

850706

Chemical Industries Association Limited / Annual Accounts 2005

The Accounts



Annual Accounts 2005

Officers and Council

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

President

Mr A Steel
Managing Director,
Rhodia Limited

Mr A Dimery
Regional President
Northern Europe,
Ciba Specialty Chemicals

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

Vice President

Mr G Dann
UK Regional Manager,
Dow Chemicals
(Member who became VP from
November 2004)

Mr J B Elliot
Senior Vice President,
GlaxoSmithKline

Dr R Morgan
Chief Executive Officer – UK,
Kraton Polymers Int Ltd

Mr D Kerrison
Chairman, Ocel Corp
(Member who became VP from
November 2004 resigned May 2005)

Mr D Gee
Senior Vice President,
Imperial Chemical Industries plc

Dr B M Murphy
Managing Director,
Robinson Brothers Limited

Honorary Treasurer

Mr D P Gresham
Managing Director,
Total Petrochemicals UK Ltd

Dr B Harrison
Technical Director,
Johnson Matthey plc
(to November 2004)

Mr J O'Neill
Vice President European
Petrochemicals,
Huntsman Petrochemicals
(from March 2005)

Immediate Past President

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

Mr D C Hayward
Director and General Manager,
Thomas Swan & Co Ltd
(to May 2005)

Mr J Pach
Site Production Manager,
Terra Nitrogen (UK) Limited
(to November 2004)

Members

Dr W Barton
Vice President,
Flexsys Rubber Chemicals Ltd
(to November 2004)

Mr J Hudson
Chairman,
ExxonMobil Chemical Limited

Mr J Scudamore
Chief Executive Officer,
Avecia Ltd

Dr M J Braithwaite
Chief Executive,
exchem organics

Mr G James
Works General Manager,
BP Chemicals Hull
(to March 2005)

Mr I Stephenson
Director EH&S,
Johnson Matthey PLC
(from March 2005)

Dr J Bush
Chief Executive,
Ineos Silicas Limited

Mr H Lap
Chemicals Manager,
Shell Chemicals UK Ltd
(to May 2005)

Mr B Stickings CBE
Consultant,
BASF plc

Mr I Clark
Corporate Centre HR Director,
Imperial Chemical Industries plc
(to July 2005)

Mr M Lunn
Operations Manager,
Nufarm UK Limited

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

Dr G Cleland
Plant Manager,
Rohm & Haas (UK) Limited
(to November 2004)

Mr R Margetts
Chairman – Europe,
Huntsman Corporation

Mr D Topcliffe
North Chemicals Production Unit
Manager,
Shell Chemicals
(from May 2005)

Mr L Courth
Country Speaker & Managing
Director,
Bayer UK plc

Ms M Matthews
Site Manager/Managing Director
Dow Corning
(from March 2005)

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

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

Mr R McGill
Complex Director,
Innovene Manufacturing
Scotland Limited
(from March 2005)

Dr P Wormald
Managing Director,
Ciba Specialty Chemicals
Investment plc

Secretary (Non member)

Mr C R Brooks
General Secretary, CIA

Mr M Mitchell
Economist,
BP Chemicals
(to November 2004)

Report of the Council for the year ended 30 June 2005

Council presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2005. This document will be laid before members at the fortieth Annual General Meeting, to be held on 17 November 2005, notice of which is given separately.

Officers

Mr A Steel was re-elected President, Mr G Dann and Mr D Kerrison were elected Vice Presidents and Mr D P Gresham was reappointed Honorary Treasurer following the Annual General Meeting in November 2004. Mr D Kerrison resigned from Council and the Vice Presidency in May 2005.

Council and Boards

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

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

Up to December 2004 the CIA Council was supported by a range of standing committees which met regularly throughout the year: these were the Business and Trade Board, Employment Affairs Board, Responsible Care Board and Science, Education and Technology Board together with the Reputation and Sustainable Development Board and SOCSA.

Issues Management

On 1 January 2005 the Association formally adopted Issues Management, a radical new approach to the way we operate as a trade association, an approach, when fully embedded, that will enable the Association to deliver additional value to our members and facilitate their contributions to our collective work in a more efficient and cost effective manner.

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

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

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

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

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

The function of the Strategy Groups is to determine strategy and policy within their broad areas of responsibility, to agree priorities, and where appropriate, sponsor relevant issues and to oversee the work of the dedicated Issue Teams, supported by the appropriate Networks of Expertise. All the Strategy Groups have met twice in the first six months of 2005 and once the system has matured it is expected that these groups will only meet physically twice a year with much of the work taking place virtually on our new software ONECIA.

