

**ICI Paints Royalties Company Limited (formerly
Impkemix (No 49) Limited)**

Directors' report and financial statements

31 December 1997

Registered number 106785.

2881649



Directors' report and financial statements

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Directors' report

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

Principal activities

Impkemix (No 49) Limited changed its name to ICI Paints Royalties Company Limited and commenced trading on 18 June 1997.

The principal activity of the company since this date is the provision of technology and know how relating to the manufacture of coatings which it will continue to do in 1998.

Business review

After providing for all operating costs, the company made a profit of £2,886,369 for the year ended 31 December 1997.

Payment policy

The company values its relationship with its suppliers. As part of meeting its obligation under each purchase transaction the company's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Dividend

The directors do not propose the payment of a dividend (1996:£nil).

Directors and directors' interests

The directors who held office during the year were as follows:

AJ Bourne	(resigned 7 July 1997)
PA Cheatle	(resigned 7 July 1997)
IR McMahon	(appointed 7 July 1997)
NM Bicknell	(appointed 7 July 1997)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the Imperial Chemical Industries PLC ("ICI") Group as recorded in the register of directors' share and debenture interests:

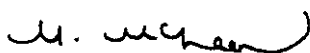
	Holdings at end of year	Holdings at beginning of year or date of appointment	ICI ordinary shares under option at end of year	ICI ordinary shares under option at beginning of year	Options granted	Options exercised
IR McMahon	-	-	21,700	16,500	5,200	-
NM Bicknell	-	-	2,692	2,608	84	-

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG Audit plc as auditors of the company, and authorising the directors to fix their remuneration, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M McLean
Secretary

Imperial Chemical House
Millbank
London
SW1P 3JF

22 / 10 / 1998

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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Arlington Business Park

Theale

Reading, RG7 4SD

United Kingdom

Report of the auditors to the members of ICI Paints Royalties Company Limited (formerly Impkemix (No 49) Limited)

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

As described on page 3 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 for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc', written over the printed name of the firm.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

22/10/1998

Profit and loss account
for the year ended 31 December 1997

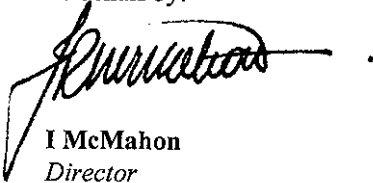
	<i>Note</i>	1997 £	1996 £
Turnover	2	4,254,369	-
Cost of sales		-	-
		<hr/>	<hr/>
Profit on ordinary activities before tax		4,254,369	-
Tax on profit on ordinary activities	4	(1,368,000)	-
		<hr/>	<hr/>
Retained profit for the financial year		2,886,369	-
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in either year, other than those shown above which were entirely derived from continuing activities.

Balance sheet
at 31 December 1997

	<i>Note</i>	1997 £	1996 £
Current assets			
Debtors	5	2,886,469	-
Creditors: amounts falling due within one year		-	-
Net assets		<u>2,886,469</u>	<u>-</u>
Capital and reserves			
Called up share capital	7	100	-
Retained profit for the year		2,886,369	-
	8	<u>2,886,469</u>	<u>-</u>

These financial statements were approved by the board of directors on 22 October 1998 and were signed on its behalf by:


I McMahon
 Director

Notes

(forming part of the financial statements)

1 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flows

The company is exempt from the requirements of Financial Reporting Standard No.1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Imperial Chemical Industries PLC and its cash flows are included with the consolidated cash flow statement of that company.

2 Turnover

Turnover represents the amounts (excluding value added tax) invoiced by the company in respect of royalties.

3 Remuneration of directors

The directors do not receive any emoluments in their role as directors of the company (1996:£nil).

4 Taxation

	1997 £	1996 £
UK corporation tax at 31.5% (1996:33%) on the profit for the year on ordinary activities	1,368,000	-
	<u> </u>	<u> </u>

5 Debtors

	1997 £	1996 £
Amounts owed by parent undertaking	2,886,469	-
	<u> </u>	<u> </u>

Notes (continued)

6 Reserves

	Profit and loss account £
At beginning of year	-
Retained profit for the financial year	2,886,369
	<hr/>
At end of year	2,886,369
	<hr/> <hr/>

7 Called up share capital

	1997 £	1996 £
<i>Authorised, allotted and called up</i>		
100 shares of £1 each	100	100
	<hr/> <hr/>	<hr/> <hr/>

8 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Shareholders' funds at beginning of year	-	-
Total recognised gains and losses for the financial year	2,886,469	-
	<hr/>	<hr/>
Shareholders' funds at end of year	2,886,469	-
	<hr/> <hr/>	<hr/> <hr/>

9 Ultimate holding company

The company is a wholly owned subsidiary of Imperial Chemical Industries PLC which is incorporated in Great Britain and registered in England and Wales. Copies of the group accounts can be obtained from:

Imperial Chemical House
 Millbank
 London
 SW1P 3JF