

The Accounts



Officers and Council

The Council – effectively the Association's Board of Directors – has a maximum composition of 35 members. Of these, 20 are appointed or elected from member companies ensuring representation from the largest to the smallest; the remaining 15 are also drawn from member companies as co-options from senior committees, regional chairmen and representatives from other trade associations. The Council manages all the Association's business.

President

Dr T W Bastock OBE
Group Managing Director,
Contract Chemicals Limited
(to November 2003)

Mr A Steel
Managing Director,
Rhodia Limited
(from November 2003)

Vice President

Mr D P Gresham
Managing Director,
Atofina UK Ltd
(to November 2003)

Mr B G Kerr
Regional President
Ciba Specialty Chemicals PLC
(to November 2003)

Dr B M Murphy
Managing Director,
Robinson Brothers Limited
(to November 2003)

Honorary Treasurer

Mr T M Swan OBE
Chairman and Managing
Director,
Thomas Swan & Co Ltd
(to November 2003)

Mr D P Gresham
Managing Director,
Atofina UK Ltd
(from November 2003)

Immediate Past President

Mr B J Stickings CBE
Chairman,
BASF plc
(to November 2003)

Dr T W Bastock OBE
Group Managing Director
Contract Chemicals Limited
(from November 2003)

Members

Dr W Barton
Vice President for
Accelerators and other
Rubber Chemicals

Dr M J Braithwaite
Chief Executive,
exchem organics

Dr J Bush
Chief Executive,
Ineos Silicas Limited

Mr I Clark
Corporate Centre HR Director,
Imperial Chemical Industries plc

Dr G Cleland
Plant Manager,
Rohm & Haas (UK) Limited

Mr L Courth
Country Speaker & Managing
Director,
Bayer UK plc
(from November 2003)

Mr D Culpon
Vice President – European
Petrochemicals,
Huntsman Petrochemicals
(UK) Ltd
(from March 2004 to July 2004)

Mr R Dall
Site Manager,
Polimeri UK
(to November 2003)

Mr G Dann
UK Regional Manager,
Dow Chemicals
(from July 2003)

Mr A Dimery
Regional President
Northern Europe,
Ciba Specialty Chemicals
(from March 2004)

Mr J B Elliot
Senior Vice President
GlaxoSmithKline

Mr M Gardner
Executive Vice President
Imperial Chemical Industries plc
(to September 2003)

Mr D Gee
Senior Vice President
Imperial Chemical Industries plc
(from September 2003)

Mr P Goodier
Former Chief Executive Officer,
Hickson & Welch
(to November 2003)

Dr B Harrison
Technical Director,
Johnson Matthey plc

Mr D C Hayward
Director and General Manager,
Thomas Swan & Co Ltd

Mr J Hudson
Chairman,
ExxonMobil Chemical Limited

Mr G James
Works General Manager
BP Chemicals Hull

Mr B G Kerr
Regional President,
Ciba Specialty Chemicals PLC
(from November 03 to March 04)

Mr H Lap
Chemicals Manager,
Shell Chemicals UK Ltd
(from September 2003)

Mr M Lunn
Operations Manager,
Nufarm UK Limited

Mr R Margetts
Chairman - Europe
Huntsman Corporation

Mr M Mitchell
Economist
BP Chemicals

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

Dr R Morgan
Chief Executive Officer - UK
Kraton Polymers Int Ltd

Dr B M Murphy
Managing Director,
Robinson Brothers Limited
(from November 2003)

Mr P Newman
Chemicals Manager,
Shell Chemicals UK Ltd
(to September 2003)

Mr J Pach
Site Production Manager,
Terra Nitrogen (UK) Limited

Mr J Scudamore
Chief Executive Officer,
Avecia Ltd

Mr A Steel
Managing Director,
Rhodia Ltd
(to November 2003)

Mr B Stickings CBE
Chairman,
BASF plc
(from November 2003)

Mr T M Swan OBE
Chairman and Managing
Director,
Thomas Swan & Co Ltd
(from November 2003)

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

Dr P Wormald
Managing Director,
Ciba Specialty Chemicals
Investment plc
(from November 2003)

Secretary (Non member)

Mr C R Brooks
General Secretary
Chemical Industries
Association

Report of the Council

for the year ended 30 June 2004

Council presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2004. This document will be laid before members at the thirty ninth Annual General Meeting, to be held on 18 November 2004, notice of which is given separately.

Officers

Mr A Steel was elected President following the Annual General Meeting in November 2003; Dr T W Bastock, having completed two years as President, became Immediate Past President.

