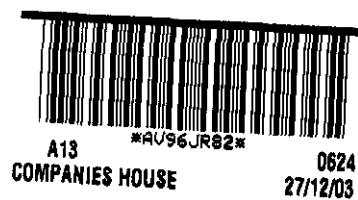


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## The Accounts



Annual Accounts 2003

## 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

### President

**Dr T W Bastock OBE**  
Group Managing Director,  
Contract Chemicals Limited

### Vice President

**Mr D P Grehsam**  
Managing Director,  
Atofina UK Ltd

**Mr B G Kerr**  
Regional President,  
Specialty Chemicals PLC

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

### Honorary Treasurer

**Mr T M Swan OBE**  
Chairman and Managing  
Director,  
Thomas Swan & Co Ltd

### Immediate Past President

**Mr B J Stickings**  
Chairman,  
BASF plc

### Members

**Mr W Barton**  
Vice President for  
Manufacturing & Technology,  
Flexsys Rubber Chemicals

**Dr M J Braithwaite**  
Chief Executive,  
exchem organics

**Dr J Bush**  
Chief Executive,  
Ineos Silicas Limited  
(from November 2002)

**Mr J D Chapman**  
Chief Executive,  
Witton Chemical Co Ltd  
(to September 2002)

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

**Dr G Cleland**  
Plant Manager,  
Rohm & Haas (UK) Limited  
(from November 2002)

**Dr A D Clements**  
Managing Director,  
ICI Nobel Enterprises  
(to March 2003)

**Mr R L Craig**  
Vice President for Commercial  
Shell Chemicals UK Ltd  
(to September 2002)

**Mr R Dall**  
Site Manager,  
Polimeri UK  
(from March 2003)

**Mr J B Elliot**  
Senior Vice President,  
GlaxoSmithKline

**Mr M Gardner**  
Executive Vice President,  
Imperial Chemical Industries plc

**Mr P Goodier**  
Former Chief Executive Officer,  
Hickson & Welch  
(from November 2002)

**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  
(from November 2002)

**Mr M Hughes**  
Marketing Director,  
Bayer plc  
(to November 2002)

**Mr D Hyde**  
Group Manager,  
AstraZeneca Pharmaceuticals  
(to November 2002)

**Mr G James**  
Works General Manager,  
BP Chemicals Hull  
(from May 2003)

**Mr D Kerrison**  
Managing Director,  
Associated Octel Company Ltd

**Mr M J Lane**  
Chairman,  
ExxonMobil Chemical Limited  
(to November 2002)

**Mr M Lunn**  
Operations Manager,  
Nufarm UK Limited  
(from November 2002)

**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  
(from November 2002)

**Mr P Newman**  
Chemicals Manager,  
Shell Chemicals UK Ltd  
(from September 2002)

**Mr J Pach**  
Site Production Manager,  
Terra Nitrogen (UK) Limited  
(from November 2002)

**Mr D Peattie**  
Group Vice President &  
Commercial Director,  
BP Chemicals  
(to May 2003)

**Dr P Reucroft**  
Head of Customer Supply,  
Ciba Specialty Chemicals plc  
(to November 2002)

**Mr J Scudamore**  
Chief Executive Officer,  
Avecia Ltd

**Dr K W Shelton**  
Head of Environment, Safety  
& Quality,  
Coalite Chemicals  
(to November 2002)

**Mr J G Spiers CBE**  
Managing Director,  
Norsk Hydro (UK) Ltd  
(to November 2002)

**Mr A Steel**  
Managing Director,  
Rhodia Ltd

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

**Secretary (Non member)**  
**Mr C R Brooks**  
General Secretary,  
Chemical Industries Association

## **Report of the Council**

*for the year ended 30 June 2003*

Council presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2003. This document will be laid before members at the thirty eighth Annual General Meeting, to be held on 20 November 2003, notice of which is given separately.

### **Officers**

Dr T W Bastock was elected President and Mr D P Gresham, Mr B G Kerr and Dr B M Murphy were elected vice-presidents following the Annual General Meeting in November 2002.

