14) would not be material.

9 Reserves

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
At beginning of year	2,352	2,138	1,481	1,462
Profit (loss) retained for year –	30	73		
By Company	(54)	(114)	(54)	(114)
By subsidiaries	83	173		
In principal associated companies	1	14		
Amounts taken direct to reserves –				
Share premiums	17	1	17	1
Exchange adjustments –	83	92	133	132
Interests in overseas subsidiaries and associated companies			136	139
Fixed assets	147	169	—	—
Investments and other items	21	33		
Net current assets	46	64	1	3
Loans	(131)	(174)	(4)	(10)
Other movements (mainly reversal in 1982 of a 1981 revaluation surplus in respect of fixed assets of a principal associated company)	(39)	48	—	—
At end of year	2,443	2,352	1,577	1,481

Group reserves are those attributable to the parent company.

Of the exchange adjustments taken to Group reserves, an increase of £86m (1981 £125m) arose on consolidation from retranslating the net investment in overseas subsidiaries and associated companies at closing rates of exchange, and a loss of £3m (£33m) arose on external loans in the accounts of individual companies.

Reserves at the end of the year included share premiums amounting to £366m (1981 £349m); the major part of the other reserves of the Company are capable of being distributed.

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiaries or principal associated companies; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. Group reserves included £117m (1981 £161m) in respect of principal associated companies; the movement in 1982 comprised £1m retained profits, £3m exchange adjustments less £48m other movements.

10 Fixed assets

	Land and buildings			Plant and equipment			Total
	Cost or as revalued £m	Depreciation £m	Net book value £m	Cost or as revalued £m	Depreciation £m	Net book value £m	Net book value £m
Group							
At beginning of year	998	323	675	4,741	2,074	2,667	3,342
Exchange adjustments	68	21	47	196	76	120	167
New subsidiaries	6		6	43		43	49
Capital expenditure	39		39	253		253	292
Disposals and other movements	(30)	(28)	(2)	(229)	(203)	(26)	(28)
Depreciation for year		49	(49)		351	(351)	(400)
At end of year	1,081	365	713	5,004	2,298	2,706	3,422
Company							
At beginning of year	353	156	197	2,570	1,326	1,244	1,441
Capital expenditure	9		9	126		126	135
Disposals and other movements	(15)	(13)	(2)	(213)	(194)	(19)	(21)
Depreciation for year		13	(13)		196	(196)	(209)
At end of year	347	156	191	2,483	1,328	1,155	1,346

	1982 £m	1981 £m
The net book value of Group fixed assets at the end of the year included:		
Fixed assets under construction, excluding oil assets	241	261
Oil concessions, exploration and development expenditure	244	275
Revalued assets – land and buildings	185	183
– plant and equipment	118	127

Land and buildings comprised:	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Land	194	185	11	11
Buildings	887	813	336	342
	1,081	998	347	353
Freeholds	992	910	335	341
Long leases (over 50 years unexpired)	31	29	11	11
Short leases	58	59	1	1
	1,081	998	347	353

11 Interests in subsidiaries

	1982 £m	1981 £m
Shares at cost less amounts provided	892	753
Scrip issues capitalised	29	26
Book value of shares*	921	779
Amounts owed by subsidiaries	1,083	851
Amounts owed to subsidiaries*	(842)	(730)
	1,162	900

*The amounts owed to dormant subsidiaries (£92m) have been set off against the book value of the corresponding investments.

Information relating to the principal subsidiaries is given on page 34.

12 Trade investments

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Principal associated companies				
Share of equity	336	354		
Loans	3	12		
Equity at cost less amounts provided			31	47
Scrip issues capitalised			—	4
	339	366	31	51

Information relating to the principal associated companies is given on page 35.

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Other trade investments				
Equity and loans at cost less amounts provided	62	64	13	24
Scrip issues capitalised	2	3	1	2
	64	67	14	26
Total	403	433	45	77
The division of the above between listed and unlisted investments is:				
Listed equity	171	147	14	19
Unlisted equity	221	268	30	58
Loans	11	18	1	—
	403	433	45	77
Market value of listed equity	287	332	14	18

(The proportion of AECI Ltd held indirectly and classified as unlisted in 1981 has been reclassified as listed and 1981 figures have been restated.)