In November 2003 Mr I Clark was re-elected Chairman of the Employment Affairs Board; Mr M Mitchell was re-elected Chairman of the Business and Trade Board; Mr D C Hayward was re-appointed Chairman of the Responsible Care Board; Dr B Harrison was re-appointed Chairman of the Science, Education and Technology Board and Dr B Murphy was appointed Chairman of SOCSA. Mr A Steel was appointed Chairman of the Reputation and Sustainable Development Board. Mr T M Swan stood down as Honorary Treasurer and Mr D P Gresham was appointed to take up that role.

Council and Boards

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

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

The main policy making boards are the Employment Affairs Board, the Business and Trade Board, the Responsible Care Board, the Science, Education and Technology Board, the General Purposes & Finance Committee, the Reputation and Sustainable Development Board and SOCSA.

Council met six times and the Employment Affairs Board, the Business and Trade Board, the Responsible Care Board, the Science, Education and Technology Board, the Reputation and Sustainable Development Board, SOCSA and the General Purposes & Finance Committee all met regularly during the year.

The work of the Association depended 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 Boards and Committees 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, Business Brief, news briefs, minutes and general correspondence.

Sector/Product groups

There were ten active special interest groups at 30 June 2004.

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 was conducted by the senior employees of the Association under the direction of the Director General.

Staff

On 30 June 2004 the number of staff employed by the Association, including the senior managers was:

	<u>2004</u>	<u>2003</u>
CIA	49	48
PICME	8	7
CIABATA	<u>2</u>	<u>2</u>
	59	57

The weekly average figure of employees, 58 (2003 : 61).

In June 2004 the Association began a review comparing its available staff skill sets with those required by the introduction of issues management. Council regrets that this comparison will involve several redundancies which will be handled sympathetically within the constraints of the financial position.

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 Director General.

Association structure

The constitution and structure of the Association, which is a company limited by guarantee, have remained unaltered during the year and are as described in the Articles of Association. The constitution allows for a maximum of 35 council members and, at 30 June 2004, there were 32.

The Association will propose a special resolution at the Annual General Meeting to amend the Articles of Association. There are two reasons for proposing new Articles:

- to recognise new legislation and reflect modern

practice

- to simplify the constitution of Council while retaining the maximum number of members at 35.

Members of Council who served during the year are listed on page 1.

Membership

On 30 June 2004 there were 153 (2003 : 163) subscription-paying companies (listed on pages x y). During the year the following companies joined the Association:

Albermarle Chemicals UK
Crompton Europe Limited
Invista UK Ltd
Nippon Gohsei
px TEPP Ltd (now px TGPP)

Of the companies in membership on 30 June 2004, five resigned with effect from 1 July 2004 mainly due to changes in the nature of their businesses and transfer of operations to continental Europe.

Financial review of the year

On the basis of the preliminary estimates of expenditure and trading income for the financial year 2003-04 Council approved an annual Call-Up on the members of 0.995 (2002-2003 – 0.995).

VQSET, a joint venture with The Association of the British Pharmaceutical Industry (ABPI), ceased trading with effect from 30 June 2002. VQSET remained solvent making a partial repayment of the unsecured loans from the Association and the ABPI. The company was formally struck off the Companies House register in March 2004.

The Association's financial position during 2003-04 has been managed on a sound basis with a view to building the Capital Fund to a satisfactory level.

	<u>2003-2004</u>	<u>2002-2003</u>
	£	£
Turnover from subscription	4,739,204	4,980,990
Turnover from other operations	2,023,647	2,006,375
Interest receivable	<u>98,791</u>	<u>83,158</u>
Gross Income	6,861,642	7,070,523
Surplus (Deficit) after tax	<u>326,129</u>	<u>233,976</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.

Political and charitable contributions

The Association made no political contributions.

Contributions to the CIA Charitable Trust amounted to £80,000 during the year (2002-2003 - £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

KPMG LLP were reappointed auditors for the year ended 30 June 2004. A resolution for the reappointment of KPMG LLP as auditors until the next succeeding Annual General Meeting and for the fixing of their remuneration will be submitted to the forthcoming Annual General Meeting as a special resolution.

*By order of the Council Kings Buildings, Smith Square
C R Brooks London SW1P 3JJ
General Secretary 23 September 2004*

A handwritten signature in dark ink, appearing to read 'CR Brooks', with a horizontal line underneath.

Auditors' Report

to the members of the Chemical Industries Association Limited

We have audited the financial statements on pages ⁶ ~~2~~ to ~~114~~.