In November 2002 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 T M Swan was re-appointed Honorary Treasurer; 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 Mr P Goodier was appointed Chairman of SOCSA; Mr D P Gresham was re-appointed Chairman of the Industry Reputation Board, but in January 2003 this Board was merged with the Sustainable Development Strategy Forum to form the Reputation and Sustainable Development Board under the chairmanship of Dr T W Bastock.

### **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 eleven active special interest groups at 30 June 2003.

### **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 the assets of the company and to prevent and detect 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 managers under the direction of the Director General.

## Staff

As at 30 June 2002 the VQSET business was transferred to another Awarding Body and all VQSET employees were declared redundant. In August 2002 the Association undertook a reorganisation and the overall impact on staff resources was a reduction of 12 positions.

Council regrets that the fundamental long term considerations concluded in a reorganisation eliminating certain positions involving staff redundancies. Council believes the reorganisation was handled sympathetically within the constraints of the financial position.

On 30 June 2003 the number of staff employed by the Association, including the senior managers was:

	<u>2003</u>	<u>2002</u>
CIA	48	59
VQSET	-	7
PICME	7	5
CIABATA	<u>2</u>	<u>2</u>
	57	73

The weekly average figure of employees, including those made redundant was 61 (2002 : 73).

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 2003, there were 30. Members of council who served during the year are listed on page 1.

## Membership

On 30 June 2003 there were 163 (2002 : 164) subscription-paying companies (listed on pages 15-17). During the year the following companies joined the Association:

CRI/Criterion Catalyst Co  
John Hogg Technical Solutions  
Organic Intermediates  
Pentagon Chemicals  
Prom Chem Ltd.

Of the companies in membership on 30 June 2003, eleven resigned with effect from 1 July 2003 mainly due to changes in the nature of their businesses and transfer of operations to Europe.

## Financial review of the year

On the basis of the preliminary estimates of expenditure and trading income for the financial year 2002-03 Council approved an annual Call-Up on the members of 0.995 (2001-2002 : 0.93).

The Association's financial position during 2002-03 has been managed on a sound basis with a view to maintaining the Capital Fund at a satisfactory level.

VQSET, a joint venture with The Association of the British Pharmaceutical Industry (ABPI), experienced a marked downturn in income in previous years and entered negotiations with the Process Awards Authority (PAA). Under an agreement effective from 30 June 2002 PAA acquired certain VQSET assets comprising the Goodwill, the benefit of the contracts with approved centres, the intellectual property rights together with all relevant contact data to enable effective continuation of the business. PAA guaranteed to support the existing approved centres and registered candidates for a period of two years, from 1 July 2002. During the year under review VQSET remained solvent with the assistance of two equal unsecured loans from the Association and ABPI amounting to £10,560. All the VQSET liabilities have been met and there will be no further calls on the two member companies.

## Chemical Industries Association Limited / Annual Accounts 2003

	<u>2002-2003</u>	<u>2001-2002</u>
	<u>£</u>	<u>£</u>
Turnover from subscription	4,980,990	4,866,772
Turnover from other operations	2,006,375	1,951,496
Interest receivable	83,158	91,003
Gross Income	7,070,523	6,909,271
Surplus (Deficit) after tax	233,976	(137,112)

### 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 (2001-2002 : £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 2002. 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 25 September 2003*



## Auditors' Report

*to the members of the Chemical Industries Association Limited*

We have audited the financial statements on pages 6-14

The report is made solely to the Association's members, as a body, in accordance with sector 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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 Association'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 concluded 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 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 at 30 June 2003 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  
1 October 2003

# INCOME AND EXPENDITURE ACCOUNT

## for the year ended 30 June 2003

	2003 £	2002 £
<i>Note 2</i> Turnover from Subscriptions	4,980,990	4,866,772
<i>Note 8</i> :Other operations	2,006,375	1,951,496
Total turnover	6,987,365	6,818,268
<i>Note 10</i> Administration expenses	(6,405,929)	(6,671,081)
<i>Note 11</i> Other operating expenses	(298,310)	(310,573)
<i>Note 14</i> Charitable contributions	(80,000)	(80,000)
Operating profit/(loss)	203,126	(243,386)
Interest receivable	83,158	91,003
<i>Note 9</i> Profit/(loss) on ordinary activities before taxation	286,284	(152,383)
<i>Note 12</i> Taxation	(52,308)	15,271
Profit/(loss) on ordinary activities after taxation	233,976	(137,112)
Capital fund at beginning of year	358,212	495,324
Capital fund at end of year	592,188	358,212

The Association had no other recognised gains or losses in 2002/03 or the prior year.