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
The following information is given in respect of the investments in unlisted equity:				
Amount included in ICI profit before taxation	8	20	14	6
ICI share of profits less losses for period of latest audited accounts received:				
Before taxation	12	13	14	17
After taxation	5	(1)	9	10
ICI share of aggregate undistributed profits less losses since acquisition (including amounts capitalised)	89	134	75	146
Aggregate amounts provided by ICI in respect of losses since acquisition	69	79	12	34

13 Net current assets

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Stocks				
Finished goods	795	709	309	304
Raw materials and other stocks	582	544	268	270
	1,377	1,253	577	574

Debtors

A wholly owned subsidiary has acquired trade debts from the parent company and certain other wholly owned subsidiaries under factoring agreements. Debts so acquired and outstanding at the balance sheet date amounted to £432m (1981 £417m) and are included in Group debtors.

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Liquid resources				
Redeemable securities, at cost	49	45	—	—
Short-term deposits	474	595	112	43
Cash	72	79	1	1
	595	719	113	44
Market value of redeemable securities	53	43	—	—
Creditors				
Trade and other creditors	1,184	1,101	446	453
Dividends to Ordinary stockholders	61	59	61	59
Taxation	141	178	—	—
	1,386	1,338	507	512
Short-term borrowings				
Bank borrowings – secured	32	24	—	—
– unsecured	152	134	36	50
Other short-term borrowings	347	431	160	—
	531	589	196	50

14 Capital of parent company

	Authorized £m	Issued 1982 £m	Issued 1981 £m
5 per cent (now 3·5 per cent plus tax credit) Cumulative Preference stock (£1 units)	9	9	9
Ordinary stock (£1 units)	604	603	594
Unclassified shares (£1 each)	112	—	—
	725	612	603

Ordinary stock was issued during the year in respect of the Employees' Profit-Sharing Scheme £7m and acquisitions £2m.

Options to subscribe for Ordinary shares of £1 outstanding at 31 December 1982 under the Company's share option schemes were:

Number of shares	Subscription price	Last date when options exercisable
2,557,882	£2·69	31 March 1987
1,544,913	£2·86	31 March 1988
1,978,599	£3·20	31 January 1986
2,440,000	£3·55	18 March 1987
310,000	£3·55	17 September 1987
577,000	£3·55	18 March 1988
310,000	£3·55	17 March 1989

Options granted to directors, included above, are shown on page 33.

15 Deferred liabilities

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Advance proceeds from oil sales (Note 17)	44	67	44	67
Deferred taxation	97	99	22	22
Petroleum revenue tax	136	150	—	—
Corporation tax thereon	(71)	(78)	—	—
Other tax (Note 5)	32	27	22	22
Oilfield abandonment costs	21	10	—	—
Employee benefits	61	36	—	—
	223	212	66	89

16 Loans

	Repayment Dates	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Secured loans					
Sterling	1983/96	4	3	—	—
Foreign currencies					
Australian Dollars (6¾ to 13½ per cent)	1983/2006	122	127	—	—
Others (5½ to 22¼ per cent)	1983/98	70	49	—	—
Total secured loans		196	179	—	—
Unsecured loans					
Sterling					
7¼ to 8 per cent stocks	1986/93	119	119	119	119
10¾ per cent stock	1991/96	43	43	43	43
5½ per cent stock	1994/2004	26	26	26	26
Others	1983/99	53	27	38	11
		241	215	226	199
Multi-currency credit facility (variable interest; repayable and redrawable at borrower's option)	1984/89	146	231	—	—
Foreign currencies					
US Dollars					
Euro-dollar bonds (6½ to 8¼ per cent)	1983/92	69	75	—	3
US Dollar bonds (6⅞ to 11 per cent)	1983/2003	232	197	—	—
Convertible Euro-dollar bonds* (6¾ per cent)	1997	17	15	—	—
Loans (7½ to 12½ per cent)	1983/2005	188	167	6	5
Others	1983/98	27	31	7	8
		533	485	13	16
Swiss Francs (3½ to 7¼ per cent)	1983/94	135	125	—	—
Deutsche Marks (6½ to 8⅛ per cent)	1983/92	121	112	—	—
Dutch Florins (5¼ to 9 per cent)	1983/91	39	41	—	—
Canadian Dollars (5¾ to 14½ per cent)	1983/96	79	70	—	—
Others (6½ to 18 per cent)	1983/89	46	39	—	—
		953	872	13	16
Total unsecured loans		1,340	1,318	239	215
Total loans		1,536	1,497	239	215

