

IC INSURANCE

**Annual
Report
1994**



IC Insurance Limited

IC Insurance Limited

Chairman G.M. Connell

Directors J. Carruthers
N. Lyle
D.A. Searles
D. Taylor

Secretary D. Taylor

Registered Office 1 Adam Street
London WC2N 6AW

Registered Number 218497

Postal Address IC Insurance Limited
1 Adam Street
London WC2N 6AW

Telephone 0171 - 930 - 9766

Facsimile 0171 - 839 - 7479

Telex 22497

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Report of the Directors

The Directors have pleasure in presenting their Report together with the Accounts of the Company for the year ended 31 December 1994. These will be laid before the Shareholders at the Annual General Meeting to be held on 4 May 1995 at 1 Adam Street, London WC2N 6AW.

Principal Activity The principal activity of the Company, and its subsidiary undertaking, is the underwriting of general insurance business. There were no significant changes to this activity during the year and there are currently no plans for changes in 1995.

Results The consolidated profit for the year after providing for taxation was £7,432,000. The Directors recommend the payment of an ordinary dividend of £19,000,000 (33 pence per share) and that this be confirmed and termed the Final Dividend for the year. An amount of £11,568,000 has been transferred from reserves.

Directors The Directors of the Company at the end of the year were as follows:-
G.M. Connell (Chairman)
A.J. Fleming
D. Taylor
N. Lyle (appointed 10 August 1994)
D.A. Searles (appointed 10 August 1994)
J. Carruthers was appointed a Director of the Company on 15 March 1995 and A.J. Fleming resigned as a Director on the same date.
Tom Heyes, a Non-Executive Director of the Company since 1991, died on 30 July 1994. He made an invaluable contribution to the Company's affairs and the Board will miss his wise counsel.
The interests of the Directors in office at the end of the year in the shares and debentures of Zeneca Group PLC (the ultimate parent) and its subsidiaries are shown in Note 21 to the Accounts.

Insurance for Directors and Officers The ultimate parent undertaking maintains directors' and officers' liability insurance, under which the Directors and Officers of the Company and its subsidiary undertaking are covered against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful acts or omissions in their capacity as Directors or Officers.

Auditors On 6 February 1995 our auditors changed the name under which they practise to KPMG and have, accordingly, signed their report in their new name.
In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the Annual General Meeting.

Report of the Directors (continued)

Directors' Responsibilities in Respect of the Preparation of

Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which comply with the provisions of the Companies Act 1985 applicable to insurance companies. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) 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 maintaining 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.

On behalf of the Board

1 Adam Street
London WC2N 6AW
31 March 1995

D. Taylor
Secretary

Consolidated Profit and Loss Account

**For the Year Ended
31 December 1994**

	Note	1994 £000	1993 £000
(Loss) profit from insurance operations	2	(6,059)	1,216
Share of profits of associated undertakings	3	588	1,619
Profit on sale of fixed assets		9	2
Investment income	4	<u>18,894</u>	<u>18,714</u>
Profit on ordinary activities before taxation	5	13,432	21,551
Taxation on ordinary activities	6	<u>6,000</u>	<u>9,496</u>
Profit for the financial year		7,432	12,055
Dividends	7	<u>19,000</u>	<u>24,500</u>
Retained loss for the year		(11,568)	(12,445)
Retained profit brought forward		<u>18,200</u>	<u>30,645</u>
Retained profit carried forward		<u>6,632</u>	<u>18,200</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994 £000	1993 £000
Net profit for the financial year	7,432	12,055
Dividends	(19,000)	(24,500)
Foreign currency translation differences and recognised exchange gains and losses (net)	(2,019)	1,416
Realised (losses) gains on sales of investments	(900)	9,546
Unrealised (losses) gains on investments	<u>(21,828)</u>	<u>1,681</u>
Total recognised (losses) gains relating to the year	<u>(36,315)</u>	<u>198</u>

The notes on pages 9 to 20 form an integral part of these accounts.

