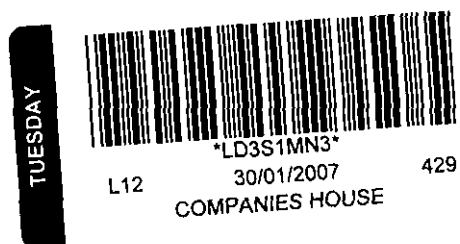


Chemical Industries Association Limited

Financial Statements

Year Ended 30 June 2006

Registration Number : 860702



CHEMICAL INDUSTRIES ASSOCIATION

ANNUAL ACCOUNTS 2006

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Officers and Council for the year ended 30 June 2006

The Council – effectively the Association's Board of Directors – has a maximum composition of 35 members. Of these 23 are appointed or elected from member companies ensuring representation from the largest to the smallest; the remaining 12 may be drawn from member companies as co-options from the whole membership. The Council manages all the Association's business.

President

Mr G Dann
*UK Regional Manager,
Dow Chemicals
(from November 2005)*

Mr A J Steel
*Managing Director,
Rhodia Limited
(to November 2005)*

Vice President

Mr G Dann
*UK Regional Manager,
Dow Chemicals
(to November 2005)*

Honorary Treasurer

Mr T Swan OBE
*Chairman,
Thomas Swan & Co Ltd
(from November 2005)*

Mr D P Gresham
*Managing Director,
Total Petrochemicals UK Ltd
(to November 2005)*

Immediate Past President

Mr A J Steel
*Managing Director
Rhodia Limited
(from November 2005)*

Dr T W Bastock OBE
*Group Managing Director,
Contract Chemicals Limited
(to November 2005)*

Members

Dr W Barton
*Chief Operating Officer,
Oxford Catalysts Group
(from May 2006)*

Dr T W Bastock OBE
*Group Managing Director,
Contract Chemicals Limited
(from November 2005)*

Dr M J Braithwaite
*Chief Executive,
exchem organics
(to November 2005)*

Dr J Bush
*Chief Executive,
Ineos Silicas Limited*

Mr L Courth
*Country Speaker & Managing
Director,
Bayer UK plc
(to May 2006)*

Mr A Dimery
*Regional President
Northern Europe,
Ciba Specialty Chemicals*

Mr J B Elliot
*Senior Vice President,
GlaxoSmithKline*

Mr D Gee
*Senior Vice President,
Imperial Chemical Industries plc*

Mr G Grant
*Operations Manager,
Innovene Manufacturing
Scotland
(from May 2006)*

Mr J Hudson
*Chairman,
ExxonMobil Chemical Limited*

Mr M Lunn
*Operations Manager,
Nufarm UK Limited*

Sir Rob Margetts CBE
*Chairman – Europe,
Huntsman Corporation*

Ms M Matthews
*Site Manager/
Managing Director
Dow Corning*

Mr R McGill
*Complex Director,
Innovene Manufacturing
Scotland Limited
(to May 2006)*

Dr J Mooney
*Managing Director,
Rohm & Haas (UK) Limited*

Dr R Morgan
*Chief Executive Officer – UK,
Kraton Polymers Int Ltd
(to November 2005)*

Dr B M Murphy
*Managing Director,
Robinson Brothers Limited*

Mr J O'Neill
*Vice President European
Petrochemicals,
Huntsman Petrochemicals*

Mr F Phillips
*Managing Director,
Silberline Ltd
(from November 2005)*

Mr A Ritchie
*Managing Director
Total Petrochemicals
(from November 2005)*

Mr J Scudamore
*Chief Executive Officer,
Avecia Ltd
(to January 2006)*

Mr I Stephenson
*Director EH&S,
Johnson Matthey PLC*

Mr B Stickings CBE
*Consultant,
BASF plc*

Mr T Swan OBE
*Chairman,
Thomas Swan & Co Ltd
(to November 2005)*

Mr D Topliffe
*North Chemicals Production
Unit Manager,
Shell Chemicals*

Mr R Tyler
*Managing Director,
Rhodia UK
(from November 2005)*

Mr A Walker
*Group Chief Executive,
Yule Catto & Co plc*

Dr P Wormald
*Managing Director,
Ciba Specialty Chemicals
Investment plc
(to May 2006)*

Secretary (non member)

Mr C R Brooks
*General Secretary,
Chemical Industries Association*

Report of the Council for the year ended 30 June 2006

Council presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2006. This document will be laid before members at the forty first Annual General Meeting, to be held on 16 November 2006, notice of which is given separately.

Officers

Mr G Dann was elected President and Mr T Swan was appointed Honorary Treasurer following the Annual General Meeting in November 2005.

