

ICI PENSION FUND

**Registered with the Pensions Regulator
Registration Number 10013256**

REPORT OF THE TRUSTEE AND FINANCIAL STATEMENTS

31 March 2015

ICI PENSION FUND

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ICI PENSION FUND**HIGHLIGHTS OF THE YEAR ENDED 31 MARCH 2015**

	Total £m
Fund's assets at 1 April 2014	8,602
How the money came in - Income	£m
Employer contributions	190
Investment income	228
Total income	418
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How it was used - Expenditure	£m
Pensions	492
Commutation lump sums	17
Transfers to other funds	12
Total expenditure	521
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Change in the Fund	£m
Balance of Income and Expenditure	-103
Change in market value of investments	1,307
Total change in the Fund	1,204

Fund's Assets at 31 March 2015**£9,806 million**

The Fund provides for:

Contributing members	347
Pensioners	46,196
Deferred pensioners	9,327
Total members at 31 March 2015	55,870

ICI PENSION FUND

TRUSTEE, DIRECTORS AND PROFESSIONAL ADVISERS AS AT 16 JULY 2015

Trustee:

ICI Pensions Trustee Limited

Directors:

D J Gee (Chairman) SRC
Pensioner

I N Canham AC*, SRC
Deferred Member

J H Fitzpatrick PAC, AC
Pensioner

F P Gray IC, AC
Pensioner

K R January PAC
ICI Paints

D J Loose PAC*, AUC
Pensioner

S A McMahon SRC, PAC, AUC
Deferred Member

M L Rugg IC
Pensioner

R W T Turner IC*, SRC
Pensioner

D W Welch IC, AC, AUC
Other Director

The Law Debenture Trust
Corporation p.l.c. SRC*, PAC, IC, AUC*

Committee Roles:

- IC - Investment Committee
- SRC - Strategic Risk Committee
- PAC - Policy & Administration Committee
- AC - Appeals Committee
- AUC - Audit Committee

* The asterisk refers to the committee of which the trustee director is chairman

Secretary:

Pensions Secretariat Services Limited
3rd Floor, 38 Lombard Street
London EC3V 9BS

Scheme Actuary:

G McLean FIA
(appointed 1 February 2015 replacing D.Donneky FIA)
Towers Watson Limited
Watson House, London Road
Reigate, Surrey RH2 9PQ

External Auditor:

KPMG LLP
15 Canada Square, London E14 5GL

Internal Auditor:

Deloitte LLP
2 New Street Square, London EC4A 3BZ

Investment Managers:

Alinda Capital Partners LLC
100 West Putnam Avenue, 3rd Floor
Greenwich, CT 06830, USA

BlackRock Advisors (UK) Limited
12 Throgmorton Avenue, London EC2N 2DL

Genesis Investment Management LLP
21 Grosvenor Place, London SW1X 7HU

Intermediate Capital Managers Limited
Juxon House, 100 St Paul's Churchyard
London EC4M 8BU

M&G Investment Management Limited
Laurence Pountney Hill, London EC4R 0HH

Rogge Global Partners Plc
Sion Hall, 56 Victoria Embankment
London EC4Y 0DZ

Annuity Providers:

Legal & General Assurance Society Limited
One Coleman Street, London EC2R 5AA

Prudential Retirement Income Limited
Craigforth, Stirling FK9 4UE

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TRUSTEE, DIRECTORS AND PROFESSIONAL ADVISERS AS AT 16 JULY 2015

Investment & Insurance Advisers:

Towers Watson Limited
Watson House, London Road,
Reigate, Surrey RH2 9PQ

Lane Clark Peacock LLP
95 Wigmore Street, London W1U 1DQ

Custodians:

Northern Trust
50 Bank Street, London E14 5NT
(replacing JP Morgan Chase Bank NA with effect from
1 April 2015)

The Bank of New York Mellon SA/NV
The Bank of New York Mellon Centre,
160 Queen Victoria Street, London EC4 4LA

Solicitors:

Allen & Overy LLP
One Bishops Square, London E1 6AD

DLA Piper UK LLP
1 St Paul's Place
Sheffield S1 2JX

Squire Patton Boggs (UK) LLP
7 Devonshire Square, Cutlers Garden,
London EC2M 4YH

Administrator:

Towers Watson Limited
Administration Offices
ICI Pensions Services
PO Box 545,
Redhill,
Surrey, RH1 1YX
Email: ici@towerswatson.com

Bank:

Barclays Bank PLC
London Corporate Service Centre
1-11 The Broadway
London E15 4BQ

Covenant Advisers—Principal Employer:

Penfida Partners LLP
1 Carey Lane, London EC2V 8AE

Covenant Advisers—Annuity Providers:

Oliver Wyman Limited
55 Baker Street, London W1U 8EW

Communication Advisers:

MHP Communications
60 Great Portland Street
London W1W 7RT

Ferrier Pearce (Communications) Limited
Maybrook House, 97 Godstone Road
Caterham, Surrey CR3 6RE

Towers Watson Limited
Watson House, London Road,
Reigate, Surrey RH2 9PQ

Insurance Broker:

Lockton Companies LLP
The St Botolph Building, 138 Houndsditch
London EC3A 7AG

Investment Performance Measurer:

State Street Investment Analytics
525 Ferry Road, Edinburgh EH5 2AW

Medical Advisers:

Dr D Makepeace

Dr J Reed

Safe Custody Adviser:

Thomas Murray Limited
Horatio House, 77-85 Fulham Palace Road
Hammersmith, London W6 8JC

AVC Providers:

Clerical Medical Investment Group Limited
PO Box 174, Walton Street
Aylesbury
Bucks. HP21 7YP

The Equitable Life Assurance Society
PO Box 177, Walton Street
Aylesbury
Bucks. HP21 7YH

Marine & General Mutual Life Assurance
Society
MGM House, Heene Road
Worthing
West Sussex BN11 3AT

The Prudential Assurance Company
Craigforth, Stirling FK9 4UE

ICI PENSION FUND

REPORT OF THE TRUSTEE 31 MARCH 2015

The Trustee Board submits the Annual Report on the operations of the ICI Pension Fund (the "Fund"), together with the Financial Statements of the Fund for the year ended 31 March 2015.

Principal Employer

The Principal Employer of the Fund is Imperial Chemical Industries Limited ("ICI"), 26th Floor, Portland House, Bressenden Place, London SW1E 5BG (formerly Imperial Chemical Industries PLC).

Guarantor

On 2 January 2008, ICI was acquired by Akzo Nobel N.V. ("AkzoNobel"), a company based in the Netherlands. Under a Deed executed on the same date, AkzoNobel guarantees all ICI's obligations to make payments to the Fund arising under legislation and under the Trust Deed and Rules.

Trustee

The Fund has one trustee, a corporate trustee, called ICI Pensions Trustee Limited (the "Trustee"). This company is owned by The Law Debenture Trust Corporation PLC ("Law Debenture"), a professional trustee company which is entirely independent from ICI and from AkzoNobel. As owner of all the share capital, only Law Debenture has the power to remove Directors and to appoint replacements, subject to legislation.

The Trustee Board normally has 11 Directors, made up as follows:

- 1 Independent Director, Law Debenture;
- 5 Member-Nominated Directors;
- 5 Other Directors.

Status of the Fund

The Fund is a defined benefit occupational pension scheme. On 1 October 2000 the Fund was closed to new employees of ongoing ICI businesses and on 30 June 2002 it was closed to all new members, except for re-admission, at the request of ICI, of certain former members who previously left the Fund in order to take up employment with a different ICI group company.