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Loans or instalments thereof are repayable within periods from balance sheet date of:				
Less than one year	119	52	3	5
From one to two years	192	115	22	2
From two to five years	409	412	26	18
Over five years	816	918	188	190
	1,536	1,497	239	215
Amount included above in respect of loans wholly repayable within five years	522	338	50	19

*Unless previously redeemed these bonds are convertible until 1 September 1997 into Ordinary stock of the Company at a conversion price, subject to adjustment in certain events, of 460 pence per £1 of Ordinary stock (with a fixed rate of exchange applicable upon conversion of the bonds of US$1·7423 = £1).

17 Ninian oilfield – advance proceeds from oil sales

At 31 December 1982 the Group had an approximate 18 per cent interest in the Ninian oilfield in the UK sector of the North Sea, on which it had incurred capital expenditure of £313m (1981 £310m). Financing for part of this expenditure has been arranged from banks as advance payments for a portion of the Group's share of the oil to be extracted. Discharge of the liability by way of deliveries of oil (to be re-purchased by the Group) will be completed by 1986. Should the oil sales proceeds be insufficient to meet the Group's obligations under the arrangements, deficiencies will be payable in cash. The advance payments, net of amounts discharged, totalled £44m at 31 December 1982 (£67m) and are included in deferred liabilities in the Company and Group balance sheets; of this, £23m relates to oil deliveries undertaken to be made in 1983.

18 Commitments and contingent liabilities

	Group 1982 £m	Group 1981 £m	Company 1982 £m	Company 1981 £m
Capital expenditure (including acquisition of share and loan capital in subsidiary and other companies):				
Contracts placed for future expenditure	97	83	25	20
Expenditure authorized but not yet contracted	241	316	117	106
	338	399	142	126

Contingent liabilities existed at 31 December 1982 in connection with guarantees and uncalled capital relating to subsidiary and other companies, guarantees relating to Pension Funds, including the solvency of Pension Funds, and other guarantees and contingencies arising in the ordinary course of business.

The maximum liability in respect of guarantees and uncalled capital at 31 December 1982 would be £144m (1981 £141m) for the Group, including £111m (1981 £96m) 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 £1,209m (1981 £1,471m).

In 1980, 1981 and 1982 the Company agreed to make special payments aggregating £34m 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 1982 the instalments still to be paid totalled £58m.

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 fifteen years are £336m. Commitments also exist in respect of certain leasing arrangements entered into by the Company and by other subsidiaries.

19 Emoluments of directors and employees

The total emoluments of the directors of the Company for the year comprised fees £56,000 (1981 £50,000) and other emoluments £1,411,000 (£1,350,000 excluding £22,000 waived). Pensions, commutations of pensions and gratuities in respect of executive service of former directors amounted to £3,222,000 (£2,242,000).
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).

19 Emoluments of directors and employees (continued)

Emoluments £	Directors 1982	Directors 1981	Employees 1982	Employees 1981
1 – 5,000	1	2		
5,001 – 10,000	1	—		
10,001 – 15,000	5	5		
25,001 – 30,000	1	—		
30,001 – 35,000	—	—	173	165
35,001 – 40,000	1	—	101	109
40,001 – 45,000	—	—	60	50
45,001 – 50,000	—	—	35	19
50,001 – 55,000	—	—	14	13
55,001 – 60,000	—	—	10	6
60,001 – 65,000	—	—	12	3
65,001 – 70,000	—	—	—	7
70,001 – 75,000	—	—	4	2
75,001 – 80,000	—	—	4	3
80,001 – 85,000	1	—	2	—
85,001 – 90,000	—	—	2	—
90,001 – 95,000	—	3	1	—
95,001 – 100 000	1	3	—	1
100,001 – 105 000	2	—		
105 001 – 110,000	1	—		
110 001 – 115,000	1	1		
115,001 – 120,000	—	1		
135,001 – 140,000	2	—		
140,001 – 145,000	1	1		
160,001 – 165,000	—	1		

Four of the directors whose emoluments are shown above were directors for part of the year only (3 in 1981).