Balance Sheet

At 31 December 1994

		Group		Company	
		1993		1993	
		As restated		As restated	
		(See Note		(See Note	
		1(a))		1(a))	
		£000		£000	
Note		1994	1993	1994	1993
		£000	£000	£000	£000
Assets employed:					
Investments	8	184,592	131,633	93,292	25,329
Tangible fixed assets		513	315	513	315
Current assets					
Debtors	9	39,955	48,851	29,096	36,116
Deferred acquisition costs		244	-	244	-
Short-term deposits	10	63,587	157,074	55,013	152,386
Cash		21,760	21,046	21,760	21,045
		125,546	226,971	106,113	209,547
Reinsurers' share of insurance funds	11	167,339	134,935	87,189	80,352
Total assets		477,990	493,854	287,107	315,543
Current liabilities					
Creditors - amounts falling due within one year	12	(81,078)	(65,725)	(73,664)	(65,247)
Total assets less current liabilities		396,912	428,129	213,443	250,296
Insurance funds	13	(310,739)	(305,641)	(144,489)	(165,150)
Net assets		86,173	122,488	68,954	85,146
Financed by:					
Share capital	14	57,576	57,576	57,576	57,576
Reserves	15	28,597	64,912	11,378	27,570
Shareholder's funds	16	86,173	122,488	68,954	85,146

These accounts were approved by the Board of Directors on 31 March 1995 and were signed on its behalf by:

G.M. CONNELL, CHAIRMAN

The notes on pages 9 to 20 form an integral part of these accounts.

Statement of Group Cash Flow

For the Year Ended
31 December 1994

	Note	1994 £000	1993 £000
Net cash outflow from operating activities	17	(15,752)	(12,384)
Returns on investments and servicing of finance			
Interest received		18,418	18,897
Dividends received		962	2,042
Liquidation distribution received from associated undertaking		4,000	13,427
Dividends paid	18	(11,000)	(29,100)
Net cash inflow from returns on investments and servicing of finance		<u>12,380</u>	<u>5,266</u>
Tax paid		<u>(7,012)</u>	<u>(7,780)</u>
Investment activities			
Purchases of investments		(329,889)	(253,371)
Sales of investments		247,831	250,918
Purchases of short-term deposits maturing after three months		-	(5,593)
Sales of short-term deposits maturing after three months		5,593	25,000
Purchases of tangible fixed assets		(331)	(64)
Sales of tangible fixed assets		-	2
Net cash (outflow) inflow from investing activities		<u>(76,796)</u>	<u>16,892</u>
(Decrease) increase in cash and cash equivalents		<u>(87,180)</u>	<u>1,994</u>
Cash and cash equivalents at beginning of year		<u>167,527</u>	<u>165,533</u>
Cash and cash equivalents at end of year	19	<u>80,347</u>	<u>167,527</u>

The notes on pages 9 to 20 form an integral part of these accounts.

Notes to the Accounts

Year Ended 31 December 1994

1. ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985 applicable to insurance companies. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice, Accounting for Insurance Business, issued by the Association of British Insurers except for the deferral of internal acquisition expenses and provision for internal claims settlement expenses which are not considered to be material items.

The Group accounts consolidate the accounts of IC Insurance Limited and its subsidiary undertaking. The accounts of the subsidiary undertaking have been made up to 30 September 1994 in order to avoid undue delay in the presentation of the Group accounts.

Certain comparative figures in the balance sheet have been grossed up to conform with the accounting standard FRS5, Reporting the Substance of Transactions which became effective in 1994. The changes have had no effect on the reported profit for 1993. The Company has taken advantage of the transitional amendment to FRS5, which defers the effective date of certain of the requirements of FRS5 to the extent that they relate to insurance broking transactions.

b) Accounting convention

These accounts have been prepared under the historical cost convention, except for investments, which have been valued in accordance with notes 1(e) and 1(f) below.

c) Underwriting results

i) Marine insurance

The result of marine, aviation and transit ("MAT") business is determined two years after the end of the year in which such business is transacted. Written premiums are accounted for in the applicable accounting period by reference to the inception date. Premiums are shown gross of commission. The net underwriting income on each open year is carried forward in the fund, the adequacy of which is assessed annually. For closed years, the fund carried forward comprises outstanding claims, including, where appropriate, a provision for claims incurred but not reported.

ii) Non-marine insurance and reinsurance

The result of non-marine business is determined on an annual basis (except as noted below) after making provisions for unearned premiums and outstanding claims, including claims incurred but not reported. Unearned premiums are calculated on the daily pro-rata basis, taking into account the risk profile of the contracts. Acquisition costs are deferred and charged to the accounting periods in which related premiums are earned. Where the underwriting result of business in force cannot be determined with reasonable certainty at the end of the contract year, in respect of proportional and non-proportional treaty reinsurance, net premiums less claims paid and expenses in respect of the open year of account are carried forward in the fund, which is increased, if necessary, to meet the estimated settlement cost of all outstanding liabilities.

iii) Provision for claims (including claims incurred but not reported)

Provisions for notified claims at 31 December each year are determined on an individual case basis after taking into account anticipated reinsurance recoveries. The provisions for claims incurred but not reported at the balance sheet date are made on the basis of the best information currently available and having regard to past claims experience which is reviewed regularly. While management believes that the provisions for losses are fairly stated, subsequent information and events may show that the ultimate liability is less than or in excess of the amount provided. The methods used and estimates made are continually reviewed and any resulting adjustments are reported in current earnings.