# BALANCE SHEET

## as at 30 June 2003

	2003 £	2002 £
<b>FIXED ASSETS</b>		
<i>Note 15</i> Tangible fixed assets	52,605	83,869
<i>Note 16</i> Fixed asset investments	4	4
	52,609	83,873
<b>CURRENT ASSETS</b>		
<i>Note 17</i> Debtors	1,571,274	1,528,095
Short term deposits	1,420,000	1,250,000
Cash at bank and in hand	1,979	1,803
	2,993,253	2,779,898
<b>CURRENT LIABILITIES</b>		
<i>Note 19</i> Creditors: Amounts falling due within one year	2,453,674	2,505,559
<b>NET CURRENT ASSETS</b>	539,579	274,339
<b>TOTAL ASSETS less CURRENT LIABILITIES</b>	592,188	358,212
Financed by:		
<b>CAPITAL FUND</b>	592,188	358,212

The financial statements on pages 6 to 14 were approved by Council at a meeting held on 25 September 2003

T W Bastock, President

T M Swan, Honorary Treasurer

C R Brooks, General Secretary

The notes on pages 8 to 14 form part of these financial statements

*T W Bastock* *T M Swan* *C R Brooks*

## Cash flow statement for the year ended 30 June 2003

*The notes on pages 8 to 14 form part of these financial statements*

	2003 £	2002 £
<b>Cash flows</b>		
<i>Note 20</i> Net cash inflow from operating activities	199,696	207,584
Returns on investments and servicing of finance		
Interest received	85,094	85,452
Taxation	-	(22,110)
Capital expenditure		
Payments to acquire tangible fixed assets	(24,780)	(55,085)
Cash inflow before management of liquid resources and financing	260,010	215,841
Management of liquid resources		
Purchase of short term deposits	(170,000)	(350,000)
Increase/(decrease) in cash	90,010	(134,159)

## Reconciliation of movement in capital fund for the year ended 30 June 2003

	2003 £	2002 £
Surplus/(deficit) for financial year	233,976	(137,112)
Opening capital funds	358,212	495,324
	592,188	358,212



## Notes to the Financial Statements for the year ended 30 June 2003

### 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) Stocks of publications and stationery are treated as having zero net realisable value.
- (iii) 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.
- (iv) Turnover represents the amount (excluding value added tax) derived from subscriptions and the provision of services.
- (v) 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.
- (vi) Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.
- (vii) 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 2003 there were members of the Association so liable (2002 : 169).

### 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 2000 based on the Current Unit Method, which assumed that the investment returns would be 8% p.a. on gilts and 9% p.a. on equities, that the salary increases would be 6% p.a., that inflation would be 4% 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 £6,682,963 and that the actuarial value of those assets represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Association has agreed a re-assessed schedule of contributions payable for the period 1 April 2003 to 31 March 2013 of £18,000 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 is a prepayment of £189,500 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.

During the year the Association made a special one-off contribution to the pension scheme of £200,000.

Contributions to individual personal pension plans were introduced for new employees effective 1 July 1995; contributions for the year under review amounted to £108,776 (2002: £134,593). Contributions of £12,756 payable to these plans were included in creditors and paid in July 2003.

#### *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 2003 and 30 June 2002.

The major assumptions used in this valuation at June 2003 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	5.0%
Rate of increase in pensions in payment in respect of service after 1 July 1995	2.5%
Rate of increase in deferred pensions	2.5%
Discount rate applied to scheme liabilities	5.5%
Inflation assumption	2.5%

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 2003	Value at 2003 £000	Long term rate of return 2002	Value at 2002 £000
Equities	8.0%	827	7.5%	913
Bonds	5.0%	5,345	5.0%	4,872
Cash	4.0%	<u>1,134</u>	4.0%	<u>1,027</u>
Present value of scheme liabilities		7,306 <u>(9136)</u>		6,812 <u>(8,393)</u>
Net pension liability		<u>(1,830)</u>		<u>(1,581)</u>