Council

All those who served on Council during the year are listed on page 1 of this report. Council met six times during the year.

There are no contracts, shareholdings or other arrangements benefiting any member of Council which requires disclosure in terms of the Companies Act 1985.

Means of operation

The Association operates through a structure of groups, teams and networks. This enables the Association to deliver value to our members and facilitate their contributions to our collective work in an efficient and cost effective manner.

Reporting to Council are four Strategy Groups, each chaired by a member of Council with a CIA executive as manager. They are:

Chemicals Management which considers how chemicals are managed responsibly once off site and formulated into products.

Operations and Responsible Care is responsible for production and management of chemicals on site.

Industry Sustainability looks at international competitiveness and related productivity of the UK chemical industry.

Social Affairs deals with employment and communication issues in support of the industry's relationship with its workforce and external stakeholders.

The function of the Strategy Groups is to determine strategy and policy within their broad areas of responsibility, to agree priorities, and where appropriate, sponsor relevant issues and to oversee the work of the dedicated Issue Teams, supported by the appropriate Networks of Expertise. All the Strategy Groups have met two or three times during 2006 and once the system has matured it is expected that these groups will only meet physically twice a year with much of the work taking place virtually on our new software ONECIA.

Issue Teams, having a clearly defined and desired outcome, with agreed measures of success, as well as a timescale in which they need to operate, will form the mainstays of CIA and member work activity. Chaired by a member sponsor, these teams will be multi-disciplinary, and have a limited commitment.

Networks of Expertise (NoEs) are being formed around specific subject areas and will communicate through our ONECIA software with discussions being moderated by CIA staff. NoEs will identify future issues, be a sounding board for ideas on CIA policy and provide a pool of potential support for Issue Teams. Communicating through ONECIA will allow active participation with minimum time requirement.

The work of the Association depends crucially on the activities of all the above bodies and on the work done by the many other Association committees and sub-committees. Council wishes to express its gratitude to member companies and their expert staff, who have supported the Association throughout the period under review.

The Association kept its members informed about the activities it had undertaken on their behalf through various media including websites, *CIA Matters*, *CIA Bulletin*, news briefs and general correspondence.

Sector Groups

Sector Groups have a vital role to play within the Association, acting as Issue Teams on their sector specific issues and they also form a national Network of Expertise in their specialism.

There were five active special interest groups at 30 June 2006.

Statement of the Council members' responsibilities

Company law requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period.

In preparing those financial statements, the Council Members are required to:

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

The Council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard prevention and detection of fraud and other irregularities.

Management

For the purposes of the Companies Acts, the Council members constitute the Association's directors. The day to day running of the Association is conducted by the Chief Executive supported by a management team of three directors.

Staff

On 30 June 2006 the number of staff employed by the Association, including the Chief Executive, was:

	<u>2006</u>	<u>2005</u>
Senior Management	3	5
Executives	26	27
Engineers	7	8
Administration	15	17
	<u>51</u>	<u>57</u>

The weekly average number of employees was 54 (2005: 58).

The staff were allocated to the Association and its subsidiary activities as follows:

	<u>2006</u>	<u>2005</u>
CIA	39	45
PICME	8	10
CIABATA	1	2
REACHReady	3	0
	<u>51</u>	<u>57</u>

The Association continually reviews its available staff skill sets compared with those required to maintain its core activities. As at 30 June the Association was recruiting for three executive vacancies.

The Association is staffed throughout with talented and committed people. Council wishes to record its appreciation to all current and former members of staff for their contributions to the Association's work.

Principal activities

The basic objectives and principal activities of the Association have remained as shown in its Memorandum and Articles of Association and are:

- the promotion of the interests of manufacturers, processors, sellers, providers of services and employers in the chemical and allied industries in the United Kingdom;
- the furthering of co-operation between companies engaged in those industries;
- the encouragement of efficiency in those industries.

The Association's mission is to represent UK chemical and allied industries to relevant stakeholders and to support our members in achieving economic and environmental sustainability.

Details of the Association's work during the year are reported separately by the Chief Executive.

Association structure

The structure of the Association, which is a company limited by guarantee, has remained unaltered during the year.

The constitution allows for a maximum of 35 council members and, at 30 June 2006, there were 24 (2005: 26).

Membership

On 30 June 2006 there were 132 (2005: 142) subscription-paying companies (listed on pages 16 and 17).

During the year the following companies joined the Association:

Fujifilm Imaging Colorants
Kemfine
NPIL Pharma
Oxford Catalysts
Shasun Chemicals & Drugs
The Scotts Company

Fourteen member companies gave notice to withdraw from membership as at 1 July 2006 due to absorption by another member company, closure of manufacturing capacity or transfer of activity out of the UK.