Notes to the Accounts

Year Ended 31 December 1994

1. ACCOUNTING POLICIES (continued)

d) Foreign exchange

Assets, liabilities and income and expenditure items arising in foreign currencies have been translated into sterling at rates of exchange ruling at the balance sheet date. Net exchange gains are credited to the exchange reserve. Net exchange losses are dealt with through the profit and loss account.

e) Investments (excluding associated undertakings)

Investments comprise listed and unlisted investments. Listed investments are stated at market value at the balance sheet date. Unlisted investments are stated at cost. Realised and unrealised gains and losses arising from disposals and holdings of investments are taken directly to the investment reserve.

f) Associated Undertakings

The Group's share of profits of the associated undertakings is included in the consolidated profit and loss account on the equity accounting basis. The carrying value of the associated undertakings in the Group balance sheet represents the Group's equity in the net tangible assets of the associated undertakings as shown by the most recent accounts available, adjusted where appropriate.

g) Taxation

The charge for taxation is based upon 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. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise. In particular, no provision is made for the potential liability which would arise on the disposal of investments at their balance sheet valuation, as such contingency is considered to be remote.

h) Pension Costs

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

Notes to the Accounts

Year Ended 31 December 1994

2. GROUP (LOSS) PROFIT FROM INSURANCE OPERATIONS

	MAT 1994 £000	Non- Marine 1994 £000	MAT 1993 £000	Non- Marine 1993 £000
Gross written premiums	7,967	79,405	10,154	156,809
Premiums ceded	(13,876)	(56,749)	(2,733)	(92,716)
Premiums retained	(5,909)	22,656	7,421	64,093
Opening unearned premium provision	-	22,958	-	22,664
Closing unearned premium provision	-	(4,263)	-	(22,958)
Net earned premiums	(5,909)	40,991	7,421	63,799
Claims paid	3,425	65,906	3,997	61,327
Claims recovered	(3,994)	(23,831)	(419)	(20,271)
	(569)	42,075	3,578	41,056
Opening outstanding claims	-	(121,621)	-	(104,699)
Closing outstanding claims	-	118,094	-	121,621
Claims incurred	(569)	38,548	3,578	57,978
Commissions and acquisition costs	(15)	(4,614)	(306)	(6,660)
Movement in deferred acquisition costs	-	244	-	-
Management expenses	(417)	(2,805)	(751)	(2,099)
Decrease (increase) in funds	5,297	147	105	(206)
Exchange adjustment	25	(1,565)	-	243
Underwriting (loss) profit	(450)	(6,150)	2,891	(2,901)
		1994 £000		1993 £000
Underwriting (loss) profit:				
MAT		(450)		2,891
Non-Marine		(6,150)		(2,901)
Agency Commissions		541		1,226
Profit (loss) from insurance operations		(6,059)		1,216

Gross written premiums of £87,372,000 (1993 - £166,963,000) include £24,729,000 (1993 - £28,192,000) underwritten by the subsidiary undertaking in the Cayman Islands. The balance of £62,643,000 (1993 - £138,771,000) was underwritten in the United Kingdom.

Notes to the Accounts

Year Ended 31 December 1994

3. SHARE OF PROFITS OF ASSOCIATED UNDERTAKINGS

	1994 £000	1993 £000
Dividend income	962	-
Share of undistributed profits	(374)	1,619
	<u>588</u>	<u>1,619</u>

4. INVESTMENT INCOME

Investment income is stated net of expenses of £320,000 (1993 - £302,000).

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994 £000	1993 £000
Profit on ordinary activities before taxation is stated after charging:-		
Depreciation of fixed assets	133	162
Auditors' remuneration		
Audit	43	48
Other services	7	9

6. TAXATION ON ORDINARY ACTIVITIES

	1994 £000	1993 £000
The taxation charged for the year comprises:-		
UK Corporation tax on the profit for the year at 33% (1993 - 33%)		
Current	4,169	8,306
Prior	-	46
Tax attributable to Franked Investment Income	1,684	80
Overseas tax	147	1,064
	<u>6,000</u>	<u>9,496</u>

No income or capital taxes are payable in the countries of incorporation of the subsidiary and associated undertakings.