The amount of this net pension liability would have a consequential effect on the Association's reserves.  
Movement in deficit during the year

	2003 £000
Deficit in scheme at beginning of year	(1,581)
Current service cost	( 14)
Contributions paid	416
Past service cost	-
Other finance cost	(149)
Actuarial loss	<u>(502)</u>
Deficit in the scheme at end of year	<u>(1,830)</u>

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes for the year to 30 June 2003 would have been as follows

#### **Analysis of other pension costs charged in arriving at operating loss**

	£000
Current service cost	(14)
Past service cost	-
Gain on curtailments	<u>-</u>
	<u>(14)</u>

#### **Analysis of amounts included in other finance income/costs**

	£000
Expected return on pension scheme assets	355
Interest on pension scheme liabilities	<u>(504)</u>
	<u>(149)</u>

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

	%	£000
Actual return less expected return on scheme assets		73
Percentage of year end scheme assets	1.0	
Experience gains and losses arising on scheme liabilities		159
Percentage of present value of year end scheme liabilities	1.7	
Changes in assumptions		(734)
Percentage of year end scheme liabilities	8.0	
Actuarial loss recognised in statement of total		<u>(502)</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 2003 (2002 : NIL). For the purposes of the Companies Act 1985, the Council members constitute the Association's directors.

NOTES	2003	2002
	£	£
<b>8 Turnover from other operations</b>		
Property income	263,810	197,636
Fees from affiliates and sector groups	196,310	385,341
Training services	218,650	218,207
Meetings and conferences	327,334	293,744
CIABATA	99,462	123,276
PICME	856,355	684,885
Publications	44,454	48,407
	<u>2,006,375</u>	<u>1,951,496</u>
<b>9 Profit/(loss) on ordinary activities before taxation</b>		
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors remuneration: Audit	16,500	11,000
: Other services	17,500	750
Depreciation - amount written off owned assets	72,886	82,015
Government grants	(1,005,408)	(719,094)
	<u></u>	<u></u>
<b>10 Administration expenses</b>		
Training services	94,195	109,454
Meetings and conferences	223,445	236,063
CIABATA	147,656	123,276
PICME	856,355	684,885
Publications	121,165	151,833
Note 13 Staff costs	2,844,538	3,389,658
Consultancy costs	486,768	294,620
Property occupancy	1,169,050	1,060,276
Administration costs	192,160	262,724
Depreciation	71,576	82,015
Meetings, travel and other expenses	199,021	276,277
	<u>6,405,929</u>	<u>6,671,081</u>
<b>11 Other operating expenses</b>		
CEFIC :Subscription	172,826	162,541
:Long Range Research Initiative	59,227	93,539
Confederation of British Industry	16,771	16,039
National Chemical Emergency Centre	15,000	15,000
Energy Intensive Users' Group	13,400	13,400
ECEG	10,160	-
Other subscriptions	10,926	10,054
	<u>298,310</u>	<u>310,573</u>
<b>12 Taxation</b>		
(a) Analysis of charge in the period		
UK Corporation tax on profits for the period	23,905	-
Adjustments in respect of previous periods	(3,713)	(17,020)
Total current tax	20,192	(17,020)
Deferred tax (note 18)		
Origination and reversal of timing differences	32,116	1,749
Tax on profit/(loss) on ordinary activities	52,308	(15,271)
(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	286,284	-
Profit on ordinary activities multiplied by standard rate	54,394	-
Effects of:		
Expenses not deductible for tax purposes	1,801	-
Capital allowances in period in excess of depreciation	(1,795)	-
Adjustments to tax in respect of previous periods	(3,713)	(17,020)
Movements in provision	3,705	-
Pension prepayment	(34,200)	-
Current tax charge/(credit) for period	20,192	(17,020)

