

**ICI INVESTMENT MANAGEMENT LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**REG NO: 2038362**  
***FOR THE YEAR ENDED 31 DECEMBER 1997***



## ICI INVESTMENT MANAGEMENT LIMITED

## REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 December 1997.

## Directors at 31st December 1997

|                          |              |
|--------------------------|--------------|
| <b>Chairman</b>          | J M Charlton |
| <b>Managing Director</b> | G K Allen    |
|                          | C A Amos     |
|                          | B A Farley   |
| <b>Secretary</b>         | C A Amos     |

All officers served throughout the year.

## PRINCIPAL ACTIVITY

The principal activity of the company is the management of property and unlisted investments for the ICI Pension Fund and the provision of investment monitoring advice. At the end of the year, the company withdrew from the business of UK property management after successfully selling all UK property owned by ICI Pension Fund.

## POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions or charitable donations during the year.

## DIRECTORS' INTERESTS

The interests of the Directors in the stock, shares and debentures of Imperial Chemical Industries PLC were as follows:-

| Director     | Holdings of ICI Ordinary Shares |           | Holdings of ICI Ordinary Share Options |         |                  |        |
|--------------|---------------------------------|-----------|--|---------|------------------|--------|
|              | 1 Jan 97                        | 31 Dec 97 | 1 Jan 97                               | Granted | Lapsed 31 Dec 97 |        |
| J M Charlton | 7,481                           | 7,481     | 83,294                                 | 3834    | Nil              | 87,128 |
| G K Allen    | 1,031                           | 1,031     | 802                                    | Nil     | Nil              | 802    |
| C A Amos     | Nil                             | Nil       | 545                                    | 464     | Nil              | 1,009  |
| B A Farley   | 743                             | 743       | Nil                                    | Nil     | Nil              | Nil    |

## DIVIDENDS

During the year, the company paid one interim dividend of £30,000 on 19 November.  
The Directors do not recommend the payment of any final dividend for the year.

## TRANSFER TO RESERVES

The profit for the year ended 31 December 1997 after taxation was £29,077. (1996: £97,118).  
After paying an interim dividend of £30,000 (1996: £3,700,000), the retained loss for the year was £-923. (1996: -£3,621,175)  
This amount has accordingly been transferred to reserves, which now stand at £475,560. (1996: £476,483).

## AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

9 Millbank  
London  
SW1P 3JF



Secretary  
C A AMOS

10 February 1998

**ICI INVESTMENT MANAGEMENT LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ICI INVESTMENT MANAGEMENT LIMITED****REPORT OF THE AUDITORS, KPMG AUDIT Plc, TO MEMBERS OF ICI INVESTMENT MANAGEMENT LIMITED**

We have audited the financial statements on pages 4 to 8.

**Respective Responsibilities of Directors and Auditors**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit after tax for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountant  
Registered Auditor  
London

*12 March 1998*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

|  |              | Continuing<br>Operations | Discontinued<br>Operations | Total<br>1997       | Total<br>1996<br>(all operations<br>continuing) |
|--|--------------|--------------------------|----------------------------|---------------------|---|
|  |              | £                        | £                          | £                   | £   |
|  | <b>Notes</b> |                          |                            |                     |   |
| Turnover   | 2            | 524,008                  | 615,802                    | 1,139,810           | 1,453,626                                       |
| Administrative Expenses                              |              | (524,008)                | (615,802)                  | (1,139,810)         | (1,453,626)                                     |
| Operating Profit                                     |              | <u>0</u>                 | <u>0</u>                   | <u>0</u>            | <u>0</u>  |
| Other Interest Receivable and Similar Income         |              |                          |                            | <u>32,742</u>       | <u>97,118</u>                                   |
| <b>Profit on ordinary activities before taxation</b> | 5            |                          |                            | <b>32,742</b>       | <b>97,118</b>                                   |
| Taxation on Profit on Ordinary Activities            | 6            |                          |                            | <u>(3,665)</u>      | <u>(18,293)</u>                                 |
| <b>Profit on ordinary activities after taxation</b>  |              |                          |                            | <b>29,077</b>       | <b>78,825</b>                                   |
| Interim dividends for the year                       |              |                          |                            | <b>(30,000)</b>     | <b>(3,700,000)</b>                              |
| <b>Retained Loss for the financial year</b>          | 11           |                          |                            | <u><b>(923)</b></u> | <u><b>(3,621,175)</b></u>                       |

The Company had no recognised gains or losses other than the loss for the period.

A statement of the movement on reserves for the year is shown in Note 11.

*The notes on pages 6 to 8 form part of these accounts.*

## BALANCE SHEET AS AT 31ST DECEMBER 1997

|  |       | 1997            |                | 1996            |                |
|--|-------|-----------------|----------------|-----------------|----------------|
|  | Notes | £               | £              | £               | £              |
| <b>CURRENT ASSETS</b>                                    |       |                 |                |                 |                |
| Cash at bank and in hand                                 |       | <u>510,874</u>  |                | <u>536,483</u>  |                |
|  |       | 510,874         |                | 536,483         |                |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>    | 8     | <u>(10,314)</u> |                | <u>(35,000)</u> |                |
| <b>NET CURRENT ASSETS</b>                                |       |                 | <u>500,560</u> |                 | <u>501,483</u> |
| <b>FIXED AND CURRENT ASSETS LESS CURRENT LIABILITIES</b> |       |                 | 500,560        |                 | 501,483        |
| <b>NET ASSETS</b>  |       |                 | <u>500,560</u> |                 | <u>501,483</u> |
| <b>CAPITAL AND RESERVES</b>                              |       |                 |                |                 |                |
| Called up Share Capital                                  | 9     |                 | 25,000         |                 | 25,000         |
| Profit and Loss Account                                  | 10    |                 | <u>475,560</u> |                 | <u>476,483</u> |
| <b>SHAREHOLDERS' FUNDS</b>                               | 11    |                 | <u>500,560</u> |                 | <u>501,483</u> |