Bulk Annuity Policies

In March 2014, the Trustee purchased two bulk annuity policies (sometimes known as 'buy-ins'), one from Legal and General Assurance Society Limited ("L&G") and one from Prudential Retirement Income Limited ("Prudential") to help further increase the security of member benefits by reducing risks including life expectancy. Further purchases of bulk annuity policies were made during the year, from Prudential in November 2014 and L&G in March 2015.

Member-Nominated Directors ("MNDs")

Under the Pensions Act 2004, the Trustee is responsible for determining the procedure for nomination and selection of MNDs, subject to certain requirements set out in that Act. The Trustee also has regard to guidance issued by the Pensions Regulator. Detailed arrangements for the nomination and selection procedure are determined by the Policy and Administration Committee and vacancies are notified to members via the annual pensions newsletter ("Pensions News") which is sent to members and published on the Trustee website. Under the current arrangements:

- any Fund member may be nominated as an MND;
- the Trustee decides the selection criteria and nominates a selection panel, comprising the Chairman of the Trustee Board, Law Debenture and a cross-section of Directors who are all members of the Fund at least one of whom must be an MND and one of whom is not an MND;
- the final decision on whom to appoint is taken by this selection panel;

Directors

The Directors held nine Board meetings during the year ended 31 March 2015. A list of the Directors at the date of this report is given on page 3. During the year and subsequently the following changes in Director appointments have arisen.

R W T Turner was re-appointed from 1 May 2015. K R January's appointment was extended to 31 May 2016. S A McMahon was re-appointed from 8 June 2015.

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REPORT OF THE TRUSTEE 31 MARCH 2015

Secretary and Administrator

Pensions Secretariat Services Limited ("Pensecserv"), a wholly-owned subsidiary of the Fund, served as Secretary throughout the year, providing all strategic support services to the Fund. The administrator of the Fund is Towers Watson Limited ("Towers Watson").

Directors' Remuneration

Directors who are employees of AkzoNobel (or another company within the AkzoNobel Group (the "Group")) or who otherwise provide services to the Group are not currently remunerated by the Trustee. Law Debenture is remunerated at its normal fee rates for the professional services it provides to the Trustee. Other Directors are remunerated at rates set independently by Law Debenture. The normal annual rates applicable at the date of approving this report are as follows:

	£
Chairman	65,000
Committee Chairman	39,000
Trustee Director	22,000

Each director remunerated by the Trustee received a supplement of £2,800 during the year for additional work in respect of a one-off project which has now been completed.

The cost of Directors' remuneration is an administrative expense of the Fund and so is borne by ICI in accordance with the Trust Deed and Rules and paragraph 4 of the Schedule of Contributions (see page 18).

Committees of the Trustee Board

The Board has appointed five committees to deal with aspects of its activities:

Appeals Committee

The Appeals Committee hears all cases under Stage 2 of the Internal Dispute Resolution Procedure ("IDRP"). The Appeals Committee met once during the year.

Audit Committee

The role of the Audit Committee is to make recommendations to the Board as to the appointment of external and internal auditors; to agree the scope of their audit work and to discuss with them any issues arising. The Committee also reviews the Fund's annual financial statements and reviews the effectiveness of the Fund's internal control and risk management systems. The Audit Committee met three times during the year.

Investment Committee

The Investment Committee's role is to advise the Board on investment strategy and risks and it has delegated authority to implement changes to investment strategy; to review, monitor, select and (where necessary) deselect investment managers and the custodian; and to determine their remits and terms of appointment. Further details are contained in the Investment Report on pages 11 to 14. The Investment Committee met twelve times during the year.

Policy and Administration Committee

The Policy and Administration Committee advises the Board on a variety of issues of policy; monitors the administrator of the Fund, Towers Watson, and deals with discretionary benefits and other administrative issues delegated to the Committee by the Board. The Policy and Administration Committee met six times during the year.

Strategic Risk Committee

The Strategic Risk Committee's role is to represent the Fund's interests in discussions with the Principal Employer about funding issues and the general security of the Fund and to investigate ways of mitigating the principal non-investment risks that may affect the Fund. The Strategic Risk Committee met five times during the year.

Trustee Training

The Trustee Board believes that all Directors should receive appropriate training to enable them to undertake their duties. It operates its own in-house training programme, utilising a wide variety of external speakers as

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REPORT OF THE TRUSTEE 31 MARCH 2015

well as identifying appropriate external training opportunities for Directors to attend. To provide common foundation training for all, Trustee Directors are also required to complete the Pensions Regulator's Trustee Toolkit (an online training programme) within six months of appointment.

Statement of Trustee Responsibilities

The audited accounts are the responsibility of the Trustee Board. Pension scheme regulations require the Trustee Board to make available to scheme members, beneficiaries and certain other parties audited accounts for each scheme year which:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee Board has arranged for the preparation of the accounts and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of an annual report, information about the scheme prescribed by pensions legislation, which the Trustee Board should ensure is consistent with the audited accounts it accompanies.

Under the Pensions Act 1995, the Trustee Board is responsible for ensuring that there is prepared, maintained and, from time to time revised, a Schedule of Contributions showing the rates of contributions payable to the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustee Board is also responsible for keeping records of contributions received in respect of any active member of the Fund and for procuring that contributions are made to the Fund in accordance with the Schedule of Contributions.

The Trustee Board also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

Financial Statements

The Annual Financial Statements of the Fund have been prepared and audited in accordance with the requirements of the Pensions Act 1995 and are shown on pages 24 to 32.

It must be emphasised that market value is a snapshot at the date of the Financial Statements and that there can be sharp short-term fluctuations in market value. Given the long-term nature of pension funds, not too much emphasis should be given to short-term rises or falls in the market value of the Fund's investments. Therefore, it is advised that the Fund's Financial Statements should be read in conjunction with the Actuarial Certificate on page 23.

Custodian

The Fund has a single, independent custodian for its direct investments. Until 31 March 2015 this was JP Morgan Chase Bank NA. Their mandate was terminated and Northern Trust appointed with effect from 1 April 2015. Investments in pooled funds use independent custodians appointed by the manager of each Fund. The Fund has also appointed The Bank of New York Mellon SA/NV as independent custodian of the assets held as security in relation to the bulk annuity policies with Prudential. Northern Trust acts as independent custodian of the assets held as security in relation to the bulk annuity policies with L&G.

Additional Voluntary Contributions ("AVCs")

AVC arrangements are no longer open to new contributions. However, members are able to continue to maintain existing AVC savings accounts if they wish to do so. In response to the Pensions Regulator's DC Code of Practice, a sub-committee of the Investment Committee was set up during the year to provide oversight in relation to AVCs.

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REPORT OF THE TRUSTEE 31 MARCH 2015

Benefit Statements

Benefit Statements are normally sent to contributing members between July and September each year. Deferred members may request them individually.

Pension Increase

Guaranteed Minimum Pensions ("GMPs") are increased as required by government regulations. The Fund's Rules provide for pensions to be increased in line with the annual increase in RPI, subject, for the majority of members, to a limit of 5% and applied to the pension in excess of GMP. For most pensioners who retired before 6 April 2006, the increase is based on the pension value before commutation. Pensions in payment were increased by 2.5% with effect from 1 November 2014, reflecting the annual increase in RPI as at 31 July 2014.

Self Investment

The Fund has no direct investments in ICI or any other companies within the Group. Indirect investment arises only via indexed pooled investment vehicles (as permitted by the Pensions Act 1995) and represents less than 1% of Fund assets.