7. DIVIDENDS

	1994 £000	1993 £000
Interim - (1993 paid 30 June 1993)	-	13,500
Final - payable in 1995 (1993 - paid 30 June 1994)	19,000	11,000
	<u>19,000</u>	<u>24,500</u>

Notes to the Accounts

Year Ended 31 December 1994

8. INVESTMENTS

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Listed investments:				
Investments listed on The London Stock Exchange	153,583	95,195	84,413	15,497
Other listed investments	28,088	28,395	-	953
	<u>181,671</u>	<u>123,590</u>	<u>84,413</u>	<u>16,450</u>
Unlisted investments:				
Subsidiary undertaking	-	-	6,926	6,926
Associated undertakings	2,390	7,008	1,953	1,953
Other investments	531	1,035	-	-
	<u>2,921</u>	<u>8,043</u>	<u>8,879</u>	<u>8,879</u>
	<u>184,592</u>	<u>131,633</u>	<u>93,292</u>	<u>25,329</u>

The Company holds the following unlisted investment in a subsidiary undertaking:-

	Country of Incorporation	Class of Share	Percentage of Ordinary Share Capital held
Arbil International Insurance Limited (Insurance company)	Cayman Islands	Ordinary Shares of £1 each	100%

The Company holds the following unlisted investments in associated undertakings:-

Blair International Insurance Ltd. (in members' voluntary liquidation) (Insurance company)	Bermuda	Ordinary Shares of US\$10 each	50%
Blair International Insurance (Cayman) Limited (Insurance company)	Cayman Islands	Ordinary Shares of US\$1 each	50%

Notes to the Accounts

Year Ended 31 December 1994

8. INVESTMENTS (continued)

The amount at which the investment in associated undertakings is stated is based upon, in the case of Blair International Insurance (Cayman) Limited ("Blair Cayman"), management accounts made up to 30 September 1994 and, in the case of Blair International Insurance Ltd. (in members' voluntary liquidation) ("Blair Bermuda"), the liquidator's account at 31 December 1994. Blair Bermuda was wound up on 10 March 1995.

The investment in associated undertakings is made up as follows:-

	Blair (Cayman) £000	Blair (Bermuda) £000	1994 Total £000	1993 £000
Nominal value of shares in the company issued on acquisition	-	650	650	650
Undistributed pre-acquisition profits and reserves	-	13,158	13,158	13,158
	-	13,808	13,808	13,808
Cost of shares in the company issued at formation	1,303	-	1,303	1,303
Exchange gain	(22)	3,209	3,187	3,431
Group share of undistributed post-acquisition profits	378	1,141	1,519	1,893
Liquidation distribution	-	(17,427)	(17,427)	(13,427)
	<u>1,659</u>	<u>731</u>	<u>2,390</u>	<u>7,008</u>

9. DEBTORS - amounts falling due within one year

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Insurance and reinsurance balances receivable	32,352	32,366	20,732	18,840
Amounts due from parent undertaking	-	9,064	-	9,064
Amounts due from subsidiary undertaking	-	-	3,192	4,686
Amounts due from associated undertaking	1,579	-	1,579	-
Other debtors	575	439	575	439
Prepayments and accrued income	4,341	4,874	1,910	979
Corporation tax paid in advance	945	1,945	945	1,945
Advance corporation tax repayable	163	163	163	163
	<u>39,955</u>	<u>48,851</u>	<u>29,096</u>	<u>36,116</u>

Notes to the Accounts

Year Ended 31 December 1994

10. SHORT-TERM DEPOSITS

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Deposits maturing within 3 months	58,587	146,481	50,013	141,793
Deposits maturing after 3 months	5,000	10,593	5,000	10,593
	<u>63,587</u>	<u>157,074</u>	<u>55,013</u>	<u>152,386</u>