	2003 £	2002 £
<b>13 Staff costs</b>		
The aggregate payroll costs of employees were as follows:		
Wages and salaries :CIA staff	1,886,293	2,193,166
:Recharged to VQSET	-	224,666
	1,886,293	2,417,832
Social security costs	204,077	238,276
Pension costs	452,164	547,920
Other costs	302,004	185,630
	2,844,538	3,389,658
<b>14 Charitable contributions</b>		
Gift aid contribution to charitable trust	80,000	80,000
<b>15 Tangible Fixed assets</b>		
	<i>Furniture &amp; fittings</i> £	<i>Computer equipment</i> £
<b>COST:</b>		<i>Total</i> £
Balance at 1 July 2002	189,095	480,699
		669,794
Additions in year	0	41,622
Disposals	(2,659)	(92,161)
		(94,820)
<b>Balance at 30 June 2003</b>	<b>186,436</b>	<b>430,160</b>
		<b>616,596</b>
<b>DEPRECIATION:</b>		
Balance at 1 July 2002	177,375	408,550
		585,925
Charge for the year	8,615	64,271
Disposals	(2,659)	(92,161)
		(72,886)
<b>Balance at 30 June 2003</b>	<b>183,331</b>	<b>380,660</b>
		<b>563,991</b>
<b>NET BOOK VALUE at 30 June 2003</b>	<b>3,105</b>	<b>49,500</b>
		<b>52,605</b>
<b>NET BOOK VALUE at 30 June 2002</b>	<b>11,720</b>	<b>72,149</b>
		<b>83,869</b>
<b>16 Fixed assets investments</b>		
Investments in subsidiary undertakings	4	4

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.

	2003	2002
	£	£
<b>17 Debtors</b>		
Trade debtors	738,854	913,760
Other debtors	18,021	126,244
<i>Note 18</i> Deferred taxation due after more than 1 year	5,515	37,631
Prepayments and accrued income	808,884	450,460
	<u>1,571,274</u>	<u>1,528,095</u>
<b>18 Deferred tax asset</b>		
Accelerated depreciation	31,583	34,071
Other including bad debt	9,937	6,560
Pension prepayment	(36,005)	(3,000)
	<u>5,515</u>	<u>37,631</u>
<b>19 Creditors: Amounts falling due within one year</b>		
Bank loans and overdrafts	30,626	120,461
Subscriptions received in advance	666,922	367,388
Trade creditors	173,536	270,003
Other creditors	128,975	227,593
Deferred grant income	131,011	183,266
Taxation and social security	600,186	749,793
Accruals and deferred income	722,418	587,055
	<u>2,453,674</u>	<u>2,505,559</u>
<b>20 Reconciliation of operating profit/(loss) to net cash inflow from operating activities</b>		
Operating profit/(loss)	203,126	(243,386)
Depreciation charges	72,886	82,015
Increase in debtors	(92,295)	(783,836)
(Decrease)/increase in creditors	(283,555)	903,742
Increase in payments received in advance	299,534	249,049
Net cash inflow from operating activities	<u>199,696</u>	<u>207,584</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.

	2003 £	2002 £
<b>21 Reconciliation of net cash flow to movement in funds</b>		
Increase/(decrease) in cash in period	176	(13,698)
Decrease/(increase) in overdraft	89,835	(120,461)
Cash used to increase liquid-resources	170,000	350,000
Change in net funds	260,011	215,841
Net funds as at 1 July 2002	1,131,342	915,501
Net funds as at 30 June 2003	1,391,353	1,131,342

	At 1 July 2002	Cash flows	At 30 June 2003
<b>22 Analysis of changes in net funds</b>			
Cash in hand at bank	1,803	176	1,979
Overdraft	(120,461)	89,835	(30,626)
Term deposits	1,250,000	170,000	1,420,000
	1,131,342	260,011	1,391,353

**23 Annual commitments under non-cancellable operating leases**

	Land and buildings	Other	Land and buildings	Other
Operating leases which expire:				
Within one year	-	-	-	28,564
Over five years	786,480	15,744	510,000	-
	786,480	15,744	510,000	28,564