Risk Controls

As a result of the European Pensions Directive, regulations require all pension fund trustees to ensure adequate internal financial controls and policies for the control of investment risk. No significant change to Trustee policies or procedures was necessary to comply with these regulations.

Actuarial Valuation and Determination of Contributions

The Scheme Actuary carried out a formal valuation of the Fund as at 31 March 2011. This was the second valuation of the Fund to be conducted under the scheme-specific funding regulations established by the Pensions Act 2004. As a result of this valuation, a Recovery Plan and a revised Schedule of Contributions were agreed between the Trustee and the Principal Employer and certified by the Scheme Actuary on 30 January 2012. The Principal Employer made the following contributions during the year to 31 March 2015 in accordance with the Schedule of Contributions dated 30 January 2012:

- From 1 April 2014 to 31 March 2015 inclusive, 28.9% of pensionable pay for former Holden Plan members and 38.5% in respect of all other members.
- Contributions to fund the costs of early retirements in normal health.
- Additional contributions of £178.5 million in recognition of the funding deficit at 31 March 2011.

A Summary Funding Statement outlining the results of the 31 March 2011 actuarial valuation was issued to members in April 2012. This, together with the Summary Funding Statement covering the estimated position as at 31 March 2013, is available on the Trustee website, www.icipensionfund.org.uk.

The Scheme Actuary carried out a formal valuation of the Fund as at 31 March 2014 which was agreed on 17 July 2015. The Schedule of Contributions agreed on that date will give rise to further additional contributions from 2016 to 2021 as detailed on page 21.

Arrangements for Payment of Employer Contributions

The following contribution dates are embodied in the Schedule of Contributions:

Type of Payment	Due Date
Members' contributions deducted from salary	Within nineteen days after the end of the month in which the deduction was made
Employers' contributions related to salary	As for members' contributions
Deficit Contributions	By the end of January in each Fund year
Other additional contributions (e.g. Early Retirement Top-Ups)	Within three months of being properly demanded by the Trustee

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REPORT OF THE TRUSTEE 31 MARCH 2015

Additional Agreements with the Principal Employer

Under Clause 14 of the Trust Deed, ICI guarantees the due payment of contributions and other payments to the Fund so as to ensure solvency of the Fund and the due payment of all pensions and benefits.

AkzoNobel has also agreed to share information periodically with the Trustee on its financial position.

Transfers

All transfer values paid to other pension schemes were either calculated by the Scheme Actuary, or calculated in accordance with instructions prepared by him, in accordance with statutory regulations. Transfers in from external companies' pension schemes are no longer accepted into the Fund. Existing ICI employees who were required to leave the Fund and transfer into other ICI pension arrangements may still be permitted to rejoin the Fund, subject to the consent of ICI and the Trustee.

Equal Treatment

The Directors believe that the Fund has equalised benefits between men and women as required by law except for GMPs where, in common with most other pension schemes, the Directors are awaiting further clarification of the law.

Internal Dispute Procedure

The Fund has instituted a procedure in accordance with the requirements of the Pensions Act 1995 and the Pensions Act 2004. The process is intended to be clear and simple and members can obtain details from the Fund's administrator, whose address is shown on page 4.

Contracting-out of State Second Pension

Employees of ICI have been contracted-out of the State Second Pension ("S2P", formerly the State Earnings Related Pension Scheme or SERPS) and have been since the scheme was introduced in 1978. The basis for contracting-out of S2P for the Fund is the Reference Scheme Test.

Appointment of Advisers

The advisers listed on pages 3 and 4 have all been appointed by the Trustee or under authority of the Trustee.

Data Protection Act 1998

The Trustee Board, together with the Internal Auditor, the Administrator and the Scheme Actuary, periodically review the data held and systems used in order to assess actions required to meet the provisions of the Data Protection Act 1998. The Trustee believes that it complies with all aspects of the legislation.

Tax Status

The Fund is registered with HMRC in accordance with the Finance Act 2004 and the Directors know of no reason why this registration may be prejudiced or withdrawn.

Enquiries

Any enquiries concerning the Trustee's Report, Financial Statements or any provisions of the Fund should be addressed to the Fund's administrator, whose contact details are shown on page 4.

BY ORDER OF THE BOARD OF ICI PENSIONS TRUSTEE LIMITED

B.J.Picknett
for and on behalf of Pensions Secretariat Services Limited
Secretary

3 August 2015

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MEMBERSHIP REPORT 31 MARCH 2015

	Contributing Members	Pensions in Payment	Deferred Pensioners	Total
At 1 April 2014	417	47,586	9,816	57,819
Additions	-	1,168	37	1,205
Cessations	-70	-2,558	-526	-3,154
At 31 March 2015	347	46,196	9,327	55,870

The 1,168 additions to the Pensions in Payment comprise 33 who were former contributing members, 406 who were former deferred members, with the balance of 729 being dependants pensions.

Cessations of Contributing Members

Pension at normal retirement	1
Pension at early retirement	24
Pension on failure of health	8
Deferred pensions	37
	70

Commutation of Pensions

During the year 442 members were eligible to exercise their option to commute part of their pensions and 385 (i.e 87.1%) decided to do so. The total pensions commuted during the period under review amounted to £0.8million. The amount of commutations paid in the year was £16.8million.

Dependants' and Spouses' Pensions

Of the 46,196 pensions in payment at 31 March 2015, 14,991 were payable to dependants or spouses.

Additional Voluntary Contributions (AVC) Scheme

AVCs are invested in individual accounts with Clerical Medical and the Equitable Life and in the case of members transferred in from the Holden UK Retirement Benefit Plan, Prudential and Marine & General.

AVCs are closed to new contributions. The figures given below indicate the total number of members with AVCs and the companies with which they are invested.

	Equitable Life	Clerical Medical	Prudential	Marine & General
AVC Members at 1 April 2014	148	59	29	2
Add: Transfers to Clerical Medical	-	111	-	-
Less Partial transfers	-48	-	-	-
Full transfers from Equitable Life	-63	-	-	-
Total transfers	-111	-	-	-
Leavers	-4	-13	-5	-
AVC Members at 31 March 2015	81	157	24	2

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INVESTMENT REPORT 31 MARCH 2015

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Directors of ICI Pensions Trustee Limited have produced a Statement of Investment Principles ("SIP") after having consulted with ICI. A copy can be obtained by writing to the Fund Administrator at the address given on page 4.

Investment Management Structure

Investments are managed according to remits and control limits laid down in the SIP. The Directors have established an Investment Committee to which a number of operational powers are delegated, but key decisions about long-term strategy and governance are taken by the Board of Directors.

The Trustee has delegated all day-to-day investment decisions to its investment managers:

Alinda Capital Partners LLC ["Alinda" or "ALI"]
Ashmore Management Company Limited ["Ashmore" or "ASH"]
BlackRock Advisors (UK) Limited ["BlackRock" or "BLK"]
Genesis Investment Management LLP ["Genesis" or "GEN"]
Intermediate Capital Managers Limited ["ICG"]
M&G Investment Management Limited ["M&G"]
Rogge Global Partners Plc ["Rogge" or "ROG"]

Each remit includes a benchmark against which performance is measured. BlackRock's remit is to manage the matching asset portfolio, being bonds or a combination of cash and swaps with similar economic characteristics, designed to match a substantial proportion of the Fund's liabilities. BlackRock also manages equities and equity options on a passive basis. Ashmore is a bond manager specialising in emerging markets bonds. Their mandate was terminated on 30 April 2015. ICG and M&G are specialist leveraged loan managers. M&G is also a specialist long-leasehold property manager. Alinda is a specialist infrastructure manager. Genesis specialises in emerging market equities and Rogge specialises in emerging market currencies. The Insight LDI mandate was terminated in March 2015 and their assets transferred to BlackRock. The PIMCO High Yield Bond mandate was terminated in November 2014.

