

Chemical Industries Association Limited

Directors' report and financial statements For the year ended 30 June 2016



Company Registration No: 00860702 (England and Wales)

Chemical Industries Association Limited

Contents

Officers and board	2
Report of the board	3-6
Auditors' Report	7
Income & Expenditure account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Notes to the accounts	11-18
Members' List	19-20

Chemical Industries Association Limited

Officers and Board

For the year ended 30 June 2016

The Board consists of a maximum of 10 Directors, comprising the Chief Executive, President of the Association, the Treasurer and up to six persons elected from Council members. The Board manages the Association's business. Council consists of a maximum of 32 members, elected from the Association's general membership and focusses on policy issues.

President

Mr T Crotty
Ineos

Board Members

Dr T W Bastock OBE
Contract Chemicals

Dr W Barton OBE
Velocys Technologies Ltd
(from March 2016)

Mr P Booth OBE
Sabir UK Petrochemicals
(to January 2016)

Dr J Bush
Urenco Chemplants
(to January 2016)

Mr S Elliott
Chemical Industries Association

Mr T Jensen
BASF

Mr H Swan
Thomas Swan & Co Ltd

Mr D Topliffe
Shell Chemicals UK

Mr D Tudor
Glaxosmithkline

Secretary (Non member)

Mr S Marsh
Chemical Industries Association

Chemical Industries Association Limited

Report of the Board

For the year ended 30 June 2016

The Board presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2016. This document will be presented to the Board meeting on 17 November 2016.

Officers

Mr T Crotty remained in office as President during the year. Following a two year term of office elections are due in March 2017.

Council and Boards

All Directors who served on the Board are listed on page 1 of this report. There are eight members of the Board as at 30 June 2016. The Board met five times during the year. There are no contracts, shareholdings or other arrangements benefiting any member of the Board which requires disclosure in terms of the Companies Act 2006.

Strategies and Issues

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 focuses on providing strategic guidance on chemical policy and voluntary initiatives to manufacturers and their related supply chains.

Responsible Care focuses on performance in safety, health, environment and security as the way CIA delivers industry's Responsible Care commitment to continuous improvement. RCSG is responsible for agreeing and monitoring the strategy to achieve this.

Communications deals with communication issues in support of the industry's relationship with its stakeholders and CIA member companies.

Employment deals with employment issues in support of the industry's relationship with its workforce and their representatives as well as lobbying in employment policy, law and regulation.

The function of the Strategy Groups is to determine strategy and policy within their broad areas of responsibility, to agree priorities, sponsor relevant issues and to oversee the work of the dedicated Issue Teams, supported by their appropriate Networks. All Strategy Groups have met two or three times during 2015/16. Issue teams have a clear remit with defined timescales and measures of success within which to operate. They form the mainstay of CIA and member work activity. Chaired by a member sponsor, these teams are multi-disciplinary, with a limited commitment.

Networks exist for specific subject areas and communicate as necessary moderated by CIA staff. Networks identify future issues, act as sounding boards for ideas on CIA policy and provide a pool of potential support for Issue Teams.

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

The Association keeps its members informed of the activities it has undertaken on their behalf via the website, CIA Matters and Bulletin.

Sector Networks

Sector Networks have a vital role to play within the Association acting as Issue Teams on their sector specific issues. They also form a national Network in their specialism.

The Board members are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Chemical Industries Association Limited

Report of the Board (Continued)

For the year ended 30 June 2016

Board member responsibilities

Company law requires Board members to prepare financial statements every financial year. Board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law Board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, Board 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.

Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and 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 Act 2006, the Board constitutes the Association's directors. The day to day running of the Association is conducted by the Chief Executive supported by a management team of two directors.

Staff

On 30 June 2016 the number of staff employed by the Association, including the Chief Executive was:

	<u>2016</u>	<u>2015</u>
Senior Management	3	3
Executives	12	15
Administration	6	6
	<u>21</u>	<u>24</u>

The monthly average number of employees was 23 (2015: 24).

Employees were allocated to the Association and subsidiary activities as follows:

	<u>2016</u>	<u>2015</u>
CIA	18	19.5
CIABATA	1	1
REACHREADY	2	3.5
	<u>21</u>	<u>24</u>

The Association continually reviews its available staff skill sets compared with those required to maintain its core activities.

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

Principal activities

The basic objectives and principal activities of the Association are 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 set out in a separate report by the Chief Executive.