Financial review of the year

On the basis of the preliminary estimates of expenditure and trading income for the financial year 2005-06 Council approved an annual Call-Up on the members of 0.995 (2004-2005 – 0.995).

The Association's financial position during 2005-06 has been managed on a sound basis with a view to building the Capital Fund to a satisfactory level.

	2005-2006	2004-2005
	£	£
Turnover from subscription	4,174,547	4,706,880
Turnover from other operations	2,347,068	2,332,325
Interest receivable	113,810	136,440
Gross income	6,635,425	7,175,645
Surplus after tax for the company	21,773	317,136
Impact on the surplus due to the adoption of FRS17	127,000	67,000
Reported surplus	148,773	384,136

Current year

In the current financial year it is the Association's intention to continue promoting the interests and prosperity of its members within the chemical industry. The level of activities will be consistent with the available resources and the efficient operation of the Association.

Political and charitable contributions

The Association made no political contributions.

Contributions to the CIA Charitable Trust amounted to £80,000 during the year (2004-2005 – £80,000). The Trust has sufficient resources to meet its immediate objectives;

the Association expects to make similar contributions in the current year. The Trust was established by the Association in 1989 to enable member companies to make charitable contributions primarily for educational purposes.

Auditors

On 1 May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a limited liability partnership under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the provision of Section 26(5) of the Companies Act 1989.

A formal resolution for the appointment of Kingston Smith LLP as auditors until the next succeeding Annual General Meeting and for the fixing of their remuneration will be submitted to the following Annual General Meeting.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Council

C R Brooks

Director of Finance

Kings Buildings, Smith Square

London SW1P 3JJ

21 September 2006



Independent auditors' report to the members of the Chemical Industries Association Limited

We have audited the financial statements of Chemical Industries Association Limited for the year ended 30 June 2006, which comprise the Balance Sheet, Income and Expenditure Account, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and Auditors

As described in the Statement of Board's Responsibilities the company's Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Board's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Board's remuneration and transactions with the company is not disclosed.

We read the Board's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

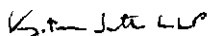
Basis of audit opinion

We conducted our audit in accordance with and International Auditing Standards (United Kingdom and Ireland) 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 Board 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 30 June 2006 and of the incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kingston Smith LLP
Chartered Accountants and
Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

21 September 2006

Income and expenditure account

for the year ended 30 June 2006

	2006	2005
	£	£
<i>Note 2</i> Turnover from: Subscriptions	4,174,547	4,706,880
<i>Note 8</i> : Other operations	2,347,068	2,332,326
Total turnover	6,521,615	7,039,206
<i>Note 10</i> Administration expenses	(6,036,228)	(6,188,523)
<i>Note 11</i> Other operating expenses	(279,202)	(281,256)
<i>Note 14</i> Charitable contributions	(80,000)	(80,000)
Operating surplus	126,185	489,427
Interest receivable	113,810	136,440
<i>Note 5</i> Other finance costs	(77,000)	(137,000)
<i>Note 9</i> Surplus on ordinary activities before taxation	162,995	488,867
<i>Note 12</i> Taxation	(14,222)	(104,731)
Surplus on ordinary activities after taxation	148,773	384,136

The Association has no other recognised gains or losses in 2005/06 or the prior year.

Statement of total recognised gains and losses

for the year ended 30 June 2006

	2006	2005
	£	£
Retained surplus on ordinary activities	148,773	384,163
<i>Note 5</i> Deferred Tax asset relating to Pension Deficit	140,000	41,000
<i>Note 5</i> Actuarial deficit	(863,000)	(217,000)
Total Recognised Gains and Losses for the year	(574,227)	208,163
Balance Sheet Total Brought Forward as previously reported	1,215,543	(918,317)
Reversal of Pension prepayment under SSAP 24	(98,000)	(118,000)
Capital Fund as restated	1,117,543	800,317
<i>Note 5</i> Deficit of Scheme liabilities as at 1st July 2005	(1,610,000)	(1,501,000)
Balance Sheet Total at 1st July 2005 as restated	(492,457)	(700,683)
Balance Sheet Total carried forward	(1,066,773)	(492,547)

Prior Year Adjustment

The Prior Year adjustments arose due to the implementation of FRS17. This resulted in the inclusion of the defined benefit scheme deficit from 1st July 2005 and the reversal of the prepayment to the scheme made in accordance with superceded SSAP 24.