**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 believe 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.

3M United Kingdom PLC	Baxenden Chemicals Ltd	D
A	Bayer plc	Degussa Limited
AH Marks and Company Limited	Bayer CropScience UK Limited	Degussa UK Holdings Ltd
Abbot Laboratories Limited	BIP Ltd	Dow Chemical Company Limited <i>Union Carbide Limited</i>
Acordis Acetate Chemicals Ltd	Bitrez Limited	Dow Corning Limited
Acordis Cellulosic Polymers Ltd	BOC Gases	DSM United Kingdom Limited
ACS Dobfar UK Ltd	Borax Europe Limited	Du Pont Sabanci Polyester (UK) Ltd
Advanced Gel Technology Ltd	Borden Chemical (UK) Limited	Du Pont (UK) Limited
Air Products Group Ltd <i>Air Products (Chemicals) PLC</i> <i>Air Products PLC</i> <i>Air Products (BR) Ltd</i> <i>Air Products (Chemicals) Teesside Ltd</i>	Borregaard UK Limited	Dyneema UK Ltd
Akzo Nobel Chemicals Limited <i>Akros Chemicals Ltd</i> <i>Diosynth Ltd</i>	BP plc	E
Albemarle UK Ltd	British Nuclear Fuels plc	Eastman Company UK
Albion Chemicals Ltd	British Salt Limited	Elementis plc <i>Elementis Chromium</i> <i>Elementis Pigments</i> <i>Elementis Specialties</i> <i>Linatex Ltd</i>
Albion Dyestuffs Ltd	Bromine & Chemicals Limited	Eli Lilly & Company Limited
Alcan Chemicals Europe	Brotherton Speciality Products Ltd	Epichem Limited
Arizona Chemicals	C	European Colour (Pigments) Ltd
Aroma & Fine Chemicals Ltd	Celanese Chemicals UK Ltd	exchem organics
Ashland Castings Solutions	Chemson Limited	ExxonMobil Chemical Limited <i>ExxonMobil Chemical Olefins Ltd</i>
Associated Octel Company Ltd	Ciba Specialty Chemicals Plc <i>Ciba Specialty Chemicals (Water Treatments) Ltd</i>	F
AstraZeneca Group plc	Clariant LSM UK Ltd	Fisher Scientific UK Ltd
Atofina UK Limited <i>Atotech UK</i>	Clariant UK Ltd <i>Clariant Masterbatches</i>	Flexsys Rubber Chemicals Ltd
Avecia Ltd <i>Avecia DTBA Ltd</i>	Cleanaway Limited	FMC Chemicals Limited
B	Coalite Chemicals	G
Baker Petrolite	Coalite Smokeless Fuels	GE Betz Ltd
Basell Polyolefins UK Ltd <i>Basell UK Ltd</i> <i>Basell Manufacturing UK Ltd</i> <i>Basell Polypropylene Ltd</i>	Cognis Performance Chemicals UK	GE Plastics ABS Ltd
BASF plc <i>BASF Coatings Ltd</i> <i>BASF Coatings Refinish Ltd</i> <i>BASF Printing Systems Ltd</i> <i>Cheadle Colour &amp; Chemicals Ltd</i> <i>Elastogram UK Ltd</i> <i>RM Automotive Refinish Ltd</i>	Contract Chemicals Limited	Genzyme Limited
	CRI/Criterion Catalyst Co Ltd	GlaxoSmithKline
	Croda International Plc <i>Croda Chemicals Limited</i> <i>Croda Distillates Limited</i> <i>Croda Leek Limited</i> <i>Croda Universal Limited</i>	Great Lakes UK Ltd <i>Great Lakes Manufacturing (UK) Limited</i> <i>Biolab UK Ltd</i>
	Custom Powders Limited	Grillo Zinc Oxide (UK) Ltd
	CYTEC Industries UK Limited	



