

**I.C. INSURANCE HOLDINGS LIMITED**

**Directors' Report and Financial Statements**

**31 DECEMBER 1994**



1 Adam Street  
London  
WC2N 6AW  
Registered Number 1150046

**I.C. INSURANCE HOLDINGS LIMITED**  
**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 4th May 1995 at 1 Adam Street, London WC2N 6AW.

Principal activities

The principal activities of the Company are the provision of insurance management and advisory services and the holding of investments.

Following the restructuring of the insurance operations of the ultimate shareholders in September 1994, the Company commenced trading as managers of their individually-owned and jointly-owned insurance interests in the United Kingdom.

There are currently no plans for changes in the Company's principal activities in 1995.

Results

The profit for the year after providing for taxation was £19,191,000.

The Directors recommend the payment of an ordinary dividend of £19,000,000 and that this be confirmed and termed the Final Dividend for the year.

An amount of £191,000 has been transferred to reserves.

Directors

The Directors of the Company during the year were:-

J.C. Mayo	(Chairman)
A.G. Spall	
G.M. Connell	
N. Lyle	(appointed 10 August 1994)
D.A. Searles	(appointed 14 October 1994)
J.D.F. Barnes	(resigned 10 August 1994)
A.J. Fleming	(resigned 10 August 1994)
C.M. Short	(resigned 14 October 1994)

Mr C.M. Short served as Chairman until his resignation from the Board on 14 October 1994, whereupon Mr J.C. Mayo was appointed Chairman.

Mr D. Taylor was appointed a Director on 1 March 1995.

The interests of the Directors in office at the end of the year in the shares and debentures of Zeneca Group PLC and its subsidiaries are shown in Note 13 to the Accounts.

I.C. INSURANCE HOLDINGS LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

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 undertakings 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 and Officers.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have 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 forthcoming Annual General Meeting.

Directors' responsibilities in respect of the preparation of financial statements

Company law requires the Directors to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the Company and of the profit or loss for the period and comply with the provisions of the Companies Act 1985. 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.

I.C. INSURANCE HOLDINGS LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

Directors' responsibilities in respect of the preparation of financial statements (Continued)

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



I.C. INSURANCE HOLDINGS LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>NOTE</u>	1994 £000	1993 £000
Management charges		2,249	-
Administrative expenses		<u>(2,227)</u>	<u>-</u>
PROFIT FROM OPERATIONS		22	-
Investment income	2	19,269	31,613
Interest paid		<u>-</u>	<u>(2)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19,291	31,611
Taxation on profit on ordinary activities	3	<u>100</u>	<u>7,113</u>
PROFIT FOR THE FINANCIAL YEAR		19,191	24,498
Dividend		<u>19,000</u>	<u>24,500</u>
Retained profit (loss) for the year		191	(2)
Retained profit brought forward		<u>54,009</u>	<u>54,011</u>
RETAINED PROFIT CARRIED FORWARD		<u>54,200</u>	<u>54,009</u>


The company has no gains and losses other than profit for the year and prior year. It is therefore not obliged to prepare a statement of total recognised gains and losses as required by Financial Reporting Statement No. 3.

The notes on pages 7 to 13 form an integral part of these accounts.

I.C. INSURANCE HOLDINGS LIMITED  
BALANCE SHEET  
AT 31 DECEMBER 1994

	<u>NOTE</u>	1994 £000	1993 £000
ASSETS EMPLOYED:			
Fixed assets			
Investments	4	<u>53,576</u>	<u>53,576</u>
Current assets			
Debtors	5	21,579	23,322
Cash at bank		<u>51</u>	<u>-</u>
		21,630	23,322
Current liabilities			
Creditors - amounts falling due within one year	6	<u>(19,079)</u>	<u>(20,962)</u>
NET CURRENT ASSETS		<u>2,551</u>	<u>2,360</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		56,127	55,936
Creditors - amount falling due after more than one year	7	<u>(1,827)</u>	<u>(1,827)</u>
NET ASSETS		<u>54,300</u>	<u>54,109</u>
FINANCED BY:			
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		<u>54,200</u>	<u>54,009</u>
		<u>54,300</u>	<u>54,109</u>

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

  
G.M. Connell, Director

The notes on pages 7 to 13 form an integral part of these accounts.

I.C. INSURANCE HOLDINGS LIMITED  
CASHFLOW STATEMENT  
AT 31 DECEMBER 1994

	<u>NOTE</u>	1994 £000	1993 £000
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	10	<u>(218)</u>	<u>-</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends received		11,269	22,502
Interest paid		-	(2)
Dividends paid		<u>(11,000)</u>	<u>(22,500)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		269	-
TAX PAID		<u>-</u>	<u>-</u>
NET CASH INFLOW BEFORE FINANCING		<u>269</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		51	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>51</u></u>	<u><u>-</u></u>

The notes on pages 7 to 13 form an integral part of these accounts.

**I.C. INSURANCE HOLDINGS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1994**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's accounts:

- a) **Basis of Accounting**  
These accounts have been prepared under the historical cost convention and in compliance with the Companies Act 1985, as amended by the Companies Act 1989 and applicable accounting standards, and consist of the accounts of the company only. The financial statements present information about the undertaking as an individual undertaking and not about its group. The company is exempt from the preparation of group accounts under S228(1) (b) of the Companies Act 1985.
- b) **Fixed Assets**  
Investments, consist of shares in subsidiary undertakings and are carried at cost. Dividends from subsidiary undertakings are accounted for when due.
- c) **Foreign Currencies**  
Assets, liabilities and revenue items arising in foreign currencies have been translated into sterling at rates of exchange prevailing during the year.
- d) **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.
- e) **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.