Balance sheet

as at 30 June 2006

		2006	2005
		£	£
Fixed Assets			
<i>Note 15</i>	Tangible fixed assets	41,783	50,297
<i>Note 16</i>	Fixed asset investments	5	4
		41,788	50,301
Current Assets			
<i>Note 17</i>	Debtors	715,657	846,654
	Short term deposits	1,259,247	-
	Cash at bank and in hand	439,943	2,186,941
		2,414,847	3,033,595
Current Liabilities			
<i>Note 19</i>	Creditors: Amounts falling due within one year	1,317,408	1,966,443
Net Current Assets		1,097,439	1,067,152
Net Assets excluding Pension Provision		1,139,227	1,117,453
	Provision for liabilities and charges		
<i>Note 5</i>	Defined Benefit Pension Scheme deficit	(2,206,000)	(1,610,000)
Net Liabilities after Pension Scheme Deficit		(1,066,773)	(492,547)
Represented by:			
<i>Note 5</i>	(Deficit) on Defined Benefit Scheme	(2,206,000)	(1,610,000)
Capital Fund		1,139,227	1,117,453
		(1,066,773)	(492,547)

The financial statements on pages 8 to 14 were approved by Council at a meeting held on 21 September 2006
G Dann, President C R Brooks, Director of Finance

Cash flow statement

for the year ended 30 June 2006

		2006	2005
		£	£
Cash Flows			
<i>Note 18</i>	Net cash (outflow)/inflow from operating activities	(466,504)	509,000
	Returns on investments and servicing of finance		
	Interest received	113,810	136,440
	Taxation	(104,731)	(103,732)
Capital expenditure			
	Payments to acquire tangible fixed assets	(30,571)	(44,468)
	Proceeds from sale of Fixed Assets	245	104
	Cash outflow before management of liquid resources and financing	(487,751)	497,344
	Management of liquid resources		
	Purchase of short term deposit	(1,259,247)	-
	(Decrease)/increase in cash	(1,746,998)	497,344

Notes to the financial statements for the year ended 30 June 2006

1 Accounting policies

- (i) The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and in accordance with applicable accounting standards.
- (ii) Deferred tax is recognised, without being discounted, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.
- (iii) Stocks of publications and stationery are treated as having zero net realisable value.
- (iv) Depreciation of fixed assets:
 - (a) Fixed assets costing more than £1,500 are written off over three years
 - (b) Assets costing less than £1,500 are provided in full in the year of purchase.
- (v) Turnover represents the amount (excluding value added tax) derived from subscriptions and the provision of services.
- (vi) The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association, being invested with insurance companies. Contributions to the scheme are charged to the income and expenditure account in accordance with a scheme of contributions agreed with the Scheme Actuary, from time to time, to eliminate the Minimum Funding Requirement deficit by March 2013.
- (vii) Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.
- (viii) The charge for taxation takes into account taxation deferred because of timing differences.
- (ix) The company has complied fully with Financial Reporting Standard 17 (Retirement Benefits), as amended, for the first time this year and as such has amended the comparative figures where necessary.

2 Turnover from subscriptions

Subscription income is based on member company declarations which are accepted by the Association as being valid, without verification, for the purposes of calculating subscription fees due from each member company.

3 Members' liability

Each member is, in accordance with the Memorandum and Articles of Association, liable to contribute to the assets of the Association such amount as may be required, not exceeding £100, in the event of the Association being wound up. This liability continues for one year after cessation of membership. On 30 June 2006 there were 147 members of the Association so liable (2005: 155).

4 Format of accounts

The formats for income and expenditure account and balance sheet included under Schedule 4 (Paragraph 1) Companies Act 1985, have been amended where in the Council's opinion the formats are not applicable to the Association's special circumstances. In order to express a true and fair view of the balance sheet, the Association's Capital Fund has not been classified under capital and reserves as required by the Companies Act 1985. The Association is a company limited by guarantee, not having a share capital and is principally involved in non-trading activities. In compliance with Section 288(5) Companies Act 1985 the Council presents the financial statements in an amended format.

5 Pensions

The company operates a pension scheme, closed to new members from 1 July 1995 which provides benefits based on final pensionable pay, contributions being charged to the income and expenditure account in accordance with a scheme of contributions agreed with the Scheme Actuary to eliminate the MFR deficit by March 2013 as required by legislation. From 31 May 2002 the defined benefit accrual ceased and was replaced by defined contribution accrual for all active members of the scheme.

The most recent actuarial valuation was at July 2003 using a market based approach, which assumed that the investment returns would be 8% p.a. on gilts and 9% p.a. on equities, that inflation would be 2.5% p.a. and that present and future pensions would increase at the rate of 3.5% p.a.