Investment Strategy

The Fund continued its existing investment strategy of maintaining a substantial proportion of assets in bulk annuity policies, bonds, cash and swaps that closely match expected future cash outflows, in order to minimise volatility of assets relative to liabilities. This strategy has served the Fund well in the year to 31 March 2015 where further falls in gilt yields has led to an increase in the present value of the liabilities which has been offset by an increase in the value of the Fund's assets. To meet pension outgoings during the year, the Fund relied on bulk annuity payments, income and maturities of its low-risk bond portfolio, together with deficit-reduction contributions from ICI.

As at the year end the Fund had reduced the allocation to investments exhibiting higher risk but with correspondingly higher return expectations ("return-seeking") to 15% of the total value of its assets with the proportion allocated to liability-related investments increasing to 85%. During the year the Trustee set a target of hedging 85% of the interest rate and inflation risk relating to its liabilities and this was implemented in August.

The Investment Committee has been evolving the investment strategy during the year, in parallel with the 31 March 2014 valuation, and will implement a revised return-seeking allocation in the new Fund Year. The lower allocation to return-seeking assets and correspondingly higher allocation to liability-related assets reflects the improved funding level of the Fund.

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INVESTMENT REPORT
31 MARCH 2015

The Fund's strategic asset allocation expressed by the benchmarks given to individual managers at 31 March 2015, was as set out below:-

	BLK %	L&G %	Pru %	ALI %	ASH %	ICG %	M&G %	GEN %	ROG %	Total %
Liability-linked Investments	36	39	10							85
Developed Market Equities	8									8
Emerging Market Equities								2		2
Emerging Market Bonds					1					1
Leveraged Loans						1	1			2
Emerging Market Currencies									1	1
Infrastructure*				0						0
Property							1			1
	44	39	10	0	1	1	2	2	1	100

Subject to rounding differences

* The Fund has entered into future investment commitments in relation to infrastructure, but these do not exceed 0.5% of total investments.

Investment Performance Summary

The Fund subscribes to the independent State Street Investment Analytics service for performance measurement of UK pension funds. The returns for each manager who served throughout the relevant period are measured against their respective market benchmark. The total Fund return is measured against the strategic liability benchmark, which reflects changes to the value of future benefit cashflows. The returns for the year to 31 March 2015 and for the last three and five year periods were as follows:

	Year to 31 March 2015		Last 3 years (Annualised)		Last 5 years (Annualised)	
	Actual %	Benchmark %	Actual %	Benchmark %	Actual %	Benchmark %
BlackRock Equity Portfolio	13.4	13.5	13.3	13.3	9.0	9.0
BlackRock Matching Portfolio	20.6	21.3	8.7	8.0	9.9	9.0
Ashmore	4.3	9.4	0.6	3.3	1.2	2.5
ICG	-4.4	0.7	2.9	4.6	3.2	3.3
M&G Leveraged Loans	4.9	4.1	5.9	6.6	5.1	5.6
M&G Property	9.1	17.0	5.9	6.6	N/A	N/A
Genesis	11.3	13.2	5.3	3.2	5.0	2.5
Rogge	12.2	4.6	4.0	3.6	2.7	3.3
Alinda	36.2	12.6	8.8	2.8	5.6	0.8
Total Fund Return	17.8	17.0	8.9	6.5	9.3	8.5

N/A = Not Applicable.

Investment management benchmarks are adjusted for changes in remit quarterly as necessary. Where a manager's remit is changed in mid-quarter, this can distort comparison with benchmarks over periods as long as three years.

The Matching Asset portfolio represents 85% of the Fund's assets and the relative performance of this portfolio dominates performance and is the primary reason that the total Fund outperformed the liability benchmark. However, M&G (Leveraged Loans), Rogge and Alinda delivered higher percentage out-performance compared to their own benchmarks in the year to 31 March 2015.

Dramatic changes in investment markets, such as those occurring in recent years, emphasise the importance of judging performance of pension fund investments over long periods of time. Over the last 10 years, the Fund has delivered a positive return of 8.2%, against its benchmark return of 7.9%.

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INVESTMENT REPORT 31 MARCH 2015

BlackRock Matching Asset performance

The return reported above on the Matching Asset portfolio is as calculated by the manager taking into account returns not only on the assets they hold, but also on “notional assets”. These are included to adjust for the difference in size between the assets managed and the liabilities in the manager benchmark. This can lead to the reported return being either higher or lower than the return on the assets held. This adjustment is necessary to give a fair view of the manager performance against its benchmark. The manager calculation is verified by State Street Investment Analytics. However, the return on assets managed by BlackRock included in total fund returns is the actual return on the assets held (excluding any notional allocations in the LDI manager performance calculations). As a result, the sum of the weighted returns differs from the “Total Fund Return” figure shown in the table on the previous page.

Disclosure of Information

Further information concerning investments is detailed in Notes 7 and 8 of the Financial Statements on pages 29 to 31.

Myners’ Report - Trustee Compliance Statement

In 2008, the government published an updated version of its Myners’ Principles, a voluntary code of practice, on the governance of pension fund investment processes.

The Trustee supports Myners’ Principles and believes that, in general, they coincide with the interests of the Fund. The Trustee conducts an annual assessment to confirm that the Trustee complies with all of the Principles.

Bulk Annuity Policies

With effect from 25 March 2014, the Fund has four bulk annuity policies held in its name, two with Legal & General Assurance Society Limited (“L&G”) and two with Prudential Retirement Income Limited (“Prudential”). The key features of the policies are as follows.

Structure

The policies are for the benefit of the Fund as a whole and do not change the position of individual members who will see no change to how their pensions are provided. However, the policy receipts are dependent on the longevity of specific members.

Security

There are in place collateral structures whereby the Fund has legal ownership of a pool of assets which it can access should L&G or Prudential default on the contracts or breach them in other ways. The levels of collateral have been agreed with L&G and Prudential and they are obliged to top up the collateral where necessary.

The assets in the collateral pools are managed in accordance with pre-agreed investment policies which ensure that the credit quality, liquidity and marketability of the portfolios are kept at appropriate levels.

ICI PENSION FUND

INVESTMENT REPORT 31 MARCH 2015

Management and custody

Legal & General Investment Management Limited are investment managers of the L&G collateral pool and Northern Trust Company is the custodian. The assets are now legally owned by the Trustee subject to a fixed charge in favour of L&G.

M&G are investment managers of the Prudential collateral pool which is legally owned by the Trustee and subject to a fixed charge in favour of Prudential. The Bank of New York Mellon SA/NV is the custodian.

Monitoring

Regular monitoring of the policies and the collateral arrangements takes place, both internally at Trustee level, with Prudential via a Joint Management Committee and with L&G. Monitoring occurs, daily, monthly, quarterly and annually in relation to different aspects of the arrangements.

ICI PENSION FUND

CHANGE TO SCHEME ACTUARY

With effect from 1 February 2015 David Donneky of Towers Watson Limited resigned as Scheme Actuary to the Fund and Graham McLean (also of Towers Watson Limited) was appointed in his place. David Donneky's formal letter of resignation was in the following terms:

Notice of resignation

I hereby resign as Scheme Actuary to the ICI Pension Fund with effect from 1 February 2015.