The Association's financial position during 2015-16 has been managed on a sound basis with a view to building reserves.

Chemical Industries Association Limited

Report of the Board (Continued)

For the year ended 30 June 2016

Association structure

The Association is a company limited by guarantee. There has been no change to its structure during the year.

The constitution allows for a maximum of 10 Board members and, at 30 June 2016, there were eight (2015: 9).

Membership

On 30 June 2016 there were 97 (2015: 99) subscription-paying companies (listed on pages 21-22).

Financial review of the year

On the basis of the preliminary estimates of expenditure and trading income for the financial year 2014-15 the Board decided to increase subscriptions by 2.5% for 2015-16.

	<u>2015-16</u>	<u>2014-15</u>
Turnover from subscription	3,562,682	3,655,086
Turnover from other operations	1,121,623	1,179,903
Interest receivable	11,885	11,552
Gross income	<u>4,696,190</u>	<u>4,846,541</u>
Surplus after tax for the company	<u>839,167</u>	<u>744,474</u>

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.

Risks and uncertainties

The Board is responsible for monitoring the Association's internal controls. The Board, supported by the Management Team and an audit committee, review the major risks identified arising from or in connection with the Association's activities and how they might be alleviated. At recent meetings particular attention has been paid to:

- continuing subscription income from member companies
- the impact of the economic downturn both on the Association's activities and those of its member companies
- the deficit on the defined benefit pension scheme (closed to further benefit accrual in May 2002)
- maintaining ongoing increased payments to address the deficit, since July 2012
- the control and management of cash balances
- reviewing and rationalising overhead costs

Political and charitable contributions

The Association made no political contributions.

No contributions to the Chemical Industries Association Charitable Trust were made during the year (2015 - NIL). The Trust was established by the Association in 1989 to enable member companies to make charitable contributions primarily for educational purposes and was closed in June 2016 as funding is now managed by York University, where the trust is based.

Auditors

Following the recent audit retender process the appointment of the auditors will be approved by the Board at their next meeting and confirmed at the Annual General Meeting in March 2017.

Chemical Industries Association Limited
Report of the Board (Continued)
For the year ended 30 June 2016

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 to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board
Kings Buildings,
Smith Square,
London
SW1P 3JJ

23-Nov-16

Steve Elliott
Director

A handwritten signature in black ink, appearing to read 'S Elliott', with a stylized flourish at the end.

Chemical Industries Association Limited

Independent Auditor's 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 2016 comprising the Income and Expenditure account, Balance Sheet, Statement of Other Comprehensive Income and the related notes. The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken for no other purpose than to draw to the attention of the company's members those matters we are required to include in an auditor's 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Board Members' Responsibilities, Board members are responsible for the preparation of the financial statements and for being satisfied that they give 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its surplus for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

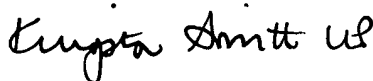
In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements and the Report of the Board has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Board and from preparing a Strategic Report.

Sandra De Lord (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP,
Statutory Auditor



Devonshire House
60 Goswell Road
London
EC1M 7AD

7/12/16

Chemical Industries Association Limited

Income and Expenditure Account and Statement of Comprehensive Income

For the year ended 30 June 2016

Income and Expenditure Account

		2016 £	2015 £
		<hr/>	<hr/>
<i>Note 2</i>	Turnover from :Subscriptions	3,562,682	3,655,086
<i>Note 5</i>	:Other operations	1,121,623	1,179,902
	Total turnover	<hr/> 4,684,305	<hr/> 4,834,988
<i>Note 7</i>	Administration expenses	(3,369,742)	(3,432,650)
<i>Note 8</i>	Other operating expenses	<hr/> (296,060)	<hr/> (343,451)
	Operating Surplus	1,018,503	1,058,887
	Interest receivable	11,885	11,552
<i>Note 17</i>	Other finance income/(costs)	<hr/> (201,000)	<hr/> (254,000)
<i>Note 6</i>	Surplus on ordinary activities before taxation	829,388	816,439
<i>Note 11</i>	Taxation	<hr/> 9,779	<hr/> (71,965)
	Surplus on ordinary activities after taxation	<hr/> 839,167	<hr/> 744,474