This valuation showed that the market value of the scheme assets was £7,692,600 and that the actuarial value of those assets represented 86% of the benefits that had accrued to members.

The Association has agreed a re-assessed schedule of contributions payable for the period 1 July 2004 to 31 March 2013 of £17,000 per month in respect of past service. These contributions were intended to restore the funding level to 100% by March 2013: legislation requires that this schedule should be re-assessed at regular periodic intervals and the contributions increased as necessary. In addition the Association has agreed to pay all expenses of administering the scheme together with premiums for the insured death-in-service benefits as they arise.

There was a prepayment of £17,000 in the balance sheet representing the difference between the amount charged in the income and expenditure account and the amount paid into the pension scheme.

Contributions to individual personal pension plans were introduced for new employees effective 1 July 1995. This arrangement ceased in September 2002 and all employer

contributions have been paid into a group personal pension plan from 1 October 2002 onwards. Contributions for the year under review amounted to £125,403 (2004: £108,567). Contributions of £12,103 payable to these plans were included in creditors.

The valuation was updated by the actuary on an FRS 17 basis as at 30 June 2006.

The major assumptions used in this valuation at June 2006 were:

Rate of increase in salaries (no members accruing benefits on a final salary basis)	NIL
Rate of increase in pensions in payment in respect of service before 1 July 1995	5%
Rate of increase in pensions in payment in respect of service after 1 July 1995	3%
Rate of increase in deferred pensions	3%
Discount rate applied to scheme liabilities	5.25%
Inflation assumption	3%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Money purchase contributions to the scheme are not dealt with in this note.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant changes before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2006		2005	
	Long term rate of return	Value £000	Long term rate of return	Value £000
Equities	7.5%	1,253	7.5%	1,090
Property	6.5%	316	0%	-
UK Gilts	4.5%	2,651	0%	-
Bonds	5.3%	3,374	5%	5,948
Cash	4.5%	444	4%	889
		8,038		7,927
Present value of scheme liabilities		(10,762)		(9,915)
Shortfall		(2,724)		(1,988)

The amount of this net pension liability would have a consequential effect on the Association's reserves.

Change in shortfall during the year

	2006 £000	2005 £000
Deficit in scheme at beginning of year	(1,988)	(1,838)
Current service cost	-	-
Contributions paid	204	204
Past service cost	-	-
Curtailment gain	-	-
Other finance cost	(77)	(137)
Actuarial loss	(863)	(217)
Shortfall at end of year	(2,724)	(1,988)
Deferred tax relief	518	378
Net Pension Liability	(2,206)	(1,610)

Analysis of other pension costs charged in arriving at operating (deficit)/surplus

	2006 £000	2005 £000
Current service cost	-	-
Past service cost	-	-
Gain on curtailments	-	-
	-	-

Analysis of amounts included in other finance income/costs

	2006 £000	2005 £000
Expected return on pension scheme assets	410	379
Interest on pension scheme liabilities	(487)	(516)
	(77)	(137)

Analysis of amount recognised in statement of total recognised gains and losses

	%	£000
Expected return less actual return on scheme assets		131
Percentage of year-end scheme assets	1.6	
Net experience loss		-
Percentage of year-end scheme liabilities	-	
Changes in assumptions		(732)
Percentage of year-end scheme liabilities	6.8	
Actuarial loss recognised in statement of total recognised gains and losses.		(863)
Percentage of year-end scheme liabilities	8.0	

	2006	2005	2004	2003
History of experienced gains and losses				
Expected return less actual return on scheme assets	131,000	395,000	228,000	73,000
% of year end scheme liabilities	2	5	3	1
Net experience gain/(loss)	-	-	17,000	159,000
% of year-end scheme liabilities	-	-	-	2
Gains/(losses) recognised in the statement of recognised gains and losses	863,000	217,000	101,000	502,000
% of year-end scheme liabilities	8	2	1	6

6 Designated funds

Designated funds represent money subscribed for specific medical, research, educational and other projects held in trust by the Association for those purposes. This includes funds held for the National Sulphuric Acid Association.

7 Council members and employees

Neither the President nor any of the Officers and Council members who served during the year received any emoluments or pension contributions from the Association in respect of the year ended 30 June 2006 (2005: NIL). For the purposes of the Companies Act 1985, the Council members constitute the Association's directors.