I confirm that I am not aware of any circumstances connected with my resignation which, in my opinion, significantly affect the interests of members or prospective members of, or beneficiaries under, the Fund. Please note that this statement is based on my personal knowledge of the Fund and I have not made any enquiries in relation to this statement.

Name: David Donneky

Date: 16 January 2015

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 30 JANUARY 2012

Name of Principal Employer: Imperial Chemical Industries Limited

Period covered by schedule: From 1 April 2011 to 31 January 2017 inclusive.

This schedule of contributions has been prepared by ICI Pensions Trustee Limited, the Trustee of the ICI Pension Fund (the "Fund") after obtaining the advice of David Donnelly, the Scheme Actuary, and has been agreed to by the Principal Employer. The Principal Employer confirms that it has been nominated to act as the representative of the employers for the purpose of section 229 of the Pensions Act 2004 and accordingly signs this Schedule on behalf of itself and the other employers.

IT IS AGREED that

- A. The contributions payable from 1 January 2012 are set out below. The contributions payable from 1 April 2011 to 31 December 2011 are set out in the schedule of contributions signed on behalf of the Trustee and the Company on 1 December 2010 and certified by the Scheme Actuary on 2 December 2010 (the "2010 Schedule").
- B. This schedule revokes and replaces the 2010 Schedule with effect from 30 January 2012, which shall, from that date, be of no further effect.
- C. If the Principal Employer fails to pay an amount due under paragraph 2 of this Schedule of Contributions (recovery plan contributions) on or before the last permitted date for payment (including the payment of interest under paragraph D below) and has failed to remedy its default within 15 Business Days after the Trustee has notified it of such default, the Trustee may, by written notice to the Principal Employer, declare all or part of the aggregate unpaid amounts payable under paragraph 2 of this Schedule of Contributions to be immediately due and payable by the Principal Employer and/or payable by the Principal Employer on demand by the Trustee.
- D. If the Principal Employer or any other Contributing Company fails to pay any amount in accordance with this Schedule of Contributions, it shall pay interest on that amount from the time of default up to the time of actual payment (as well after as before judgment) at the rate per annum which is the sum of:
 - (i) one per cent; and
 - (ii) the rate (as determined by HSBC Bank plc) for a deposit of an amount comparable to the defaulted amount, for such period or periods as HSBC Bank plc may from time to time select, at or about 11.00 (London time) on the Business Day on which, or succeeding that on which, the Trustee becomes aware of the default, for value on that day.

In this schedule

- (i) terms used have the meanings given to them in the Definitive Deed and Rules dated 6 April 2006, as subsequently amended, (such deed and rules being together referred to as the "Rules") governing the Fund, unless the context requires otherwise;
- (ii) "Holden Section members" refers to Contributing Members or Employed Members who transferred to the Fund with effect from 1 December 2010 from the Holden UK Retirement Benefits Plan (the "Holden Plan");
- (iii) "salary sacrifice member" refers to a Contributing Member or Employed Member who participates in a Contributing Company's salary sacrifice arrangement, and
- (iv) "Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 30 JANUARY 2012

1. Rates of contribution – normal future service contributions

The rates of contribution payable in respect of the accrual of benefits from and including 1 January 2012 by Contributing Members, Employed Members or Contributing Companies are:

by Contributing Members or Employed Members:

Salary sacrifice members:	Nil.
Other members:	The rates set out in the Rules and for Holden Section members at the level of 6% of Pensionable Salary.

by Contributing Companies:

In respect of all members other than Holden Section members:	34.1% of members' total Pensionable Pay until 31 March 2012 and 38.5% of members' total Pensionable Pay from 1 April 2012. Pensionable Pay is defined in the 1967 Rules or the Senior Executive Rules (1996), as applicable.
In respect of Holden Section members:	22.0% of Pensionable Salaries until 31 March 2012 and 28.9% of Pensionable Salaries from 1 April 2012.
Additional amounts in respect of salary sacrifice members:	The amount of any member contributions which are not required to be paid because the member concerned participates in a salary sacrifice arrangement.

The employers' future service contribution rates payable from 1 April 2012 will effectively be introduced retrospectively from 1 April 2011. The resulting additional contribution requirement has been met by the payment of recovery plan contributions since 1 April 2011 under the 2010 Schedule.

2. Rates of contribution – recovery plan contributions

The rates of contribution payable as a result of the statutory funding objective not being met at 31 March 2011:

by the Principal Employer:

In 2012:	£335 million in January.
In 2013:	£135 million in January.
From 2014 to 2017 inclusive:	£178.5 million in January each year.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 30 JANUARY 2012

3 Rates of contribution – additional contributions

The additional contributions payable from and including 1 January 2012 by Contributing Members, Employed Members or Contributing Companies are:

by Contributing Members or Employed Members:

Any additional voluntary contributions.

by the Contributing Companies:

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of all early retirements in normal health arising under the Rules.

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of benefit augmentations granted under the Rules.

Any sum due under Section 75 of the Pensions Act 1995 as a result of a Contributing Company's cessation of participation in the Fund.

In the event that a sum becomes due under Section 75 of the Pensions Act 1995, the Trustee and Contributing Companies may agree to a corresponding reduction in the normal future service contributions or recovery plan contributions that would otherwise be payable.

Additional amounts as may, from time to time, be agreed between the Trustee and the Principal Employer.

4 Expenses and Pension Protection Fund levies

The Contributing Companies will reimburse the Fund for all costs and expenses relating to the Fund (other than such costs and expenses directly related to investment as the Trustee determines) and Pension Protection Fund (PPF) levies that have been met out of the Fund's assets.

Alternatively, the Contributing Companies may pay these expenses and PPF levies directly.

5 Calculation errors

The Contributing Companies may contribute smaller amounts than those described in paragraphs 1 and 3 provided that this results from calculation errors and that, at any time, the cumulative amounts paid are no more than £50,000 lower than the cumulative amounts due in accordance with the previous paragraphs. The Contributing Companies shall make good the shortfall as soon as reasonably practicable after they become aware of any such calculation error.

ICI PENSION FUND

**SCHEDULE OF CONTRIBUTIONS
30 JANUARY 2012**

6 Due dates of payment (where not already shown)

Contributions by Contributing Members or Employed Members: To be received by the Trustee no later than the 19th day of the month following the calendar month in which contributions are deducted from earnings.

Contributions by Contributing Companies under 1 above: To be received by the Trustee no later than the 19th day of the month following the calendar month to which they relate.

Additional contributions by Contributing Companies under 3 above and the expenses and PPF levies under 4 above: To be received by the Trustee within three months of being properly demanded by the Trustee.

7 Holden Section Members

- a. *Offset for Employer pension payments:* From the monthly amount of contributions set out in the schedule, the employer shall offset the amount of any pensions paid directly by the employer in respect of former pensioners of the Holden Plan for that month. This may result in a nil contribution to the Fund in any month. If the monthly contribution due is less than the pensions paid directly by the employer in that month, the difference between the monthly contribution amount and the amount of pensions paid will be carried forward and offset against future contributions as soon as possible after the Administrator has been notified of and agreed the amount due.
- b. *Pensionable Salaries:* For the purposes of this schedule, Pensionable Salaries for Holden Section Members are defined as basic salary plus a proportion of fixed commission where appropriate less one-half of basic State pension for a single person, determined on each 1 October and expressed as annual rates. The monthly contributions are calculated using monthly Pensionable Salaries determined as one-twelfth of the annual amounts. During maternity, paternity or sick leave, basic salary is deemed to be paid at the rate applicable at the commencement of such leave, (but increased in line with any salary increases awarded to the member during such leave) irrespective of actual amounts paid to the member.