Two directors served as Chairman during the year, their emoluments whilst serving in that capacity being:

	1982 £	1981 £
Sir Maurice Hodgson (up to 31 March 1982)	37,618	140,907
J. H. Harvey-Jones (from 1 April 1982)	112,95-	

20 Directors' interests in stocks, shares and debentures

The interests at 31 December 1982 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 1982 (or, if appointed during 1982, at their date of appointment) are shown in brackets where these differ from the holdings at the year end. Non-beneficial interests are indicated by an asterisk. There were no changes in the period 1 January 1983 to 9 February 1983 apart from the disposal of the non-beneficial interest marked†.

	ICI Ordinary stock £	ICI Ordinary shares under option
A. W. Clements	3,043	68,579
Sir William Duncan	3,304	— (85,000)
	*630	
Sir Arnold Hall	562	
P. G. Harvey	1,998 (1,268)	
J. H. Harvey-Jones	1,367	85,000
		— (85,000)
R. Haslam	2,800	
D. H. Henderson	2,100	68,000
Sir Robin Ibbs	2,112	68,000
Sir Alex Jarratt	562	
	*118	
W. G. L. L. Kiep	500 (nil)	
Sir Patrick Meaney	1,325	
Sir Jeremy Morse	1,819	
	*1,334†	
C. H. Reece	2,785	68,000
Sir Francis Sandilands	562	
	*3,500	
N. B. Smith	1,220	69,397 (68,579)
Lord Thomson	500	
F. Whiteley	3,552 (2,731)	

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

The options to subscribe for Ordinary shares were granted in 1980, 1981 and 1982 for not more than seven years. Except as mentioned below, the options were granted under the terms of the Company's senior staff share option scheme and the price to be paid for the shares is 355p per share. The exceptions are options granted under the Company's savings-related share option scheme to Mr A. W. Clements to subscribe for 579 shares at 269p per share, and to Dr N. B. Smith to subscribe for 579 shares at 269p per share and 818 shares at 286p per share.

Beneficial interests in ICI unsecured loan stocks are held by the undermentioned Directors:

P. G. Harvey	£150	8 per cent stock
Sir Robin Ibbs	£1,000	5½ per cent stock
	£200	7¼ per cent stock
	£350	8 per cent stock
Sir Patrick Meaney	£200	8 per cent stock

21 Other statutory information

Included in debtors are interest-free loans totalling £184,804 (1981 £197,349) to officers of the Company, comprising £35,000 in total to three directors and £149,804 in total to six 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 at the end of the year, which were also the maximum amounts during the year, were £10,000 each from Sir Robin Ibbs and Dr C. H. Reece and £15,000 from Mr D. H. Henderson (the same as at the beginning of the year). The loans to the other officers were mainly in respect of housing loans.

The arrangements reported in the accounts for 1981 in respect of a freehold house purchased jointly by Dr N. B. Smith and the Company in 1979 and a leasehold flat purchased jointly by Mr D. H. Henderson and the Company in 1980 continued until 29 October and 31 December 1982 respectively. On those dates, under the authority given by the Annual General Meeting on 22 April 1982, the Company's interests in the properties were sold to the directors concerned. The sales realised £155,000 in the case of the house (cost to the Company £135,996) and £50,000 in the case of the flat (cost to the Company £50,000). The price paid by Dr Smith was the relevant proportion of the independently determined open market value of the property at the date of sale; the price paid by Mr Henderson was the cost to the Company, which exceeded the relevant proportion of the independently determined open market value at the date of sale.