	2006	2005
	£	£
8 Turnover from other operations		
Property income	303,214	264,070
Fees from affiliates and sector groups	107,005	154,463
Training services	143,013	118,405
Meetings and conferences	270,873	335,500
CIABATA	128,175	128,504
PICME	1,367,626	1,294,760
Publications	27,162	36,624
	2,347,068	2,332,326
9 Profit on ordinary activities before taxation		
<i>Surplus on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors remuneration: Audit	9,520	8,542
: Other services	2,774	2,500
Depreciation – amount written off owned assets	34,526	40,261
Government grants	(440,000)	(490,000)

		2006	2005
		£	£
10	Administration expenses		
	Training services	210,503	65,382
	Meetings and conferences	210,816	212,587
	CIABATA	128,175	128,504
	PICME	1,367,626	1,294,760
	Publications	73,678	62,327
<i>Note 13</i>	Staff costs	2,221,795	2,282,194
	Consultancy costs	269,462	326,288
	Property occupancy	1,201,832	1,237,461
	Administration costs	102,409	278,273
	Depreciation	34,526	40,261
	Meetings, travel and other expenses	215,406	260,486
		6,036,228	6,188,523
11	Other operating expenses		
	CEPIC: Subscription	217,696	228,077
	Confederation of British Industry	16,965	17,557
	National Chemical Emergency Centre	18,000	18,000
	Energy Intensive Users' Group	13,700	14,400
	ECEG	4,121	4,154
	CESIO	-	(5,860)
	Other subscriptions	8,720	4,928
		279,202	281,256
12	Taxation		As restated
	(a) Analysis of charge in the period		
	UK Corporation tax on surplus for the period	4,860	134,824
	Small companies relief	(871)	(28,891)
	Adjustments in respect of previous periods	956	2,000
	<i>Total current tax</i>	4,945	107,933
	<i>Deferred tax (note 18)</i>		
	Origination and reversal of timing differences	9,277	(3,202)
	Tax on surplus on ordinary activities	14,222	104,731
	(b) Factors affecting tax charge for the period		
	Reported surplus	162,995	468,867
	Defined Benefit Pension Scheme contribution	(204,000)	(204,000)
	FRS17 pension expenses	77,000	137,000
	Taxable surplus on ordinary activities before tax	35,995	401,867
	Taxable surplus on ordinary activities multiplied by standard rate 19%	6,355	120,560
	<i>Effects of:</i>		
	Expenses not deductible for tax purposes	3,123	742
	Capital allowances in excess of depreciation	(3,896)	(7,838)
	Adjustments to tax in respect of previous periods	956	2,000
	Movements in provision	(722)	13,860
	Pension prepayment	-	7,500
	Marginal relief	(871)	(28,891)
	Current tax charge for period	4,945	107,933

	2006	2005
	£	£
13 Staff costs		As restated
The aggregate payroll costs of employees were as follows:		
Wages and salaries: CIA staff	1,636,109	1,723,766
Social security costs	188,875	192,663
Pension costs (excluding £204,000 contribution to the Defined Benefit Pension Scheme)	158,562	156,572
Other costs	238,249	209,193
Staff costs included in administration expenses (<i>Note 10</i>)	2,221,795	2,282,194
Actuarial cost associated with the defined benefit pension scheme	863,000	217,000
Total staff costs	3,084,795	2,499,194
The weekly average number of employees was 54 (2005: 58)		
14 Charitable contributions		
Gift aid contribution to charitable trust	80,000	80,000
	£	£
	Furniture & fittings	Computer equipment
	£	£
15 Tangible fixed assets		
COST:		
Balance at 1 July 2005	180,617	495,552
Additions in year	19,523	11,048
Disposals	-	(4,558)
Balance at 30 June 2006	200,140	502,042
DEPRECIATION:		
Balance at 1 July 2005	175,535	450,338
Charge for the year	10,207	24,319
Disposals	-	-
Balance at 30 June 2006	185,742	474,657
NET BOOK VALUE at 30 June 2006	14,398	27,385
NET BOOK VALUE at 30 June 2005	5,082	50,296