- 8** Nothing in this schedule shall preclude the payment of higher contributions as may from time to time be agreed between the Trustee and the Contributing Companies.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 17 JULY 2015

Name of Principal Employer: Imperial Chemical Industries Limited

Period covered by schedule: From 1 April 2014 to 31 January 2021 inclusive.

This schedule of contributions has been prepared by ICI Pensions Trustee Limited, the Trustee of the ICI Pension Fund (the "Fund") after obtaining the advice of Graham McLean, the Scheme Actuary, and has been agreed to by the Principal Employer. The Principal Employer confirms that it has been nominated to act as the representative of the employers for the purpose of section 229 of the Pensions Act 2004 and accordingly signs this Schedule on behalf of itself and the other employers.

IT IS AGREED that

- A. The contributions payable from 1 July 2015 are set out below. The contributions payable from 1 April 2014 to 30 June 2015 are set out in the schedule of contributions signed on behalf of the Trustee and the Company and certified by the Scheme Actuary on 30 January 2012 (the "2012 Schedule").
- B. This schedule revokes and replaces the 2012 Schedule with effect from 17 July 2015, which shall, from that date, be of no further effect.
- C. If the Principal Employer fails to pay an amount due under paragraph 2 of this Schedule of Contributions (recovery plan contributions) on or before the last permitted date of payment (including payment of interest under paragraph D below) and has failed to remedy its default within 15 Business Days after the Trustee has notified it of such default, the Trustee may, by written notice to the Principal Employer, declare all or part of the aggregate unpaid amounts payable under paragraph 2 of this Schedule of Contributions to be immediately due and payable by the Principal Employer and/or payable by the Principal Employer on demand by the Trustee.
- D. If the Principal Employer or any other Contributing Company fails to pay any amount in accordance with this Schedule of Contributions, it shall pay interest on that amount from the time of default up to the time of actual payment (as well as after as before judgment) at the rate per annum which is the sum of:
 - (i) one per cent: and
 - (ii) the rate (as determined by HSBC Bank plc) for a deposit of an amount comparable to the defaulted amount, for such period or periods as HSBC Bank plc may from time to time select, at or about 11.00 (London time) on the Business Day on which, or succeeding that on which, the Trustee becomes aware of the default, for the value on that day.

In this schedule

- (i) terms used have the meanings given to them in the Definitive Deed and Rules dated 6 April 2006 and the [Holden Rules], as subsequently amended, (such deed and rules being together referred to as the "Rules") governing the Fund, unless the context requires otherwise;
- (ii) "Holden Section members" refers to Contributing Members or Employed Members who transferred to the Fund with effect from 1 December 2010 from the Holden UK Retirement Benefits Plan (the "Holden Plan");
- (iii) "salary sacrifice member" refers to a Contributing Member or Employed Member who participates in a Contributing Company's salary sacrifice arrangement, and
- (iv) "Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 17 JULY 2015

1. Rates of contribution – normal future service contributions

The rates of contribution payable in respect of the accrual of benefits from and including [1 July 2015] by Contributing Members, Employed Members or Contributing Companies are:

by Contributing Members or Employed Members:

Salary sacrifice members:	Nil.
Other members:	At the rates set out in the Rules (allowing for any changes to the contribution rates due to the end of Contracting Out).

by Contributing Companies:

In respect of all members other than Holden Section members:	38.5% of members' total Pensionable Pay until 31 July 2015. From 1 August 2015 56.1% of members' total Pensionable Pay less the contributions paid by Contributing Members or Employed Members. Pensionable Pay is defined in the 1967 Rules or the Senior Executive Rules (1996), as applicable.
In respect of Holden Section members:	28.9% of Pensionable Salaries until 31 July 2015. From 1 August 2015 48.3% of Pensionable Salaries less the contributions paid by Contributing Members or Employed Members.
Additional amounts in respect of salary sacrifice members:	Up to 31 July 2015 only, the amount of any member contributions which are not required to be paid because the member concerned participates in a salary sacrifice arrangement.

The revised employers' future service contribution rates payable from 1 August 2015 will effectively be introduced retrospectively from 1 April 2014. The resulting additional contribution requirement will be met by the payment of the recovery plan contributions specified in 2 below.

2 Rates of contribution – recovery plan contributions

The rates of contribution payable as a result of the statutory funding objective not being met at 31 March 2014:

by the Principal Employer:

In 2015:	£178.5 million in January.
In 2016 and 2017:	£150 million in January each year
From 2018 to 2021 inclusive:	£125 million in January each year.

ICI PENSION FUND

SCHEDULE OF CONTRIBUTIONS 17 JULY 2015

3 Rates of contribution - additional contributions

The additional contributions payable from and including the date this schedule is certified by the Scheme Actuary by Contributing Members, Employed Members or Contributing Companies are:

by Contributing Members or Employed Members:

Any additional voluntary contributions.

by the Contributing Companies:

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of all early retirements in normal health arising under the Rules.

Additional contributions as may be determined from time to time by the Actuary to be necessary to meet the estimated cost of benefit augmentations granted under the Rules.

Any sum due under Section 75 of the Pensions Act 1995 as a result of a Contributing Company's cessation of participation in the Fund.

Additional amounts as may, from time to time, be agreed between the Trustee and the Principal Employer.

4 Expenses and Pension Protection Fund levies

The Contributing Companies will reimburse the Fund for all costs and expenses relating to the Fund (other than such costs and expenses directly related to investment as the Trustee determines) and Pension Protection Fund (PPF) levies that have been met out of the Fund's assets.

Alternatively, the Contributing Companies may pay these expenses and PPF levies directly.

5 Calculation errors

The Contributing Companies may contribute smaller amounts than those described in paragraphs 1 and 3 provided that this results from calculation errors and that, at any time, the cumulative amounts paid are no more than £50,000 lower than the cumulative amounts due in accordance with the previous paragraphs. The Contributing Companies shall make good the shortfall as soon as reasonably practicable after they become aware of any such calculation error.

6 Due dates of payment (where not already shown)

Contributions by Contributing Members or Employed Members:

To be received by the Trustee no later than the 19th day of the month following the calendar month in which contributions are deducted from earnings.

Contributions by Contributing Companies under 1 above:

To be received by the Trustee no later than the 19th day of the month following the calendar month to which they relate.

Additional contributions by Contributing Companies under 3 above and the expenses and PPF levies under 4 above:

To be received by the Trustee within three months of being properly demanded by the Trustee.

7 Nothing in this schedule shall preclude the payment of higher contributions as may from time to time be agreed between the Trustee and the Contributing Companies.

ICI PENSION FUND
ACTUARIAL CERTIFICATE

Name of scheme: ICI Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of the contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2014 to be met by the end of the period specified in the recovery plan.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 17 July 2015.

This certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Graham McLean
Fellow of the Institute and Faculty of Actuaries

17 July 2015

Towers Watson Limited
Watson House
London Road
Reigate
Surrey
RH2 9PQ

ICI PENSION FUND FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Note	Year to 31 Mar 15 £m	Year to 31 Mar 14 £m
Contributions and Benefits:			
Contributions receivable	3	190	188
		190	188
Benefits payable	4	-509	-509
Payments to and on account of leavers	5	-12	-4
		-521	-513
Net withdrawals from dealings with members and employers:		-331	-325
Returns on investments:			
Investment income	6	228	98
Change in market value of investments	7	1,307	-245
Net returns on investments:		1,535	-147
Net change to the Fund during the year:		1,204	-472
Net assets of the Fund at the start of the year:		8,602	9,074
Net assets of the Fund at the end of the year:		9,806	8,602

The notes are shown on pages 26-32 and form part of the financial statements.