31 December 1982

Company and country of principal operations and registration or incorporation		Class of capital	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)				
Deutsche ICI GmbH	West Germany	Ordinary	93 7†	Manufacture of nylon and polyester fibres, paints, pharmaceuticals, chlorine and plastics; merchanting of other ICI products
ICI Finance PLC	England	Ordinary	100	Financial services
I.C.I. France SA	France	Ordinary	100	Manufacture of plasticisers and pharmaceuticals; merchanting of other ICI products
ICI Holland BV	Holland	Ordinary	100	Manufacture of bulk and speciality plastics, nylon and polyester polymers and polyurethane chemicals; merchanting of other ICI products
ICI Petroleum Ltd	England	Ordinary	100	Petroleum exploration, production, processing and trading
Imperial Chemicals Insurance Ltd	England	Ordinary	100†	Insurance
Nobel's Explosives Co Ltd	Scotland	Ordinary	100	Manufacture of industrial explosives and accessories
Scottish Agricultural Industries PLC	Scotland	Ordinary*	62	Manufacture of fertilizers and feeding stuffs; agricultural merchants
The Americas (accounting dates 31 December)				
C-I-L Inc	Canada	Common*	73†	Manufacture of chemicals, fertilizers, industrial explosives, mining equipment, paints and plastics
Duperial S.A.I.C.	Argentina	Ordinary	100	Manufacture of chemicals, plastics and sporting ammunition; merchanting of ICI and other products
ICI Americas Inc	USA	Common	100†	Manufacture of pharmaceuticals, dyes, petrochemicals, plastics and other chemicals; merchanting of other ICI products
Other countries (accounting dates 30 September)				
Chemical Company of Malaysia Berhad	Malaysia	Ordinary*	50	Manufacture of fertilizers, agricultural chemicals and chlorine products
Chemicals and Fibres of India Ltd	India	Ordinary*	55	Manufacture of polyester fibre
ICI Australia Ltd	Australia	Ordinary*	62†	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints, plastics and pharmaceuticals
I.C.I. (Malaysia) Sdn Berhad	Malaysia	Ordinary	70	Merchanting of ICI and other products; manufacture of paints
ICI (South Africa) Ltd	Republic of South Africa	Ordinary	100	Merchanting of ICI and other products; manufacture of zip fasteners and pharmaceuticals; holding company
Indian Explosives Ltd	India	Ordinary*	50	Manufacture of fertilizers and industrial explosives and accessories
The Alkali and Chemical Corporation of India, Ltd	India	Ordinary*	51	Manufacture of chemicals, paints, polyethylene, rubber chemicals, pharmaceuticals and agricultural chemicals

*Listed
†Held by subsidiaries

Principal associated companies

31 December 1982

Company and country of principal operations and registration or incorporation		Issued share and loan capital at date of latest available audited accounts: Class of capital	£m	Percentage held by ICI	Principal activities
Europe (accounting dates 31 December)					
Carrington Viyella Plc (ICI's holding was exchanged in 1983 for shares in Vantona Viyella Plc, in which ICI's holding becomes just under 20 per cent.)	England	Ordinary* Preference Loan	45 10 43	49 — —	Manufacture of textiles
Phillips-Imperial Petroleum Ltd	England	Ordinary	—	50	Oil refining
Tioxide Group PLC (ICI's 50 per cent shareholding was transferred to a subsidiary company in 1982.)	England	Ordinary Preference Loan	31 1 33	50 — —	Manufacture of titanium pigments
The Americas (accounting dates 31 December)					
Corpus Christi Petrochemical Company	USA	Partners' capital Loan	107 296	37½† —	Manufacture of olefines
Fiber Industries, Inc	USA	Common Loan	51 28	37½ —	Manufacture of man-made fibres
Other countries (accounting dates for ICI Group accounts 30 September)					
AECI Ltd (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.)	Republic of South Africa	Ordinary* Preference Loan	89 3 100	38† — —	Manufacture of chemicals, fertilizers, fibres, industrial explosives, paints and plastics
Consolidated Fertilizers Ltd	Australia	Ordinary Shareholders' subordinated loan Loan	28 11 20	45† 32† —	Manufacture of fertilizers