Approved by the Board of the Directors on 10 February 1998

G.K.Allen  
Director



C.A.Amos  
Director



The notes on pages 6 to 8 form part of these accounts.

## NOTES TO THE ACCOUNTS

**1 PRINCIPAL ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:-

**(a) Accounting Convention**

The Accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The consolidated financial statements of the Company's parent undertaking include a consolidated statement of cash flows of the Group. The Company is consequently exempted from preparing a cashflow statement in these accounts.

**(b) Taxation**

The charge for taxation is based on the profit for the year and is provided at the prevailing tax rate. It takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise, or that a deferred tax asset is expected to be recovered.

**(c) Related Party Transactions**

As the company is a wholly-owned subsidiary of Imperial Chemicals Industries PLC, it has taken advantage of the exemption in FRS8 and has not disclosed separately transactions or balances with other group companies.

**2 TURNOVER**

Turnover represents investment management fee income arising in the UK during the period. Under its management agreement with its principal customer, fees since 1 January 1996 are equal to net costs incurred.

**3 EMOLUMENTS OF DIRECTORS OF THE COMPANY**

The Company paid £285,307 (1996: £309,234) during the year to the ultimate holding company in respect of directors' services. There were no other Directors' emoluments.

**4 STAFF AND PENSION COSTS**

All staff are employed by Imperial Chemical Industries PLC and are remunerated by that company. Their emoluments and details of the Company pension scheme are similarly dealt with in the group accounts.

## NOTES TO THE ACCOUNTS CONTINUED

|          |   |                 |                 |
|----------|---|-----------------|-----------------|
| <b>5</b> | <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>                      | <b>1997</b>     | <b>1996</b>     |
|          |   | <b>£</b>        | <b>£</b>        |
|          | Profit on ordinary activities before taxation is stated after charging:   |                 |                 |
|          | Auditors' remuneration      - <i>Audit work</i>                           | (5,027)         | (5,000)         |
|          | - <i>Non audit work</i>   | (2,252)         | (7,402)         |
| <b>6</b> | <b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>                          | <b>£</b>        | <b>£</b>        |
|          | Corporation tax at 31.5% and payable within one year (1996:33%)           | (10,314)        | (35,000)        |
|          | Over-provision in prior years   | 6,649           | 26,707          |
|          | Deferred Taxation (see note 7 )   | 0               | (10,000)        |
|          |   | <u>(3,665)</u>  | <u>(18,293)</u> |
| <b>7</b> | <b>DEFERRED TAXATION ASSET</b>  | <b>1997</b>     | <b>1996</b>     |
|          |   | <b>£</b>        | <b>£</b>        |
|          | Balance at 1 January  | 0               | 10000           |
|          | Movements during the year as disclosed in Note 6                          | 0               | (10,000)        |
|          |   | <u>0</u>        | <u>0</u>        |
| <b>8</b> | <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>                     | <b>1997</b>     | <b>1996</b>     |
|          |   | <b>£</b>        | <b>£</b>        |
|          | Group relief payable  | (10,314)        | (35,000)        |
|          |   | <u>(10,314)</u> | <u>(35,000)</u> |
| <b>9</b> | <b>SHARE CAPITAL</b>  | <b>1997</b>     | <b>1996</b>     |
|          |   | <b>£</b>        | <b>£</b>        |
|          | Authorised, allotted, called up and fully paid Ordinary Shares of £1 each | <u>25,000</u>   | <u>25,000</u>   |



## ICI INVESTMENT MANAGEMENT LIMITED

## NOTES TO THE ACCOUNTS CONTINUED

## 10 PROFIT AND LOSS ACCOUNT

|   | 1997           | 1996           |
|---|----------------|----------------|
|   | £              | £              |
| Balance at 1 January                          | 476,483        | 4,097,658      |
| Retained (loss)/profit for the Financial Year | (923)          | (3,621,175)    |
|   | <u>475,560</u> | <u>476,483</u> |
| Balance at 31 December                        | <u>475,560</u> | <u>476,483</u> |

## 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|   | 1997           | 1996           |
|---|----------------|----------------|
|   | £              | £              |
| Opening Shareholders' Funds                   | 501,483        | 4,122,658      |
| Retained (loss)/profit for the Financial Year | (923)          | (3,621,175)    |
|   | <u>500,560</u> | <u>501,483</u> |
| Closing Shareholders' Funds                   | <u>500,560</u> | <u>501,483</u> |

## 12 ULTIMATE HOLDING COMPANY

The ultimate holding company is Imperial Chemical Industries PLC, a company incorporated in Great Britain and registered in England. Copies of its accounts are available from Imperial Chemical House, 9 Millbank, London, SW1P 3JF.