I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

2. INVESTMENT INCOME

	1994	1993
	£000	£000
Dividends receivable from Subsidiary undertakings	<u>19,269</u>	<u>31,613</u>

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1994	1993
	£000	£000
The taxation charge for the year comprises: Corporation Tax at the rate of 33% (1993-33%)		
Current year	100	-
Prior years	-	-
Tax attributable to franked investment income	<u>-</u>	<u>7,113</u>
	<u>100</u>	<u>7,113</u>

4. FIXED ASSET INVESTMENTS

	1994	1993
	£000	£000
Cost at 1 January 1994 and at 31 December 1994 - shares in subsidiary undertakings	<u>53,576</u>	<u>53,576</u>

The company holds the following unlisted investment in subsidiary undertakings:-

	Country of Incorporation	Class of Share	Percentage of Ordinary Share Capital held
IC Insurance Limited (Insurance company)	England & Wales	Ordinary Shares of £1 each	100%
Blairmont Insurance Company (Insurance company)	U.S.A.	Common Stock of Units US\$ 1 each	100%

I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

4. FIXED ASSET INVESTMENTS (CONTINUED)

The Company has provided a Letter of Credit in the sum of US\$ 500,000 to the State of Vermont Commissioner of Insurance in respect of Blairmont Insurance Company's Common Stock which has been issued nil paid. The Letter of Credit qualifies as capital under the State of Vermont insurance regulations.

In the opinion of the Directors the aggregate value of the assets of the company consisting of shares in and amounts owing from the company's subsidiaries is not less than the aggregate of the amounts at which these assets are included in the balance sheet.

5. DEBTORS

	1994	1993
	£000	£000
Amount owed by subsidiary undertaking	21,405	16,209
Other debtors	<u>174</u>	<u>7,113</u>
	<u>21,579</u>	<u>23,322</u>

6. CREDITORS - Amounts falling due within one year

	1994	1993
	£000	£000
Corporation tax	229	7,244
Amount owed to parent undertaking	9,540	5,610
Other creditors	<u>9,310</u>	<u>8,108</u>
	<u>19,079</u>	<u>20,962</u>

Included in the amounts owed to the parent undertaking and to other creditors is a dividend payable of £19,000,000 (1993 - £11,000,000).

I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

7. CREDITORS - Amounts falling due after more  
than one year

	1994	1993
	£000	£000
Loan from parent undertaking	<u>1,827</u>	<u>1,827</u>

The loan from parent company is interest free and has no fixed repayment date.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'  
FUNDS

	1994	1993
	£000	£000
Net profit for the financial year	19,191	24,498
Dividends	<u>(19,000)</u>	<u>(24,500)</u>
	191	(2)
Shareholders' equity at beginning of year	<u>54,109</u>	<u>54,111</u>
Shareholders' equity at end of year	<u>54,300</u>	<u>54,109</u>

9. SHARE CAPITAL

	1994	1993
	£000	£000
Authorised, allotted, called up and fully paid:		
100,000 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

10. NET CASH FLOW FROM OPERATING ACTIVITIES

	1994 £000	1993 £000
Profit from operations	22	-
Debtors decrease (increase)	9,743	(7,113)
Creditors (decrease) increase	<u>(9,983)</u>	<u>7,113</u>
	<u>(218)</u>	<u>-</u>

11. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year amounted to £209,180 (1993 - £228,272).

The emoluments of the Chairman from the date of his appointment to 31 December 1994 were £nil. The emoluments of the previous Chairman from the beginning of the year to 14 October 1994 were £nil (1993 - £nil). The emoluments, excluding pension contributions, of the highest paid Director were £131,375 (1993 - £112,877). Emoluments (exclusive of pension contributions) of all Directors were within the following ranges:-

£	£	<u>1994</u>	<u>1993</u>
0	- 5,000	6	4
50,001	- 55,000	1	-
80,001	- 85,000	-	1
110,001	- 115,000	-	1
130,001	- 135,000	1	-

I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

12. 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 the Zeneca Group PLC ('Zeneca') (Holding Company) Group during the period 1 January 1994 to 31 December 1994 were as follows:-

Director	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
J.C. Mayo	Zeneca Ordinary Shares	20000	20000	128687	11372	-	140059
A.G. Spall	Zeneca Ordinary Shares	4673	2914	-	-	-	-
G.M. Connell	Zeneca Ordinary Shares	3433	2117	58668	2344	6417	54595
N. Lyle	Zeneca Ordinary Shares	5043	14000	72003	1372	42026	31349

13. STAFF

The average number of persons employed by the Company in each week of the year ended 31 December 1994 was 46 and the aggregate remuneration paid in respect of that year was £1,056,000 (1993 £nil) comprising:-

	1994 £000
Salaries	861
Social security costs	68
Pension costs	<u>127</u>
	<u>1,056</u>

I.C. INSURANCE HOLDINGS LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
YEAR ENDED 31 DECEMBER 1994

14. AUDITORS' REMUNERATION

The auditors' remuneration in 1994 and 1993 was borne by a subsidiary undertaking.

15. PENSIONS

Pension provision was made through the participation of I.C. Insurance Holdings 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 £127,000 (1993 £Nil).

16. ULTIMATE HOLDING COMPANY

The ultimate holding company of I.C. Insurance Holdings Limited is Zeneca Group PLC, a company registered 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  
I.C. INSURANCE HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 13.

**Respective responsibilities of directors and auditors**

As described on pages 2 and 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

KPMG  
Chartered Accountants  
Registered Auditors

London  
31 March 1995