*Listed

Profit and loss account

for the year ended 31 December 1982

1981 £m	1981 restated in 1982 £'s £m		1982 £m	1982 Percentages of profits to related average assets	1981
6,581	7,147	**Sales**	7,358		
111	121	**Trading profit** (Note 3)	159	2·5%	2·0%
27	29	Share of profits less losses of principal associated companies and income from other trade investments	20		
138	150	**Profit before financing costs and taxation**	179	2·4%	2 0%
(54)	(59)	**Interest and other financial items**	(80)		
(142)	(154)	As in historical cost accounts	(146)		
88	95	Gearing adjustment (Note 4)	66		
84	91	**Profit before taxation** (Note 4)	99	**Pence per £1 Ordinary stock**	
(111)	(121)	Taxation	(92)		
(14)	(15)	Minority interests	(4)		
(41)	(45)	**Profit (loss) attributable to parent company** (Note 4)	3	0·5p	(6·9p)
(6)	(6)	Extraordinary items	—		
(47)	(51)	**Profit (loss) attributable to parent company after extraordinary items** (Note 4)	3	0·5p	(7·9p)
(113)	(123)	Dividends	(115)	19·0p	19·0p
(160)	(174)	**Deficit met from reserves**	(112)		
(221)	(240)	**Deficit met from reserves under ICI's gearing method** (Note 4)	(158)		

Notes relating to the CCA results

1 Accounting basis

The accounts prepared on a Current Cost Accounting (CCA) basis include allowance for the impact of price changes on the funds needed to carry on the business and maintain its operating capability. Under the provisions of Statement of Standard Accounting Practice No. 16 (SSAP 16) this is achieved by making adjustments to the holding values of assets employed and to the historical cost trading profit to take into account the current levels of construction costs and of raw materials and other operating costs. The profit before taxation further includes a gearing adjustment which represents the inflationary benefit to the stockholders from loan finance, and partially offsets the cost of loan interest. The presentation of the accounts has been designed to separate trading items from items associated with finance and to demonstrate the relationship between the profit and loss account and the balance sheet (see also Note 4 – gearing adjustment).

The accounting policies adopted in the historical cost accounts, set out on page 25, apply also to the CCA accounts, except for modifications required to comply with SSAP 16.

In order to provide a more useful comparison between 1981 and 1982 the results for 1981 have been shown both in 1981 £'s and re-stated in 1982 £'s. For this purpose the movement of 8 6 per cent in the average UK retail price index between 1981 and 1982 has been taken to represent the general rate of inflation.

2 Current cost adjustments

The bases for the current cost adjustments are:

(a) Fixed assets and depreciation–
(i) In general, indices of the cost of chemical plant. In view of the low level of activity in the chemical plant construction industry in Europe, leading to very competitive prices from contractors, it has been considered appropriate not to apply any index for inflation to values of chemical plant in Europe in 1982; these therefore continue to be stated at end 1981 price levels.
(ii) Asset lives which are approximately one third longer than those applied in the historical cost accounts (see page 25).

at 31 December 1982

1982 £m		1981 restated in 1982 £'s £m	1981 £m
	Assets employed		
5,409	Fixed assets excluding those under construction (Note 5)	5,717	5,264
(628)	Government grants (Note 2)	(737)	(679)
4,781		4,980	4,585
1,415	Stocks	1,410	1,298
1,460	Trading debtors	1,478	1,361
(1,101)	Trading creditors	(1,098)	(1,011)
6,555	**Net assets employed in manufacturing and trading activities**	6,770	6,233
224	Fixed assets under construction, less capital creditors	286	264
810	Trade investments	717	660
7,589	**Total investment**	7,773	7,157
	Financed by		
9	Preference share capital	10	9
1,536	Loans	1,626	1,497
44	Advance proceeds from oil sales	72	67
(64)	Liquid resources less short-term borrowings	(141)	(130)
341	Taxation and other non-trading provisions (net)	376	346
1,866	**Total non-equity finance**	1,943	1,789
519	**Capital and reserves attributable to minorities**	517	476
5,204	**Capital and reserves attributable to Ordinary stockholders**	5,313	4,892
603	Issued capital	645	594
4,540	Reserves (Note 6)	4,604	4,239
61	Provision for second interim dividend	64	59
7,589		7,773	7,157

2 Current cost adjustments (continued)

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 the cost of sales adjustment – 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 modified in the same way as fixed assets; grants have been brought into profits over the lives adopted for CCA accounts. In the balance sheet a deduction is made from fixed assets in respect of the current value of grants attributable to the residual value of the assets.