Statement of Other Comprehensive Income

		2016 £	2015 £
		<hr/>	<hr/>
	Retained surplus on ordinary activities	839,167	744,474
<i>Note 17</i>	Movement on Deferred Tax asset relating to Defined Benefit Pension	(157,000)	(23,000)
<i>Note 17</i>	Actuarial loss on Defined Benefit Pension	<hr/> (335,000)	<hr/> (352,000)
	Total Comprehensive Income for the year	347,167	369,474
	Net Liabilities Brought Forward	<hr/> (2,348,069)	<hr/> (2,717,543)
	Net Liabilities Carried Forward	<hr/> (2,000,902)	<hr/> (2,348,069)

Chemical Industries Association Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Pension Deficit	Capital Fund	Total
At 1 July 2014	(4,969,400)	2,251,857	(2,717,543)
Profit for the year	-	744,474	744,474
Employer contributions	720,000	(720,000)	-
Net interest	(254,000)	254,000	-
Deferred tax on pension deficit	(23,000)	-	(23,000)
Actuarial deficit	(352,000)	-	(352,000)
At 30 June 2015	<u>(4,878,400)</u>	<u>2,530,331</u>	<u>(2,348,069)</u>
Profit for the year	-	839,167	839,167
Employer contributions	1,320,000	(1,320,000)	-
Net interest	(201,000)	201,000	-
Deferred tax on pension deficit	(157,000)	-	(157,000)
Actuarial deficit	(335,000)	-	(335,000)
At 30 June 2016	<u>(4,251,400)</u>	<u>2,250,498</u>	<u>(2,000,902)</u>

At 30 June 2016

	(2,000,902)	(2,348,069)
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company Registration No: 00860702

Chemical Industries Association Limited

Notes to the Financial Statements

For the year ended 30 June 2016

1 Accounting Policies

Company information

Chemical Industries Association is a private company limited by guarantee that is domiciled and incorporated in England and Wales. The registered office is Kings Buildings, Smith Square, London, SW1P 3JJ.

Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Chemical Industries Association prepared in accordance with Section 1A of FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014.

An explanation of the impact of first time adoption of FRS102 is given in Note 20.

Going Concern

The entity's large capital fund and the fact that the pension deficit is not imminently due means that this entity is deemed to be a going concern by its Board.

Taxation

The charge for taxation represents the tax currently payable and takes into account taxation deferred because of timing differences.

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 the relevant sections of FRS 102.

Stocks

Stocks of publications and stationery are treated as having zero net realisable value.

Tangible Fixed Assets

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.

At each reporting date the company reviews the carrying amounts of its tangible fixed assets and takes account of changes in estimated useful life and any impairment of value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

Basic financial instruments are measured initially at transaction price and subsequently at amortised cost. The company has no other financial instruments or basic financial instruments measured at fair value.

Revenue

Turnover represents the amount (excluding value added tax) derived from subscriptions and the provision of services. Turnover is recognised at the fair value of the consideration receivable and is shown net of VAT. The fair value takes account of any trade or settlement discounts.

Chemical Industries Association Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

1 Accounting Policies (continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Association operates an employee 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 as agreed with the Scheme Actuary from time to time.

The company has complied fully with Section 28 of FRS 102 (retirement benefits)

Operating leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

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 & 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 2016 there were 97 members of the Association so liable (2015 - 99).

4 Format of Accounts

The formats for income and expenditure account and balance sheet set out in the Companies Act 2006 have been amended where in the Board's opinion the formats are not applicable to the Association's special circumstances. The Association is a company limited by guarantee, not having a share capital and is principally involved in non-trading activities. In compliance with the Companies Act 2006 the Board presents the financial statements in an amended format.

Chemical Industries Association Limited
Notes to the Financial Statements (Continued)
For the year ended 30 June 2016

5 Turnover from other operations

	2016	2015
	£	£
Management charges	-	83
Fees from affiliates and sector groups	47,273	42,119
Training services & exhibitions	324,969	346,220
Meetings, conferences & events	264,615	313,232
CIABATA	342,475	333,836
REACH	121,416	121,357
Publications	20,875	23,055
	<u>1,121,623</u>	<u>1,179,902</u>

6 Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging

	2016	2015
	£	£
Auditors remuneration: Audit	10,500	10,500
: Other services including pension audit	5,884	3,441
Depreciation -amount written off owned assets	6,197	9,158
Lease payments recognised as an expense	224,632	223,512
	<u>246,213</u>	<u>246,611</u>