<p>ICI PENSION FUND</p> <p>NET ASSETS STATEMENT</p> <p>AS AT 31 MARCH 2015</p>

	Note	Year to 31 Mar 15 £m	Year to 31 Mar 14 £m
Investment assets	7		
Direct		1,312	1,745
Pooled Investment vehicles		3,647	3,198
Bulk annuity policies		4,766	3,624
Other		85	42
		9,810	8,609
Investment liabilities	8	-	-1
		9,810	8,608
Current assets and liabilities	9	-4	-6
Net assets of the Fund at end of the year		9,806	8,602

The notes on pages 26-32 form part of the financial statements

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits in the future.

The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Actuarial Certificate on page 23 of the annual report and these financial statements should be read in conjunction with it and with the Summary Funding Statement which is available on the Fund's website www.icipensionfund.org.uk.

These financial statements were approved by the board of the Trustee Company on 16 July 2015 and were signed on its behalf by:

D.J.Gee Director

B.J.Picknett
for and on behalf of Pensions Secretariat Services Limited
Secretary

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2015

1. Basis of Preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 with the guidelines set out in the Statement of Recommended Practice (revised May 2007), Financial Reports of Pension Schemes, (the "Revised SORP").

2. Accounting Policies

(a) Accruals Basis

The Financial Statements have been prepared on an accruals basis, except where noted.

(b) Additional Voluntary Contributions (AVCs)

All investments and transactions in AVCs are included in these accounts under the relevant heading. Investment gains and losses notified later than six weeks after the year-end are included in the following year's accounts on the grounds that the amounts involved are immaterial and that this is necessary to avoid inordinate delay to the production of the Financial Statements.

(c) Contribution Income

Ordinary contributions relating to wages and salaries earned in the financial year were calculated at rates determined in accordance with the revised Schedule of Contributions agreed with the Principal Employer as a result of the Fund's scheme-specific funding valuation as at 31 March 2011. Contributions for existing members were accounted for in the month when the corresponding wages and salaries were paid. Additional contributions determined by the Scheme Actuary are accounted for when due in accordance with the agreed timetable.

(d) Investment Income

Investment income is accounted for on an accruals basis. Interest income is accrued for on a daily basis whereas dividends are accrued for on the basis of the date when the corresponding share price becomes quoted on an ex-dividend basis. Dividends and interest are grossed up for the effects of overseas taxation if any, and any irrecoverable withholding taxes are shown separately.

(e) Benefits Payable

Benefits payable represent all material valid benefit claims in respect of the scheme year. Where members have a choice in connection with their benefits (e.g. to commute part of the pension), the benefit choice is accounted for in the month that a notification from the member is received by the Trustee.

(f) Administration Expenses

All the Fund's administration expenses and investment management fees are borne by the Principal Employer, with the exception of some investment-related expenses. Charges in relation to specific transactions are deducted from the relevant category of investment income or capital return.

(g) Valuation of Investments

The Fund's investments are reported in the Financial Statements on the basis of market values. Market values at the year end are assessed as follows:

- Listed ordinary shares, government, fixed interest and index linked securities are valued at bid price or last traded price, depending on the convention of the stock exchange on which they are quoted. Government, fixed interest and index linked securities are valued on a clean basis, excluding accrued income. Any excluded accrued income is accounted for in investment income.

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2015

- Equity option values are obtained from a third party which employs appropriate valuation techniques.
- Cash which is backing open futures contracts has been classified with pooled cash funds within unitised funds as futures contracts are undertaken to gain market exposure against assets held in these funds.
- Pooled investment vehicles are valued at bid price for funds with a bid/offer spread, or single price where there are no bid/offer spreads provided by the investment manager.

(h) Foreign Currency Conversion

All assets and liabilities stated in foreign currencies are converted at rates of exchange ruling at the year end date. Exchange adjustments arising are then incorporated in the Fund Account and included in the change in market value of investments.

(i) Change in market value of investments including futures (Note 7(a) to the Financial Statements)

In accordance with accounting standards, investment purchases and sales in Note 7(a) include the gross value of all currency hedging contracts entered into at any time during the year. Such contracts, which are used to reduce the volatility of overseas investments relative to the sterling-denominated liabilities of the Fund, are normally entered into for very short periods and renewed ("rolled over") many times during the year. Consequently, whilst the gross value of all such transactions during the year was some £2.5 billion of purchases and sales, the net value of the positions at any one time would have been much lower. The net value of the positions at year-end is, in fact, not separately identified as currency hedging is now undertaken within the BlackRock Qualifying Investment Fund (see Note 8).

(j) Bulk Annuity Policies

The bulk annuity policies are valued by the insurers on the basis of the amount payable should a termination occur as a result of the insurers fault. These valuations are broadly equivalent to the premiums paid for the policies as adjusted for changes in membership, financial conditions and life expectancy.

Premia of £3,634million were paid by means of transfer of assets in specie in the year to 31 March 2014. £48million of the original transfer value was refunded to the Fund in the year to 31 March 2015 following review of the liabilities. Further premia totalling £811million were paid in the year to 31 March 2015 in relation to additional policies entered into by the Fund. Payments received under the policies during the year were treated as investment income (see note 6).

Any difference between the opening value of the policy and the closing value is shown as a change in market value of the investment.

Collateral held to provide security in relation to the annuity policies is not included or valued in these accounts.

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2015**

3. Employers contributions receivable:

	Year to 31 Mar 15 £m	Year to 31 Mar 14 £m
Normal payroll related	8	8
Normal early retirement based	4	2
Deficit funding in respect of the period to 31 January 2017	178	178
	190	188

4. Benefits payable on or during retirement:

	Year to 31 Mar 15 £m	Year to 31 Mar 14 £m
Pensions	492	492
Commutation and lump sum retirement benefits	17	17
	509	509

5. Payments to and on account of leavers:

	Year to 31 Mar 15 £m	Year to 31 Mar 14 £m
Individual transfers to other schemes	12	4
	12	4

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2015**

6. Investment income

	Year to 31 Mar 15	Year to 31 Mar 14
	£m	£m
Income from fixed interest securities	23	43
Income from index-linked securities	5	31
Income from pooled investment vehicles	25	25
Income from bulk annuity policies	180	-
Income from cash deposits	2	-
Investment management fees	-7	-1
	228	98

In addition to the above, income is received from pooled investment vehicles which is re-invested and is reflected in the change in market value of those funds.

7. Investments

(a) Change in market value of investments

	Market Value at 31 Mar 14	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Market Value at 31 Mar 15
	£m	£m	£m	£m	£m
Inflation linked securities	1,400	894	-1,502	189	981
Fixed interest securities	345	358	-454	82	331
Pooled investment vehicles	3,198	2,120	-2,320	649	3,647
Bulk annuity policies	3,624	813	-47	376	4,766
	8,567	4,185	-4,323	1,296	9,725
Forward currency contracts (note 2 (i))	1	2,556	-2,568	11	0
Cash deposits and other investment balances	37	83	-38	-	82
AVC investments	3	1	-1	-	3
	8,608	6,824	-6,929	1,307	9,810

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses on sales of investments during the year.