11. REINSURERS' SHARE OF INSURANCE FUNDS

Group	Non-		1994	1993
	MAT	Marine	Total	Total
	£000	£000	£000	£000
Open years	173	4,640	4,813	4,014
Closed years				
Unearned premiums	-	9,962	9,962	21,082
Provision for claims	96	152,468	152,564	109,839
	<u>269</u>	<u>167,070</u>	<u>167,339</u>	<u>134,935</u>
Company	Non-		1994	1993
	MAT	Marine	Total	Total
	£000	£000	£000	£000
Open years	173	1,640	1,813	4,014
Closed years				
Unearned premiums	-	9,962	9,962	22,862
Provision for claims	96	75,318	75,414	53,476
	<u>269</u>	<u>86,920</u>	<u>87,189</u>	<u>80,352</u>

Notes to the Accounts

Year Ended 31 December 1994

12. CREDITORS - amounts falling due within one year

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Insurance and reinsurance balances payable	49,320	42,223	42,079	41,817
Amounts due to parent undertaking	2,118	-	2,118	-
Amounts due to group undertakings	9,043	5,209	9,043	5,209
Amounts due to associated undertaking	-	3,611	-	3,611
Corporation tax payable	129	2,141	129	2,141
Accruals	1,468	1,541	1,295	1,469
Dividends payable	19,000	11,000	19,000	11,000
	<u>81,078</u>	<u>65,725</u>	<u>73,664</u>	<u>65,247</u>

13. INSURANCE FUNDS

Group	Non-		1994	1993
	MAT £000	Marine £000	Total £000	Total £000
Open years	995	24,042	25,037	29,530
Closed years				
Unearned premiums	-	14,585	14,585	44,040
Provision for claims	555	270,562	271,117	232,071
	<u>1,550</u>	<u>309,189</u>	<u>310,739</u>	<u>305,641</u>
Company	Non-		1994	1993
	MAT £000	Marine £000	Total £000	Total £000
Open years	995	9,177	10,172	29,614
Closed years				
Unearned premiums	-	14,415	14,415	38,180
Provision for claims	555	119,347	119,902	97,356
	<u>1,550</u>	<u>142,939</u>	<u>144,489</u>	<u>165,150</u>

Notes to the Accounts

14. SHARE CAPITAL

	1994 £000	1993 £000
Authorised: 75,000,000 Ordinary Shares of £1 each (1993 - 75,000,000)	<u>75,000</u>	<u>75,000</u>
Allotted, called up and fully paid: 57,575,700 Ordinary Shares of £1 each	<u>57,576</u>	<u>57,576</u>

Year Ended 31 December 1994

15. RESERVES

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Profit and loss account	6,632	18,200	10,449	15,581
Investment reserve	21,027	42,023	968	11,536
Exchange reserve	938	4,689	(39)	453
	<u>28,597</u>	<u>64,912</u>	<u>11,378</u>	<u>27,570</u>
	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Movement in reserves:-				
Profit and loss account at 1 January	18,200	30,645	15,581	10,419
(Loss) Profit retained for the year	<u>(11,568)</u>	<u>(12,445)</u>	<u>(5,132)</u>	<u>5,162</u>
At 31 December	<u>6,632</u>	<u>18,200</u>	<u>10,449</u>	<u>15,581</u>
Investment and exchange reserves				
At 1 January	46,712	34,069	11,989	10,325
Movements in the year	<u>(24,747)</u>	<u>12,643</u>	<u>(11,060)</u>	<u>1,664</u>
At 31 December	<u>21,965</u>	<u>46,712</u>	<u>929</u>	<u>11,989</u>

By virtue of Section 230 (4) of the Companies Act 1985, the Company is exempt from the requirement to present a profit and loss account. Of the consolidated profit after tax of £7,432,000 (1993 - £12,055,000), a profit of £13,868,000 (1993 - £29,662,000) has been dealt with in the accounts of the Company.

Notes to the Accounts

Year Ended 31 December 1994

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	1994 £000	1993 £000
Net profit for the financial year	7,432	12,055
Dividends	(19,000)	(24,500)
	<u>(11,568)</u>	<u>(12,445)</u>
Foreign currency translation differences and recognised exchange gains and losses (net)	(2,019)	1,416
Realised (losses) gains on sales of investments	(900)	9,546
Unrealised (losses) gains on investments	(21,828)	1,681
Capital and reserves attributable to parent company at beginning of year	<u>122,488</u>	<u>122,290</u>
Capital and reserves attributable to parent company at end of year	<u><u>86,173</u></u>	<u><u>122,488</u></u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	1994 £000	1993 £000
(Loss) profit from insurance operations	(6,059)	1,216
Depreciation	133	162
Profit on sales of fixed assets	9	2
Debtors decrease	14,186	7,841
Creditors (decrease) increase	13,450	(41,445)
Insurance funds increase (net)	(27,305)	21,620
Deferred acquisition costs decrease	(244)	-
Realised movements on exchange and investment reserve	(9,922)	(1,780)
	<u>(15,752)</u>	<u>(12,384)</u>