7 Administration expenses

	2016	2015
	£	£
Training services & exhibitions	254,394	254,726
Meetings, conferences & events	172,033	244,866
Charges for affiliates and sector groups	26,223	13,765
Publications	93,661	99,493
Staff costs <i>Note 9</i>	1,829,772	1,784,847
Consultancy costs	225,990	239,917
Property occupancy	421,288	430,751
Administration costs	124,596	126,957
Depreciation	6,197	9,158
Meetings, travel and other expenses	204,282	217,745
Bank charges	11,306	10,316
Bad debts	-	109
	<u>3,369,742</u>	<u>3,432,650</u>

8 Other operating expenses

	2016	2015
	£	£
CEFIC :Subscription	176,812	242,056
National Chemical Emergency Centre	1,000	1,000
Confederation of British Industry	22,087	21,697
Energy Intensive Users' Group	21,500	21,500
ECEG	15,010	11,818
Other subscriptions	59,651	45,380
	<u>296,060</u>	<u>343,451</u>

Chemical Industries Association Limited
Notes to the Financial Statements (Continued)
For the year ended 30 June 2016

9 Staff costs

The aggregate payroll costs of employees were as follows:

	2016	2015
	£	£
Wages and Salaries : CIA staff, Secondees & NI costs	1,574,854	1,520,268
Pension Costs (excluding £1,320,000 contribution to the DB pension scheme)	180,725	179,742
Other Costs	74,193	84,837
Staff Costs included in administration expenses	<u>1,829,772</u>	<u>1,784,847</u>
Total Staff costs	<u>1,829,772</u>	<u>1,784,847</u>

The weekly average number of employees was 23 (2015: 24).

10 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 2016 (2015: £nil)

11 Taxation

(a) Analysis of charge in the period

	2016	2015
	£	£
UK Corporation tax on surplus for the period	-	72,693
Adjustments in respect of previous periods	4,106	-
Total current tax	<u>4,106</u>	<u>72,693</u>
Deferred tax (note 16)		
Origination and reversal of timing differences	<u>5,673</u>	<u>(728)</u>
Tax on surplus on ordinary activities	<u>9,779</u>	<u>71,965</u>

(b) Factors affecting tax charge for the period:

The differences are explained below.

Reported surplus	829,388	1,011,439
Defined benefit pension scheme contribution	(1,320,000)	(720,000)
Section 28 of FRS 102 pension interest cost	201,000	59,000
Taxable (deficit) / surplus in ordinary activities before tax	<u>(289,612)</u>	<u>350,439</u>

Taxable (deficit) / surplus on ordinary activities multiplied by standard rate of 20%

	(57,922)	72,716
Effects of:		
Capital allowances in excess of Depreciation	(1,752)	(1,550)
Marginal Relief	-	(2,138)
Movements in provision	(410)	3,665
Losses carried forward	60,084	-
Current tax charge for period	<u>-</u>	<u>72,693</u>

Chemical Industries Association Limited
Notes to the Financial Statements (Continued)
For the year ended 30 June 2016

12 Tangible Fixed assets

	<i>F&F & Office Refurb</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£
COST:			
Balance at 1 July 2015	168,855	117,036	285,891
Additions in year	-	8,943	8,943
Balance at 30 June 2016	168,855	125,979	294,834
DEPRECIATION:			
Balance at 1 July 2015	168,855	110,818	279,673
Charge for the year	-	6,197	6,197
Balance at 30 June 2016	168,855	117,015	285,870
NET BOOK VALUE at 30 June 2016	-	8,964	8,964
NET BOOK VALUE at 30 June 2015	-	6,218	6,218

13 Fixed assets investments

	2016	2015
	£	£
Investments in subsidiary undertakings		
Investments	3	3
Reach Link	-	10,467
	3	10,470

Investments comprise the Association's holdings in CIABATA Ltd (two Ordinary shares of £1 each) and REACHREADY Ltd (one Ordinary share of £1).

The Association owns 100% of the ordinary shares of each company, all companies are incorporated in England and Wales.

The investment in Reach Link was disposed of in the year.

Group accounts have not been prepared to consolidate the Association's dormant subsidiaries, 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.