ICI PENSION FUND

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31 MARCH 2015**

(b) Summary of investments by asset type

	31 Mar 15	31 Mar 14
	£m	£m
Direct investments:		
Inflation linked Investments		
UK government bonds	882	882
UK non government bonds	99	518
Fixed interest investments		
UK government bonds	274	207
UK non government bonds	57	138
Total direct investments	1,312	1,745
Pooled investment vehicles:		
Inflation-linked investments		
	1,817	1,673
Fixed interest investments		
UK non government bonds	161	132
High Alpha bonds	0	117
Emerging Market bonds	52	168
Equities		
UK quoted	68	122
Overseas quoted	272	506
Other asset classes		
Leveraged loans	145	151
Emerging market currency	98	87
Infrastructure	53	38
Long lease property	91	87
Pooled cash funds	890	117
Total pooled investment vehicles	3,647	3,198
Bulk annuity policies	4,766	3,624
Investment assets & liabilities		
Amounts receivable under forward currency contracts	0	2
Amounts payable under forward currency contracts	0	-1
	0	1
Cash deposits and other investment balances		
Cash deposits	23	26
Accrued income and other investment debtors/creditors	59	11
	82	37
AVC Investments	3	3
Total Investments	9,810	8,608

All pooled investment vehicles are managed by UK registered companies. Of the total of £3,647million, £155million is invested in unitised insurance policies.

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2015

(c) Transaction costs

In the change in market value of investments table, the cost of purchases and proceeds of sales figures include direct transaction costs of less than £0.1million relating to equity securities. Transaction costs of bonds and pooled funds are included in the price charged by counterparties and so cannot be identified separately.

(d) The Fund has the following investments which represent more than 5% of the assets of the Fund.

	Market Value 31 Mar 15 £m	% of total assets
L&G bulk annuity policy	3,785	38.6
BlackRock LDI QIF	1,810	18.5
Prudential bulk annuity policy	981	10.0

(e) BlackRock & Insight Liability Linked Funds

The Fund holds units in qualifying investment funds managed by BlackRock & Insight in which the Fund is the sole investor. The Insight mandate was terminated in March 2015. The underlying investments of the fund comprise:-

	BlackRock		Insight	
	31 Mar 15 £m	31 Mar 14 £m	31 Mar 15 £m	31 Mar 14 £m
Interest rate swaps	478	-40	-	84
Inflation swaps	-74	-31	-	9
Credit Index swaps	10	-	-	-
SONIA/LIBOR swaps	-16	-	-	14
UK fixed interest gilts	179	34	-	4
UK index-linked gilts	1,003	746	-	152
Network Rail index-linked bonds	-	-	-	20
Corporate fixed interest bonds	-	-	-	96
Corporate index-linked bonds	-	-	-	145
Equity Options	70	57	-	-
Forward currency contracts	-4	-	-	-
Pooled cash funds & collateral *	162	310	-	63
Cash & receivables/payables	2	5	2	5
	1,810	1,081	2	592

* The pooled cash funds comprise mainly commercial paper, certificates of deposit and floating rate notes. Units held in these cash funds can be realised for use as collateral under the swap agreements.

8. Forward foreign exchange

In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolios are invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level. The currency hedging contracts are now held in the BlackRock Qualifying Investment Fund shown above (note 7 (e)).

ICI PENSION FUND

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 31 MARCH 2015

9. Current assets and liabilities

	31 Mar 15 £m	31 Mar 14 £m
Unpaid contributions	3	-
Unpaid benefits	-7	-6
	<u>-4</u>	<u>-6</u>

10. Related Party Transactions

(a) Directors of the Trustee Company

The Fund has received contributions in respect of directors of the Trustee company who are also Contributing members of the Fund. The Fund has also paid benefits to directors of the Trustee company who are also beneficiaries of the Fund, as reported in the director's remuneration note on page 6. All of the above transactions are in accordance with the rules of the Fund and on the same terms as other members. Nine of the directors listed on page 3 are remunerated for services provided to the Trustee.

(b) Owners of the Trustee Company

The Law Debenture Trust Corporation p.l.c ("Law Debenture") owns and is also a director of the corporate trustee of the Fund. Law Debenture earned fees during the year, which were borne by ICI.

11. Investment Management expenses

Charges in relation to specific transactions are deducted from the relevant category of investment income or capital return. As explained in note 2(g), general investment management expenses are normally paid by the Principal Employer unless otherwise determined by the Trustee.

12. Employer Related Investment

The Trust Deed permits aggregate investment of up to 1% of the Fund in securities of the AkzoNobel Group. As at 31 March 2015 there were no direct investments in securities of AkzoNobel or ICI and indirect investments by pooled fund securities were less than 1%.

ICI PENSION FUND

AUDITOR'S REPORT

Independent Auditor's Report to the Trustee of the ICI Pension Fund

We have audited the financial statements of the ICI Pension Fund for the year ended 31 March 2015 set out on pages 24 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Fund's Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditor

As explained more fully in the Statement of Trustee responsibilities set out on page 7, the Fund's Trustee is responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the scheme during the scheme year ended 31 March 2015 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

3 August 2015

ICI PENSION FUND

AUDITOR'S REPORT ON CONTRIBUTIONS

Independent Auditor's Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the ICI Pension Fund

We have examined the summary of contributions payable under the schedule of contributions to the ICI Pension Fund in respect of the Fund year ended 31 March 2015 which is set out on page 35.

This statement is made solely to the Fund's Trustee in accordance with the Pensions Act 2004 and Regulations made thereunder. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and Auditors

As described on page 35, the Fund's Trustee is responsible, under the Pensions Act 2004, for ensuring that there is prepared, maintained and from time to time revised a payment schedule showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee has a general responsibility for procuring that contributions are made to the Fund in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid to the Fund under the payment schedule and to report our opinion to you.

We read the Trustee's report and other information in the annual report and consider whether it is consistent with the summary of contributions. We consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary of contributions.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose, the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments. Our statement about contributions is required to refer to those breaches of the schedule which come to our attention in the course of our work.

Statement about contributions payable under the schedule

In our opinion contributions for the Fund year ended 31 March 2015, as reported in the summary of contributions and payable under the schedule, have been paid for the period 1 April 2014 to 31 March 2015 in accordance with the schedule of contributions certified by the actuary on 30 January 2012.

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

3 August 2015

ICI PENSION FUND

STATEMENT OF TRUSTEE'S RESPONSIBILITIES IN RESPECT OF CONTRIBUTIONS

The Fund's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Fund's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Fund and for procuring that contributions are made to the Fund in accordance with the schedule.

Trustee's Summary of Contributions payable under the schedule in respect of the Fund year ended 31 March 2015

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Fund under the schedules of contributions applicable in respect of the Fund year ended 31 March 2015. The Fund auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

Contributions payable under the schedule in respect of the Fund year

	£000s
Employer:	
normal payroll related contributions	7,540
normal early retirement related contributions	3,639
deficit funding contributions	178,500
Member:	
normal payroll related contributions	80
Total contributions payable under the schedule (as reported on by the Fund auditor)	189,759

Reconciliation of contributions

Reconciliation of contributions payable under the schedule to contributions reported in the accounts in respect of the Fund year ended 31 March 2015:

	£000s
Contributions payable under the schedule (as above)	189,759
Contributions payable in addition to those due under the schedule (and not reported on by the Fund auditor):	Nil
Total contributions reported in the accounts	189,759

Approved on behalf of the Trustee on 16 July 2015

B.J.Picknett
for and on behalf of Pensions Secretariat Services Limited
Secretary