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 so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council members and auditors

The Council members are responsible for preparing the report of the Council and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the report of the Council is not consistent with 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 Council members' remuneration and transactions with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications of our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council members 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 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 mis-statement 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 at 30 June 2004 and of its excess of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies' Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

London
29 October 2004

INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 June 2004

		2004 £	2003 £
Note 2	Turnover from :Subscriptions	4,739,204	4,980,990
Note 8	:Other operations	2,023,647	2,006,375
	Total turnover	6,762,851	6,987,365
Note 10	Administration expenses	(6,056,035)	(6,405,929)
Note 11	Other operating expenses	(302,633)	(298,310)
Note 14	Charitable contributions	(80,000)	(80,000)
	Operating profit	324,183	203,126
	Interest receivable	98,791	83,158
Note 9	Profit on ordinary activities before taxation	422,974	286,284
Note 12	Taxation	(96,845)	(52,308)
	Profit on ordinary activities after taxation	326,129	233,976
	Capital fund at beginning of year	592,188	358,212
	Capital fund at end of year	918,317	592,188

The Association had no other recognised gains or losses in 2003/04 or the prior year.

BALANCE SHEET

as at 30 June 2004

		2004 £	2003 £
	FIXED ASSETS		
Note 15	Tangible fixed assets	46,089	52,605
Note 16	Fixed asset investments	4	4
		46,093	52,609
	CURRENT ASSETS		
Note 17	Debtors	1,026,158	1,571,274
	Short term deposits	-	1,420,000
	Cash at bank and in hand	1,693,838	1,979
		2,719,996	2,993,253
	CURRENT LIABILITIES		
Note 19	Creditors: Amounts falling due within one year	1,847,772	2,453,674
	NET CURRENT ASSETS	872,224	539,579
	TOTAL ASSETS less CURRENT LIABILITIES	918,317	592,188
	Financed by:		
	CAPITAL FUND	918,317	592,188

The financial statements on pages ~~10~~⁶ to ~~13~~¹⁴ were approved by Council at a meeting held on 23 September 2004

A J Steel, President

D P Gresham, Honorary Treasurer

C R Brooks, General Secretary

The notes on pages ~~15~~³ to ~~18~~¹⁴ form part of these financial statements

A J Steel.

D P Gresham

C R Brooks

Cash flow statement for the year ended 30 June 2004

The notes on pages ~~22~~²³ to ~~24~~²⁵ form part of these financial statements

	2004 £	2003 £
Cash flows		
Note 20 Net cash inflow from operating activities	294,417	199,696
Returns on investments and servicing of finance		
Interest received	106,897	85,094
Taxation	(63,142)	-
Capital expenditure		
Payments to acquire tangible fixed assets	(39,927)	(24,780)
Cash inflow before management of liquid resources and financing	298,245	260,010
Management of liquid resources		
Sale / (Purchase) of short term deposits	1,420,000	(170,000)
Increase in cash	1,718,245	90,010

Reconciliation of movement in capital fund for the year ended 30 June 2004

	2004 £	2003 £
Surplus for financial year	326,129	233,976
Opening capital funds	592,188	358,212
	918,317	592,188

**Notes to the Financial Statements
for the year ended 30 June 2004**

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) The Association has adopted FRS 19 "Deferred Tax" - see note 18.
- (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.

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 2004 there were 164 members of the Association so liable (2003-168).

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

SSAP 24 Accounting for pension costs

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 £18,000 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; contributions for the year under review amounted to £108,567 (2003: £108,776).

Contributions of £12,103 payable to these plans were included in creditors.

FRS 17 Retirement Benefits

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under FRS 17 'Retirement benefits' the following transitional disclosures are required:

The valuation was updated by the actuary on an FRS 17 basis as at 30 June 2004 and 30 June 2003.