14 Debtors

	2016	2015
	£	£
Trade debtors	4,445,143	4,295,032
Other debtors	41,394	40,669
Prepayments and accrued income	349,380	329,869
	4,835,917	4,665,570

15 Creditors: Amounts falling due within one year

	2016	2015
	£	£
Subscriptions received in advance	63,012	51,692
Trade creditors	277,514	126,123
Other creditors	19,745	21,167
Designated Funds (note 18)	155,338	148,571
Corporation tax	-	72,693
Taxation and social security	725,019	684,199
Accruals and deferred income	3,757,275	3,615,680
	4,997,903	4,720,125

Chemical Industries Association Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

16 Deferred tax (liability)/asset

	2016	2015
	£	£
Accelerated depreciation	(11,833)	(13,906)
Other including bad debt	24,086	20,486
Deferred tax asset	12,253	6,580

17 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 line with a scheme of contributions agreed with the Scheme Actuary to eliminate the deficit by January 2025 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 triennial actuarial valuation at June 2012 used a market based approach, which assumed that the investment returns would be 5.00%, that inflation would be 3.25% p.a. and that present and future pensions would increase at the rate of 3.25% p.a. This valuation showed that the market value of the scheme assets was £8,116,000 and that the actuarial value of those assets represented 51% of the benefits that had accrued to members. The latest actuarial valuation was performed by The Scheme Actuary for the Trustees at 30 June 2015. This valuation revealed a funding shortfall of £5.8m.

The Association agreed a schedule of contributions payable for the period 1 November 2007 to 30 June 2012 of £30,000 per month, subsequently increased to £60,000 from 1 July 2012 to 31 October 2015, in respect of past service. A one off lump sum payment was made to the scheme during 2013-14 of £180,000. These contributions are intended to restore the funding level to 100% by January 2025; 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 has been no adjustment to the schedule of contributions in the current accounting period.

With effect from 1 July 2016, the Association has agreed to pay contributions of £588,000 per annum payable in equal monthly instalments of £49,000 per month from 1 July 2016 to 31 Jan 2025. In addition the Association agreed to pay a one-off, lump-sum contribution of £600,000 before 30 June 2016.

The valuation was updated by the actuary on an FRS 102 basis as at 30 June 2016.

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 £129,694 (2015: £140,524).

The major assumptions used in this valuation at June 2016 were:

Rate of increase in salaries (no members accruing benefits on a final salary basis)	N/A
Allowance for revaluation of deferred pensions	2.00%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.00%
Rate of increase in deferred pensions	2.00%
Discount rate applied to scheme liabilities	2.70%
Inflation assumption	2.90%

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:

Chemical Industries Association Limited
Notes to the Financial Statements (Continued)
For the year ended 30 June 2016

17 **Pensions (continued)**

	Value at 2016 £000	Value at 2015 £000
Equities	3,400	3,063
Property	994	993
UK Gilts	-	3,196
Bonds	508	505
Cash	200	249
Liability driven investments	1,552	-
Div Growth	5,118	2,329
Total asset value	11,772	10,335
Present value of scheme liabilities	(17,084)	(16,431)
Net liability	(5,312)	(6,096)
Less: deferred tax asset at 20%	1,062	1,219
Net liability	(4,250)	(4,877)

Amounts recognised in profit and loss

	2016 £000	2015 £000
Interest cost	(201)	(246)
Administration Expenses	-	(8)
Total	(201)	(254)

Amount recognised in Statement of Other Comprehensive Income

Actual return on assets	419	652
Actuarial loss on obligations	(754)	(1,004)
Total	(335)	(352)

Changes in fair value of scheme assets

	2016 £000	2015 £000
Opening fair value of scheme assets	10,335	9,277
Interest income	394	389
Expected return on assets less interest income	419	652
Employer contributions	1,320	720
Benefits paid	(696)	(695)
Administration Expenses	-	(8)
Closing fair value of scheme assets	11,772	10,335

Chemical Industries Association expects to contribute £588,000 in the year to 30 June 2017.

Changes in fair value of defined benefit obligation

	2016 £000	2015 £000
Opening defined benefit obligation	16,431	15,487
Interest cost	595	636
Actuarial loss	754	1,003
Benefits paid	(696)	(695)
Closing defined benefit obligation	17,084	16,431

Chemical Industries Association Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2016

17 Pensions (continued)

Amounts for the current and previous four periods are as follows:

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Defined benefit obligation	(17,084)	(16,431)	(15,487)	(14,899)	(14,021)
Plan assets	11,772	10,335	9,277	8,932	8,047
Deficit	(5,312)	(6,096)	(6,210)	(5,967)	(5,974)

18 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.