3 Trading profit

Current cost adjustments reduced the historical cost trading profit as shown below:

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
Trading profit – historical cost accounts	366	462	425
Cost of sales adjustment	(57)	(129)	(119)
Monetary working capital adjustment	(12)	(56)	(52)
Supplementary depreciation	(179)	(201)	(185)
Indexation of government grants	41	45	42
Trading profit – current cost accounts	159	121	111

The amounts of depreciation charged and government grants credited in the current cost accounts were:

	1982	1981 restated	1981
Depreciation	579	579	533
Government grants	66	71	65

4 Gearing adjustment

The gearing percentage being the proportion of average non-equity finance to average total investment, was 24.8% (1981 24.5%) Under SSAP16 the gearing adjustment in respect of fixed assets is related to the charge for supplementary depreciation (after making allowance for the difference between historical and CCA asset lives) The adjustment thus excludes revaluation surpluses not yet treated as realised ICI believes that this results in mis-stating the amount by which the interests of the equity stockholders have been affected by loan and other external financing, the interest on which has been charged against profits.

Under ICI's method, the gearing adjustment represents the total holding gains less losses for the year on assets effectively financed by borrowings less cash. The exchange gains or losses on the non-sterling part of these net borrowings are then added to or deducted from the adjustment; in the event that the forthcoming UK accounting standard on foreign currency translation contains concepts on matching borrowings and assets which do not accord with this treatment, some future modification of the method may be appropriate.

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
The cost of interest and other financial items calculated in accordance with ICI's method would be:			
As in historical cost accounts	(146)	(154)	(142)
Gearing adjustment	164	244	225
Exchange losses on financial items	(141)	(204)	(188)
Current cost accounts–ICI's method	(123)	(114)	(105)
On this basis results would be:			
Profit before taxation	56	36	33
Loss attributable to the parent company:			
before extraordinary items	(43)	(111)	(102)
after extraordinary items	(43)	(117)	(108)
Deficit met from reserves	(158)	(240)	(221)

5 Fixed assets

	31 December 1982 Gross £m	Depreciation £m	Net £m	1981 restated in 1982 £'s Net £m	1981 Net £m
Land and buildings	2,415	1,075	1,340	1,389	1,279
Plant and machinery	10,774	6,458	4,316	4,655	4,286
	13,189	7,533	5,656	[illegible]	5,565
Under construction	(247)		(247)	[illegible]	(301)
	12,942	7,533	5,409	5,717	5,264

ICI's fixed assets in these CCA accounts are in general stated at replacement cost In those businesses currently incurring substantial trading losses there is inevitably uncertainty as to whether or when such values will be recovered in full, and as to whether such assets would all be replaced. However, the current strategic intention is to pursue positive policies leading to restoration of profitable operations, and accordingly no provision has been made.

6 Reserves

	1982 £m	1981 restated in 1982 £'s £m	1981 £m
At beginning of year	4,239	4,186	3,854
Inflation and exchange adjustments	399	582	536
Revaluation surplus on:			
Fixed assets	102	268	247
Government grants	2	(30)	(28)
Investments	163	71	65
Stocks	41	133	123
Monetary working capital adjustment	11	53	49
Gearing adjustment	(60)	(89)	(82)
Exchange adjustments	140	176	162
Deficit for year	(112)	(174)	(160)
Share premiums	17	1	1
Other movements	(3)	9	8
At end of year	4,540	4,604	4,239

Auditors' report

To the Members of Imperial Chemical Industries PLC

We have audited the financial statements on pages 25 to 38 in accordance with approved auditing standards.

In our opinion the financial statements on pages 25 to 35, 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 1982 and of the results and source and application 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 1982 on pages 36 to 38 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.