18. DIVIDENDS PAID

	Group	
	1994 £000	1993 £000
Dividend paid by the Company	11,000	22,500
Dividend paid by subsidiary undertaking to its previous parent	-	6,600
	<u>11,000</u>	<u>29,100</u>

Notes to the Accounts

Year Ended 31 December 1994

19. CASH AND CASH EQUIVALENTS

	Group	
	1994 £000	1993 £000
Cash at bank and in hand	21,760	21,046
Short-term deposits maturing within 3 months (See note 10)	58,587	146,481
	<u>80,347</u>	<u>167,527</u>

20. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year amounted to £165,345 (1993 - £271,648).

Excluding pension contributions, the emoluments of the Chairman, who was also the highest paid Director, were £62,821 (1993 - £84,658). The emoluments (exclusive of pension contributions) of all Directors were within the following ranges:-

£		£	1994	1993
0	-	5,000	3	1
15,001	-	20,000	-	1
35,001	-	40,000	1	-
40,001	-	45,000	1	-
55,001	-	60,000	-	1
60,001	-	65,000	1	-
75,001	-	80,000	-	1
80,001	-	85,000	-	1

21. DIRECTORS' INTERESTS

The interests of the Directors in office at the end of the year in the shares, stock and debentures of the companies in Zeneca Group PLC ("Zeneca") (the ultimate holding company) were as follows:-

Director	Debenture class of Stock/Share Debenture	Holding at 1 January 1994 or date of appointment	Holding at 31 December 1994	Shares under option as at 1 January 1994 or date of appointment	Options Granted	Options Exercised	Shares under option at 31 December 1994
G.M. Connell	Zeneca Ordinary Shares	3433	2117	58668	2344	6417	54595
A.J. Fleming	Zeneca Ordinary Shares	2594	1528	-	9910	-	9910
D. Taylor	Zeneca Ordinary Shares	-	-	-	915	-	915
N. Lyle	Zeneca Ordinary Shares	5043	14000	72003	1372	42026	31349
D.A. Searles	Zeneca Ordinary Shares	-	-	-	-	-	-

Notes to the Accounts

Year Ended 31 December 1994

22. PENSIONS

Pension provision was made through the participation of IC Insurance Limited in the ICI Pension Fund. This position, which formed part of the arrangements for the demerger of Zeneca from the ICI Group, continued until 31 March 1994. Zeneca Limited established a new pension fund, with effect from 1 April 1994, and took over from the ICI Fund the liabilities and the related fund assets of Zeneca's active members, the deferred pensioners and pensioners whose last employment was with a Zeneca business. A full actuarial review of the new Zeneca Pension Fund took place as at 1 April 1994 and will be undertaken triennially. Particulars of the actuarial valuation of the Group's scheme are contained in the financial statements of Zeneca Group PLC.

The total pension cost for the Company for 1994 was £256,000 (1993 - £229,000).

23. LEASES

The total rentals under operating leases charged as an expense in the profit and loss account, are set out below:-

	1994 £000	1993 £000
Buildings	<u>649</u>	<u>546</u>

The Company has a commitment to make annual rental payments of £723,000 in respect of a building lease expiring in December 2008.

24. PLEDGED ASSETS

Investments in the subsidiary undertaking with a market value of £13,493,000 (1993 - £15,337,000) were pledged as collateral to secure the liabilities under one of its reinsurance treaties. Letters of credit totalling £3,140,000 (1993 - £4,182,000), against which no collateral has been provided, have been issued by a bank on behalf of the Company.

25. ULTIMATE HOLDING COMPANY

The ultimate holding company of IC Insurance Limited is Zeneca Group PLC, a company incorporated in England and Wales. The consolidated accounts of Zeneca Group PLC are available to the public and may be obtained from 15 Stanhope Gate, London, W1Y 6LN.

Report of the Auditors

**KPMG to the members of
IC Insurance Limited**

We have audited the financial statements set out on pages 6 to 20.

**Respective responsibilities of
Directors and Auditors**

As described on page 5 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 Group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

KPMG
Chartered Accountants
Registered Auditors

London
31 March 1995