The major assumptions used in this valuation at June 2004 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	5.00%
Rate of increase in pensions in payment in respect of service after 1 July 1995	3.00%
Rate of increase in deferred pensions	3.00%
Discount rate applied to scheme liabilities	5.75%
Inflation assumption	3.00%

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:

	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000
Equities	8.0%	937	8.0%	827
Bonds	5.0%	5,337	5.0%	5,345
Cash	4.0%	1,040	4.0%	1,134
		7,314		7,306
Present value of scheme liabilities		(9,152)		(9,136)

Shortfall (1,838) (1,830)

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

Change in shortfall during the year **2004
£000**

Deficit in scheme at beginning of year	(1,830)
Current service cost	NIL
Contributions paid	216
Past service cost	-
Other finance cost	(123)
Actuarial loss	<u>(101)</u>

Shortfall at end of year (1,838)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes for the year to 30 June 2004 would have been as follows

Analysis of other pension costs charged in arriving at operating loss

£000

Current service cost	NIL
Past service cost	NIL
Gain on curtailments	<u>NIL</u>

NIL

Analysis of amounts included in other finance income/costs

£000

Expected return on pension scheme assets	370
Interest on pension scheme liabilities	<u>(493)</u>

(123)

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

	%	£000
Expected return less actual return on scheme assets		228
Percentage of year end scheme assets	3.1	
Net experience loss		17
Percentage of year end scheme liabilities	0.2	
Changes in assumptions		(144)
Percentage of year-end scheme liabilities	1.6	
Actuarial loss recognised in statement of total recognised gains and losses		<u>101</u>

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.

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 2004 (2003: NIL). For the purposes of the Companies Act 1985, the Council members constitute the Association's directors.

NOTES

2004

2003

£

£

8 Turnover from other operations

Property income	251,494	263,810
Fees from affiliates and sector groups	228,830	196,310
Training services	160,576	218,650
Meetings and conferences	230,566	327,334
CIABATA	132,751	99,462
PICME	978,094	856,355
Publications	41,336	44,454
	<u>2,023,647</u>	<u>2,006,375</u>

9 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated
after charging/(crediting)

Auditors remuneration: Audit	18,000	16,500
: Other services	5,000	17,500
Depreciation - amount written off owned assets	46,443	72,886
Government grants	(1,082,551)	(1,005,408)

10 Administration expenses

Training services	74,879	94,195
Meetings and conferences	112,522	223,445
CIABATA	132,751	147,656
PICME	978,094	856,355
Publications	95,775	121,165
Staff costs	2,637,611	2,844,538
Consultancy costs	355,451	486,768
Property occupancy	1,229,235	1,169,050
Administration costs	185,981	192,160
Depreciation	46,443	71,576
Meetings, travel and other expenses	207,293	199,021
	<u>6,056,035</u>	<u>6,405,929</u>

Note 13

11 Other operating expenses

CEFIC :Subscription	179,283	172,826
:Long Range Research Initiative	60,403	59,227
Confederation of British Industry	17,782	16,771
National Chemical Emergency Centre	15,000	15,000
Energy Intensive Users' Group	13,400	13,400
CEEG	4,180	10,160
CESIO	5,860	-
Other subscriptions	6,725	10,926
	<u>302,633</u>	<u>298,310</u>

12 Taxation

(a) Analysis of charge in the period

UK Corporation tax on profits for the period	129,788	23,905
Small companies relief	(29,353)	-
Adjustments in respect of previous periods	1,297	(3,713)
Total current tax	101,732	20,192
Deferred tax (note 18)	-	-
Origination and reversal of timing differences	(4,887)	32,116
Tax on profit on ordinary activities	<u>96,845</u>	<u>52,308</u>

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for small companies(19%).
The differences are explained below.

Profit on ordinary activities before tax	<u>422,974</u>	<u>286,284</u>
Profit on ordinary activities multiplied by standard rate 30% :(2003 - Small companies rate 19%)	126,892	54,394
Effects of:		
Expenses not deductible for tax purposes	999	1,801
Depreciation in period in excess of Capital allowances	(7,514)	(1,795)
Capital item expected	951	-
Adjustments to tax in respect of previous periods	1,297	(3,713)
Movements in provision	1,110	3,705
Pension prepayment	7,350	(34,200)
Marginal relief	(29,353)	-
Current tax charge for period	<u>101,732</u>	<u>20,192</u>

	2004 £	2003 £
13 Staff costs		
The aggregate payroll costs of employees were as follows:		
Wages and salaries :CIA staff	1,745,948	1,886,293
Social security costs	193,923	204,077
Pension costs	390,687	452,164
Other costs	307,053	302,004
	<u>2,637,611</u>	<u>2,844,538</u>