<b>H</b>		
Haltermann Custom Processing Ltd	MEL Chemicals	Ronseal Ltd
<i>ChiroTech Technology Ltd</i>		<b>S</b>
<i>ChiroTechInc</i>	Merck, Sharp & Dohme	SABIC Global LimitedSchenectady
<i>Mitchell Cotts Chemicals Limited</i>		Europe Limited
Hercules Limited	Methanex (UK) Ltd	Seal Sands Chemicals Limited
	Millennium Inorganic Chemicals	Sevalco Limited
Hickson & Welch Limited	Molecular Products Ltd	Shanks Chemical Services
Huntsman Corporation Limited		<i>Shanks Chemical Services (Scotland) Ltd</i>
<i>Huntsman Petrochemicals</i>	<b>N</b>	Shell Chemical UK
<i>Huntsman Polyurethanes</i>	Norit (UK) Limited	
<i>Tioxide Europe</i>	<i>Purton Carbons</i>	Sigma-Aldrich Company Ltd
Hydro Polymers Limited	Nova Chemicals Europe Ltd	SNPE Limited
<b>I</b>	Novartis Grimsby Limited	Solutia UK Limited
Imperial Chemical Industries PLC	Nufarm UK Limited	Solvay Chemicals Limited
<i>ICI Chemicals &amp; Polymers Ltd</i>		<i>Solvay Speciality Chemicals</i>
<i>Quest International (Fragrances, Flavours,</i>	<b>O</b>	Solvay Interlox Ltd
<i>Food Ingredients) UK Ltd</i>	OMG UK Limited	Solvent Resource Management Ltd
<i>Unigema Chemicals Ltd</i>	Ondeo Nalco Limited	Stepan UK Ltd
Ineos Chlor Limited	Organic Intermediates	Sud-Chemie UK Ltd
Ineos Fluor Limited		Surface Specialities PLC
Ineos Silicas Limited	<b>P</b>	Sutcliffe Speakman Carbons Limited
Infineum International Ltd	Peboc Division of Eastman Chemical	Syngenta
ISP (GB) Co Ltd	(UK) Ltd	Synprotec Ltd
<b>J</b>	Pentagon Chemicals Ltd	Synthite Limited
James M Brown Ltd	Perstorp UK Ltd	<b>T</b>
John Hogg Technical Solutions Ltd	Petrochem Carless Ltd	Terra Nitrogen UK Ltd
Johnson Matthey PLC	Pfizer Limited	Tessenderlo Fine Chemicals Ltd
<i>Johnson Matthey - Autocatalyst UK</i>	Phoenix Chemicals	Tessenderlo UK Ltd
<i>Johnson Matthey - Noble Metals UK</i>	Polimeri Europa UK	Thomas Swan & Co Ltd
<i>Johnson Matthey - Chemicals UK</i>	PolymerLatex Ltd	<i>Organic Specialities Limited</i>
<b>K</b>	Prom Chem Ltd	Thor Specialities (UK) Limited
Kemira Growhow UK Limited	<b>R</b>	<i>Thor Overseas Ltd</i>
Kodak Limited	Reichhold UK Ltd	<b>U</b>
Koppers UK Limited	<i>Swift Adhesives Ltd</i>	Ubichem plc
Kraton Polymers International	Rhodia Ltd	UOP Limited
<b>L</b>	<i>Rhodia Consumer Specialities Ltd</i>	<b>V</b>
Lambson Group Limited	<i>Rhodia Eco Services Ltd</i>	Vantico Ltd
Lanstar Limited	<i>Rhodia Food Ltd</i>	Voridian (England) Limited
<i>Lanstar (Scotland) Ltd</i>	<i>Rhodia Holdings Ltd</i>	<b>W</b>
Libra Specialty Chemicals Ltd	<i>Rhodia HPCII Ltd</i>	Warwick International Group Ltd
Lubrizol Limited	<i>Rhodia Industrial Specialities Ltd</i>	<i>Warwick International Ltd</i>
Lucite International	<i>Rhodia Organique Fine Ltd</i>	WBB Minerals
Lundbeck Pharmaceuticals Limited	<i>Rhodia Sealants Ltd</i>	Witton Chemical Co Ltd
<b>M</b>	Rhodia Pharma Solutions	
Macfarlan Smith Limited	Robinson Brothers Limited	
<i>Bitrex Ltd</i>	Roche Vitamins UK Limited	
<i>Anipet Ltd</i>	Rockwood Specialities Ltd	
Mallinckrodt Chemical Ltd	Rohm and Haas (UK) Limited	
	<i>Rohm and Haas (Scotland) Limited</i>	

**Y**

**Yule Catto plc**

*Holliday Dispersions Ltd*

*Holliday Pigments*

*James Robinson Ltd*

*Oxford Chemicals*

*Reabrook*

*William Blythe Limited*

**Z**

**Zeon Chemicals Europe Limited**