19 Annual commitments under non-cancellable operating leases

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016		2015 - FRS102 restatement	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Commitments falling due:				
Within one year	205,902	5,729	205,902	13,751
Two to Five years	617,706	-	823,608	5,729
In more than five years	-	-	-	-
	<u>823,608</u>	<u>5,729</u>	<u>1,029,510</u>	<u>19,480</u>

20 Adoption of FRS102

Defined benefit scheme

Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. There has been no change in the defined benefit liability at either 1 July 2014 or 30 June 2015. The effect of the change has been to reduce the debit to the profit and loss account in the year to 30 June 2015 by £195,000 and increase the debit in other comprehensive income by an equivalent amount.

21 Related party transactions

During the year the company purchased services totalling £49,677 (2015: £42,339) at arm's length from Mint Events Limited, a company in which the director Dr T W Bastock has an interest. At the year end £27,143 was due to Mint Events Limited (2015: £24,637).

Chemical Industries Association Limited

A Company limited by guarantee, not having a share capital

Registered number: 860702 England

Registered office:

Kings Buildings

Smith Square

London SW1P 3JJ

Telephone: 020 7834 3399

Bankers:

National Westminster Bank PLC

63 Piccadilly

London W1A 2AG

Auditor:

Kingston Smith LLP

Devonshire House,

60 Goswell Road

London EC1M 7AD

Chemical Industries Association Limited

Companies in Membership

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

A

Aesica Pharmaceuticals Ltd

AMOG

Arizona Chemicals

Ashland Specialities UK Ltd

AstraZeneca Group Plc

B

Baker Hughes

Basell Polyolefins UK Ltd

BASF Plc

Baxenden Chemicals Ltd

Bitrez Limited

Bluestar Silicones (UK) Ltd

BP Chemicals

Brenntag UK Ltd

Briar Chemicals

Byk Additives Ltd

C

Cabot Carbon

Cabot Norit UK Ltd

Calachem

CF Fertilisers

Chemoxy International

Chemtura Manufacturing UK Limited

Chemviron Carbon Ltd

Clariant Services UK Ltd

Contract Chemicals Ltd

Cristal Pigment UK Ltd

Croda International Ltd

Custom Powders Limited

D

Dow Chemical Company Ltd

Dow Corning Ltd

DSM

E

Eli Lilly & Co Ltd

EPC UK Additives

Essar Oil (UK) Ltd

Esseco UK Ltd

Evonik Goldschmidt UK

ExxonMobil Chemical Ltd

F

Fine Organics Ltd

FMC Chemicals Ltd

Frutarom

Fujifilm Imaging Colorants

G

Gantrade Europe Ltd

GEO Speciality Chemicals

GlaxoSmithKline

Chemical Industries Association Limited

Companies in Membership

H

Halterman Carless

Headland Agrochemicals Ltd

Hexion UK Ltd

Huntsman Corporation Ltd

I

Ineos Chemicals Grangemouth Ltd

Ineos Nitriles

Infineum International Ltd

Innospec Ltd

Innovia Films Ltd

Inovyn Chlorvinyls Ltd

J

James M Brown Ltd

Johnson Matthey Plc

K

Kemira Chemicals (UK) Ltd

Koppers UK Ltd

L

Lanxess Ltd

Lotte Chemicals UK Ltd

Lubrizol Ltd

Lucite International

M

Macfarlan Smith Ltd

MEL Chemicals

Mexichem UK Ltd

N

Nanoco

Novartis Grimsby Limited

Nufarm Limited

P

Perstorp UK Ltd

PQ Silicas

R

Robinson Brothers Limited

S

SABIC UK Petrochemicals

Sasol UK Ltd

Shasun Pharma Solutions Ltd

Shell Chemicals UK

SI Group-UK Ltd

Sigma-Aldrich Company Ltd

Silberline

Solutia UK Ltd

Solvay Solutions UK

Stepan UK Ltd

Syngenta

Synthomer

T

Tata Chemicals Europe

Tennants Fine Chemicals Ltd

Thomas Swan & Co Ltd

Tradebe Solvent Recycling Ltd

U

UOP Ltd

Urenco Chemplants Ltd

V

Valtris Speciality Chemicals

Velocys Technologies Ltd

Veolia ES Cleanaway UK Ltd

Versalis UK Ltd

Vertellus Specialities Holdings UK Ltd

Vertellus Specialities UK Ltd

W

Witton Chemicals Co Ltd

Z

Zeon Chemicals Europe Ltd