14 Charitable contributions

Gift aid contribution to charitable trust	<u>80,000</u>	<u>80,000</u>
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	<i>Furniture & fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
15 Tangible Fixed assets			
COST:			
Balance at 1 July 2003	186,436	430,160	616,596
Additions in year	8,050	31,877	39,927
Disposals	(13,889)	(2,800)	(16,689)
Balance at 30 June 2004	<u>180,597</u>	<u>459,237</u>	<u>639,834</u>
DEPRECIATION:			
Balance at 1 July 2003	183,331	380,660	563,991
Charge for the year	5,708	40,735	46,443
Disposals	(13,889)	(2,800)	(16,689)
Balance at 30 June 2004	<u>175,150</u>	<u>418,595</u>	<u>593,745</u>
NET BOOK VALUE at 30 June 2004	<u>5,447</u>	<u>40,642</u>	<u>46,089</u>
NET BOOK VALUE at 30 June 2003	<u>3,105</u>	<u>49,500</u>	<u>52,605</u>

16 Fixed assets investments

Investments in subsidiary undertakings	<u>4</u>	<u>4</u>
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Investments comprise the Association's holdings in CIABATA Ltd and PICME Ltd. The Association owns 100% of each company, both companies are incorporated in England and Wales.

Group accounts have not been prepared to consolidate the Association's dormant subsidiaries, PICME Ltd and CIABATA Ltd on the basis that the consolidated accounts would not be materially different from the accounts prepared for the Association as a standalone entity.

	2004	2003
	£	£
17 Debtors		
Trade debtors	284,476	738,854
Other debtors	99,406	18,021
Note 18 Deferred taxation due after more than 1 year	10,402	5,515
Prepayments and accrued income	631,874	808,884
	<u>1,026,158</u>	<u>1,571,274</u>
18 Deferred tax asset		
Accelerated depreciation	42,747	31,583
Other including bad debt	17,155	9,937
Pension prepayment	(49,500)	(36,005)
	<u>10,402</u>	<u>5,515</u>
19 Creditors: Amounts falling due within one year		
Bank loans and overdrafts	4,240	30,626
Subscriptions received in advance	183,420	666,922
Trade creditors	117,942	173,536
Other creditors	110,089	128,975
Deferred grant income	392,309	131,011
Taxation and social security	194,340	600,186
Accruals and deferred income	845,432	722,418
	<u>1,847,772</u>	<u>2,453,674</u>
20 Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	324,183	203,126
Depreciation charges	46,443	72,886
Decrease / (Increase) in debtors	581,133	(92,295)
(Decrease) in creditors	(173,840)	(283,555)
(Decrease) / Increase in payments received in advance	(483,502)	299,534
Net cash inflow from operating activities	<u>294,417</u>	<u>199,696</u>

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.

	2004 £	2003 £
21 Reconciliation of net cash flow to movement in funds		
Increase in cash in period	1,691,859	176
Decrease in overdraft	26,386	89,835
Cash used to increase liquid-resources	(1,420,000)	170,000
Change in net funds	298,245	260,011
Net funds as at 1 July 2003	1,391,353	1,131,342
Net funds as at 30 June 2004	1,689,598	1,391,353

	At 1 July 2003	Cash flows	At 30 June 2004
22 Analysis of changes in net funds			
Cash in hand at bank	1,979	1,691,859	1,693,838
Overdraft	(30,626)	26,386	(4,240)
Term deposits	1,420,000	(1,420,000)	0
	1,391,353	298,245	1,689,598

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	15,744	786,480	15,744
	786,480	15,744	786,480	15,744

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

Registered office:

Kings Buildings
Smith Square
London SW1P 3JJ

Telephone: 020 7834 3399

Bankers:

National Westminster Bank PLC
63 Piccadilly
London W1A 2AG

Auditors:

KPMG LLP
8 Sailsbury Square
London EC4Y 8BB

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

ACS Dobfar UK Ltd

Advanced Gel Technology Ltd

Akzo Nobel Chemicals Limited

Akros Chemicals Ltd

Diosynth Ltd

Albermarle Chemicals UK

Albemarle UK Ltd

Albion Chemicals Ltd

Albion Dyestuffs Ltd

Arizona Chemicals

Aroma & Fine Chemicals Ltd

Ashland Castings Solutions

Associated Ocel Company Ltd

AstraZeneca Group plc

Atofina UK Limited

Avecia Ltd

B

Baker Petrolite

Basell Polyolefins UK Ltd

Basell UK Ltd

Basell Manufacturing UK Ltd

Basell Polypropylene Ltd

BASF plc

BASF Coatings Ltd

BASF Coatings Refinish Ltd

BASF Printing Systems Ltd

Cheadle Colour & Chemicals Ltd

Elastogram UK Ltd

RM Automotive Refinish Ltd

Baxenden Chemicals Ltd

Bayer plc

Bayer CropScience UK Limited

BIP Ltd

BIP Organics Ltd

Bitrez Limited

Borax Europe Limited

Borden Chemical (UK) Limited

BP plc

British Nuclear Fuels plc

British Salt Limited

Brotherton Speciality Products Ltd

C

C6 Solutions Ltd

Celanese Chemicals UK Ltd

Chemson Limited

Ciba Specialty Chemicals Plc

Ciba Specialty Chemicals (Water Treatments) Ltd

Clariant LSM UK Ltd

Clariant UK Ltd

Clariant Masterbatches

Clariant Oil Services Ltd

Cleanaway Limited

Cognis Performance Chemicals UK

Contract Chemicals Limited

CRI/Criterion Catalyst Co Ltd

Croda Chemicals Europe Ltd

Crompton Europe Ltd

CSG Lanstar Ltd

CSG Lanstar (Scotland) 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

DSM United Kingdom Limited

Du Pont Sabanci Polyester (UK) Ltd

Du Pont (UK) Limited

Dynea UK Ltd

E

Eastman Company UK

Elementis plc

Elementis Chromium

Elementis Pigments

Elementis Specialties

Linatex Ltd

Epichem Limited

European Colour (Pigments) Ltd

exchem organics

ExxonMobil Chemical Limited

ExxonMobil Chemical Olefins Ltd

F

Fisher Scientific UK Ltd

Flexsys Rubber Chemicals Ltd

FMC Chemicals Limited

G

GE Betz Ltd

GE Plastics ABS Ltd

Genzyme Limited

GlaxoSmithKline

Great Lakes UK Ltd

Great Lakes Manufacturing (UK) Limited

Biolab UK Ltd

Grillo Zinc Oxide (UK) Ltd

H

Hercules Limited

Huntsman Advanced Materials (UK) Ltd

Huntsman Corporation Limited

Huntsman Petrochemicals

Huntsman Polyurethanes

Huntsman Surface Services

Huntsman Ti Oxide

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 Chlor Limited

Ineos Fluor Limited

Ineos Silicas Limited

Infineum International 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

Kemira Growhow UK Limited

Kodak Limited

Koppers UK Limited

Kraton Polymers International

L

Lambson Group Limited

Libra Specialty Chemicals Ltd

Labrizol Limited

Lucite International

Lundbeck Pharmaceuticals Limited

M

Macfarlan Smith Limited

Anipet Ltd

Bitrex Ltd

Mallinckrodt Chemical Ltd

MEL Chemicals

Merck, Sharp & Dohme

Methanex (UK) Ltd

Millennium Inorganic Chemicals

Molecular Products Ltd

N

Nalco Limited

Nippon Gohsei UK Ltd

Norit (UK) Limited

Purton Carbons

Nova Chemicals Europe Ltd

Novartis Grimsby Limited

Nufarm UK Limited

O

OMG UK Limited

Organic Intermediates

P

Pebec Division of Eastman Chemical (UK) Ltd

Pentagon Chemicals Specialities Ltd
Pentagon Fine Chemicals Ltd

Perstorp UK Ltd

Petrochem Carless Ltd

Pfizer Limited

Phoenix Chemicals

Polimeri Europa UK

PolymerLatex Ltd

Prom Chem Ltd

px (TEPP) Ltd

R

Reichhold UK Ltd

Swift Adhesives Ltd

Rhodia Ltd

Rhodia Consumer Specialities

Rhodia Eco Services Ltd

Rhodia Holdings Ltd

Rhodia HPCI

Rhodia Organique Fine Ltd

Rhodia Sealants Ltd

Rhodia Pharma Solutions

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

Schenectady Europe Limited

Seal Sands Chemicals Limited

Sevalco Limited

Shell Chemical UK

Sigma-Aldrich Company Ltd

SNPE Limited

Solutia UK Limited

Solvay Chemicals Limited

Solvay Speciality Chemicals

Solvay Interox Ltd

Solvent Resource Management Ltd

Stepan UK Ltd

Sud-Chemie UK Ltd

Surface Specialities PLC

Sutcliffe Speakman Carbons Limited

Syngenta

Synprotec Ltd

Synthite Limited

T

Terra Nitrogen UK Ltd

Tessenderlo Fine Chemicals Ltd

Tessenderlo UK Ltd

Thomas Swan & Co Ltd

Organic Specialities Limited

Thor Specialities (UK) Limited

Thor Overseas Ltd

U

Ubichem plc

UOP Limited

V

Voridian (England) 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

Reabrook

Synthomer Ltd

William Blythe Limited

Z

Zeon Chemicals Europe Limited