	2006	2005
	£	£
16 Fixed assets investments		
Investments in subsidiary undertakings	5	4
<i>Investments comprise the Association's holdings in CIABATA Ltd, PICME Ltd and REACHReady Ltd. The Association owns 100% of each company, all companies are incorporated in England and Wales.</i>		
<i>Group accounts have not been prepared to consolidate the Association's dormant subsidiaries, PICME Ltd, CIABATA Ltd and REACHReady Ltd on the basis that the consolidated accounts would not be materially different from the accounts prepared for the Association as a single entity.</i>		
17 Debtors		
Trade debtors	126,247	216,232
Other debtors	61,917	99,086
Note 18 Deferred taxation due after more than one year	46,327	55,604
Prepayments and accrued income	481,166	475,733
	715,657	846,654
18 Deferred tax asset		
Accelerated depreciation	27,631	32,444
Other including bad debt	18,696	23,160
	46,327	55,604
19 Creditors: Amounts falling due within one year		
Subscriptions received in advance	45,223	272,546
Trade creditors	90,478	56,628
Other creditors	123,591	185,951
Designated funds	229,823	296,401
Deferred grant income	234,330	242,169
Taxation and social security	111,717	227,580
Accruals and deferred income	482,246	685,168
	1,317,408	1,966,443
20 Reconciliation of operating profit to net cash inflow from operating activities		
Operating surplus	106,185	469,427
Depreciation charges	34,526	40,261
Loss on sale of tangible assets	(245)	(104)
Pensions contribution	(204,000)	(204,000)
Decrease in debtors	130,997	84,706
(Decrease)/Increase in creditors	(306,644)	29,584
(Decrease)/Increase in payments received in advance	(227,323)	89,126
Net cash (outflow)/Inflow from operating activities	(466,504)	509,000

Cash flow from operating activities includes subscription payments received in advance; the timing of receipts of such subscription payments can cause fluctuations in the cash flow statement.

	2006	2005
	£	£
21 Reconciliation of net cash flow to movement in funds		
Decrease in cash in period	(1,746,998)	493,103
Decrease in overdraft	-	4,240
Cash used to increase liquid-resources	1,259,247	-
Change in net funds	(487,751)	497,343
Net funds as at 1 July 2005	2,186,941	1,689,598
Net funds as at 30 June 2006	1,699,190	2,186,941

	At 1 July 2005	Cash flows	At 30 June 2006
22 Analysis of changes in net funds			
Cash in hand at bank	2,186,941	(1,746,998)	439,943
Term deposits	-	1,259,247	1,259,247
	2,186,941	(487,751)	1,699,190

23 Annual commitments under non-cancellable operating leases

	Land and buildings	Other	Land and buildings	Other
Operating leases which expire:				
Over five years	786,480	24,164	786,480	20,492
	786,480	24,164	786,480	20,492

24 Contingent liability

The Association facilitated the payment of certain funds from the European Social Fund to a technical training enterprise for four projects in 1999 and two further projects in 2000. In the unlikely event that the technical training enterprise cannot meet the criteria for accessing these funds any prepayment considered due may be sought through the Association. The Association would suffer loss only to the extent that any such amount could not be recovered from the third party technical training enterprise. Association staff have worked closely with the enterprise and the auditors representing the European Social Fund. Council believes that there will be no net financial loss to the Association. The Association has advised the technical training enterprise that it will not facilitate any further projects of this nature.

Chemical Industries Association Limited *A Company limited by guarantee, not having a share capital.*

Registered number: 860702 England

Bankers:

National Westminster Bank PLC
63 Piccadilly, London W1A 2AG

Registered office:

Kings Buildings, Smith Square, London SW1P 3JJ
Telephone: 020 7834 3399

Auditors:

Kingston Smith LLP
Devonshire House, 60 Goswell Road, London EC1M 7AD

Companies in membership

Full membership of the CIA is open to organisations engaged directly in the manufacture and/or marketing of chemical products in the UK. All member companies give signatory commitment to the Responsible Care Guiding Principles.

A

AH Marks and Company Limited
 Abbot Laboratories Limited
 Acetate Products Ltd
 AdvanSA
 Aesica Pharmaceuticals Ltd
 Akcros Chemicals Ltd
 Albermarle Chemicals UK
 Albermarle UK Ltd
 Albion Chemicals Ltd
 Arizona Chemicals
 Arkema Ltd
 Ashland Castings Solutions
 AstraZeneca Group plc

B

Baker Petrolite
 Basell Polyolefins UK Ltd
Basell UK Ltd
Basell Manufacturing UK Ltd
Basell Polypropylene Ltd
 BASF plc
BASF Speciality Chemical Distribution
Elastogram UK Ltd
 Baxenden Chemicals Ltd
 Bayer plc
 Biofuels Corporation
 BIP (Oldbury) Ltd
 BIP Organics Ltd
 Bitrez Limited
 Borax Europe Limited
 British Salt Limited
 Brotherton Speciality Products Ltd

C

Celanese Chemicals UK Ltd
 Chemson Limited
 Chemtura
 Chemviron Carbon Limited
 Ciba Specialty Chemicals Plc

Ciba Specialty Chemicals (Water Treatments) Ltd

Clariant UK Ltd
Clariant Masterbatches
Clariant Oil Services Ltd
Clariant LSM UK Ltd
 Cleanaway Limited
 Cognis Performance Chemicals UK
 Contract Chemicals Limited
 CRI/Criterion Catalyst Co Ltd
 Croda Chemicals Europe Ltd
 Custom Powders Limited
 CYTEC Industries UK Limited