Price Waterhouse

Thomson McLintock

Chartered Accountants

London 3 March 1983

For the years ended 31 December

£m	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Assets employed										
Fixed assets	1,185	1,233	1,425	1,733	1,876	2,299	2,770	3,115	3,342	3,422
Trade investments	244	258	302	365	345	362	332	335	433	403
Net current assets	699	906	1,006	1,406	1,433	1,349	1,351	1,237	1,436	1,554
Total assets employed	**2,128**	**2,397**	**2,733**	**3,504**	**3,654**	**4,010**	**4,453**	**4,687**	**5,211**	**5,379**
Financed by										
Ordinary capital of ICI	480	486	494	559	564	570	581	593	594	603
Group reserves attributable to ICI Ordinary stockholders	615	806	934	1,249	1,679	1,874	2,208	2,138	2,352	2,443
ICI Ordinary stockholders' interest	**1,095**	**1,292**	**1,428**	**1,808**	**2,243**	**2,444**	**2,789**	**2,731**	**2,946**	**3,046**
Minority interests and preference capital of ICI	165	187	203	243	204	236	232	279	345	371
Deferred taxation (Note 1)	115	174	212	308	—	—	—	—	—	—
Grants not yet credited to profit	81	77	80	85	89	120	157	183	211	203
Deferred liabilities	—	—	—	26	74	126	130	187	212	223
Loans	672	667	810	1,034	1,044	1,084	1,145	1,307	1,497	1,536
Total funds invested	**2,128**	**2,397**	**2,733**	**3,504**	**3,654**	**4,010**	**4,453**	**4,687**	**5,211**	**5,379**
Sales, profits and reserves										
Sales (external) — UK	942	1,199	1,314	1,616	1,868	1,800	2,232	2,399	2,575	2,848
— Overseas	1,224	1,756	1,815	2,519	2,795	2,733	3,136	3,316	4,006	4,510
— Total	**2,166**	**2,955**	**3,129**	**4,135**	**4,663**	**4,533**	**5,368**	**5,715**	**6,581**	**7,358**
Trading profit (after depreciation)	**311**	**461**	**325**	**514**	**545**	**497**	**634**	**332**	**425**	**366**
Depreciation	157	169	182	205	221	225	248	291	348	400
Profits less losses from trade investments	39	50	34	43	41	41	59	62	52	39
Profit before loan interest and taxation	359	534	372	579	619	575	695	395	464	394
Profit before taxation	**310**	**484**	**315**	**504**	**534**	**483**	**613**	**284**	**335**	**259**
Taxation (Note 1)	145	220	148	236	158	123	123	123	111	92
Profit after taxation	165	264	167	268	376	360	490	161	224	167
Profit attributable to ICI before extraordinary items	**146**	**241**	**148**	**242**	**342**	**332**	**457**	**130**	**192**	**145**
Extraordinary items	15	(5)	(1)	(46)	(29)	(3)	(16)	(150)	(6)	—
Profit (loss) attributable to ICI after extraordinary items	**161**	**236**	**147**	**196**	**313**	**329**	**441**	**(20)**	**186**	**145**
Net dividends	50	54	59	83	93	105	134	101	113	115
Profit (loss) retained, transferred to reserves	111	182	88	113	220	224	307	(121)	73	30
Amounts credited (charged) direct to reserves	56	9	40	202	(39)	(29)	27	51	141	61
Earnings and dividends (in pence) per £1 Ordinary stock (Note 2)										
Earnings, before extraordinary items	30·0	49·1	29·7	45·2	60·9	58·6	79·2	22·1	32·3	24·2
Dividends	10·1	10·9	11·6	14·8	16·5	18·5	23·0	17·0	19·0	19·0
Dividends grossed up for imputed tax credit	14·5	16·3	17·9	22·7	25·0	27·6	32·9	24·3	27·1	27·1
Profit before loan interest and taxation, as a percentage of average assets employed	18·0	23·6	14·5	18·6	17·3	15·0	16·4	8·6	9·4	7·4

Notes. 1 Deferred taxation for the years 1973 to 1976 has not been recalculated on the basis of the present accounting policy, set out on page 25; the cumulative amount of the prior years' adjustment at 1 January 1977 was £249m. From 1977 onwards deferred taxation is included in deferred liabilities.

2 Earnings and dividends per £1 Ordinary stock have been adjusted to give effect to the bonus element in the rights issue made in 1976.