D

Degussa UK Holdings Ltd
Degussa Fine Chemicals
 Dow Chemical Company Limited
ChiroTech Technology Ltd
Haltermann Ltd
Mitchell Cotts Chemicals Limited
Union Carbide Limited
 Dow Corning Limited
 Du Pont (UK) Limited
 Dynea UK Ltd

E

Eastman Chemical
Eastman Workington
 Epichem Limited
 European Colour (Pigments) Ltd
 exchem additives
 Excelsyn Molecular Development
 ExxonMobil Chemical Limited
ExxonMobil Chemical Olefins Ltd

F

Fisher Scientific UK Ltd
 Flexsys Rubber Chemicals Ltd
 FMC Chemicals Limited
 Fujifilm Imaging Colorants

G

GE Plastics ABS Ltd
 Genzyme Limited
 GlaxoSmithKline

H

Hexion Specialty Chemicals (UK) Limited
 Huntsman Corporation Limited
Huntsman Advanced Materials (UK) Ltd
Huntsman Petrochemicals
Huntsman Polyurethanes
Huntsman Surface Services
Huntsman Tioxide
 Hydro Polymers Limited

I

Imperial Chemical Industries PLC
Ablestik Ltd
Acheson Colloids Ltd
National Starch & Chemical Co
Permabond Adhesives Ltd
Quest International
Uniqema Chemicals Ltd
Vinamul Ltd
 Ineos Chlorvinyls Limited
 Ineos Fluor Limited
 Ineos Silicas Limited
 Infineum International Ltd
 Innospec Inc
 Innovene Grangemouth
 Innovia Films Ltd
 Invista (UK) Ltd
 ISP (GB) Co Ltd

J

James M Brown Ltd
 John Hogg Technical Solutions Ltd
 Johnson Matthey PLC
Johnson Matthey – Autocatalyst UK
Johnson Matthey – Noble Metals UK
Johnson Matthey – Chemicals UK

K

Kemfine
 Kemira Growhow UK Limited
 Koppers UK Limited

L

Lanxess Inorganic Pigments
Lucite International
Lundbeck Pharmaceuticals Limited
Lyondell Chemicals

M

Macfarlan Smith Limited
Anipel Ltd
Bitrex Ltd
Mallinckrodt Chemical Ltd
McIntyre Group Ltd
MEL Chemicals
Merck, Sharp & Dohme
Molecular Products Ltd

N

Nalco Limited
Norit (UK) Limited
Purton Carbons
Nova Innovene Ltd
Novartis Grimsby Limited
NPIL Pharma
Nufarm UK Limited
Noveon division of Lubrizol

O

OMG UK Limited
Oxford Catalysts Group Plc

P

Peboc Division of Eastman Chemical (UK) Ltd
Pentagon Chemicals Specialities Ltd
Pentagon Fine Chemicals Ltd
Perstorp UK Ltd
Petrochem Carless Ltd
Phoenix Chemicals

Polimeri Europa UK

PolymerLatex Ltd

Prom Chem Ltd

Prosynth

R

Rhodia Ltd
Rhodia Consumer Specialities
Rhodia Eco Services Ltd
Rhodia Holdings Ltd
Rhodia HPCI
Rhodia Organique Fine Ltd
Rhodia Sealants Ltd
Robinson Brothers Limited
Rockwood Specialities Ltd
CSI Wood Protection
Rockwood Additives
Rockwood Specialities Ltd
Rohm and Haas (UK) Limited
Rohm and Haas (Scotland) Limited

S

SI Group-UK Ltd
Seal Sands Chemicals Limited
Sevalco Limited
Shasun Chemicals & Drugs
Shell Chemical UK
Sigma-Aldrich Company Ltd
Silberline
Solutia UK Limited
Solvay Chemicals Limited
Solvay Speciality Chemicals
Solvay Interlox Ltd
Solvent Resource Management Ltd
Stepan UK Ltd
Syngenta
Synprotec Ltd
Synthite Limited

T

Terra Nitrogen UK Ltd
Tessenderlo Fine Chemicals Ltd
Tessenderlo UK Ltd
The Scotts Company
Thomas Swan & Co Ltd
Total Petrochemicals

U

Ubichem plc
UOP Limited

W

Warwick International Group Ltd
Warwick International Ltd
Witton Chemical Co Ltd

Y

Yule Catto plc
Holliday Dispersions Ltd
Holliday Pigments
James Robinson Ltd
Oxford Chemicals
Synthomer Ltd
William Blythe Limited

Z

Zeon Chemicals Europe Limited