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

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

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

The Association kept its members informed about the activities it had undertaken on their behalf through various media including websites, Business Brief, news briefs, minutes and general correspondence.

Sector groups

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

There were fourteen active special interest groups at 30 June 2005.

Statement of the Council members' responsibilities

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

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

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

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

Management

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

Staff

On 30 June 2005 the number of staff employed by the Association, including the Director General was:

	<u>2005</u>	<u>2004</u>
Senior Management	5	5
Executives	27	29
Engineers	8	6
Administration	<u>17</u>	<u>19</u>
	57	59

The weekly average figure of employees, 58 (2004 : 58).

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

	<u>2005</u>	<u>2004</u>
CIA	45	49
PICME	10	8
CIABATA	<u>2</u>	<u>2</u>
	57	59

The Association continually reviews its available staff skill sets compared with those required to maintain its core activities. In June 2005 the Association agreed to outsource its events and seminars activities and Council regrets that this will involve a few 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 structure of the Association, which is a company limited by guarantee, has remained unaltered during the year. The Articles of Association were amended by special resolution at the Annual General Meeting held in November 2004. The amendments:

- updated the language of definitions and interpretation
- clarified and updated terms of membership and services
- introduced simpler procedures for General meetings and voting
- consolidated several Council co-option routes into one group
- updated miscellaneous provisions on accounts, auditors and notices.

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

Membership

On 30 June 2005 there were 142 (2004 : 153) subscription-paying companies (listed on pages x y).

During the year the following companies joined the Association:

Biofuels Corporation
Excelsyn Molecular Development
Molecular Products Ltd
Thermphos UK Ltd

Of the companies in membership on 30 June 2005, nine resigned with effect from 1 July 2005 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 2004-05 Council approved an annual Call-Up on the members of 0.995 (2003-2004 - 0.995).

The Association's financial position during 2004-05 has been managed on a sound basis with a view to building the Capital Fund to a satisfactory level.

	<u>2004-2005</u>	<u>2003-2004</u>
	<u>£</u>	<u>£</u>
Turnover from subscription	4,706,880	4,739,204
Turnover from other operations	2,332,325	2,023,647
Interest receivable	136,440	98,791
Gross income	7,175,645	6,861,642
Surplus after tax	297,136	326,129

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

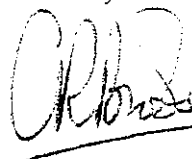
The Association made no political contributions.

Contributions to the CIA Charitable Trust amounted to £80,000 during the year (2003-2004 - £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 have resigned as the Association's auditors. Council wishes to thank KPMG for their support over many years. Kingston Smith have filled the vacancy and a formal resolution for the appointment of Kingston Smith as auditors until the next succeeding Annual General Meeting and for the fixing of their remuneration will be submitted to the following Annual General Meeting.

By order of the Council Kings Buildings, Smith Square
C R Brooks London SW1P 3JJ
General Secretary 20 September 2005



Auditors' Report*to the members of the Chemical Industries Association Limited*

We have audited the financial statements of Chemical Industries Association Limited for the year ended 30th June 2005, which comprise the Balance Sheet, Income and Expenditure Account and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an 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 audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

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

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

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

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

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2005 and of the incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith

Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date:

INCOME AND EXPENDITURE ACCOUNT

for the year ended 30 June 2005

	2,005	2,004
	£	£
<i>Note 2</i> Turnover from :Subscriptions	4,706,880	4,739,204
<i>Note 8</i> :Other operations	2,332,326	2,023,647
Total turnover	7,039,206	6,762,851
<i>Note 10</i> Administration expenses	(6,412,523)	(6,056,035)
<i>Note 11</i> Other operating expenses	(281,256)	(302,633)
<i>Note 14</i> Charitable contributions	(80,000)	(80,000)
Operating profit	265,427	324,183
Interest receivable	136,440	98,791
<i>Note 9</i> Profit on ordinary activities before taxation	401,867	422,974
<i>Note 12</i> Taxation	(104,731)	(96,845)
Profit on ordinary activities after taxation	297,136	326,129
Capital fund at beginning of year	918,317	592,188
Capital fund at end of year	1,215,453	918,317

The Association had no other recognised gains or losses in 2004/05 or the prior year.

BALANCE SHEET

as at 30 June 2005

	2,005	2,004
	£	£
FIXED ASSETS		
<i>Note 15</i> Tangible fixed assets	50,297	46,089
<i>Note 16</i> Fixed asset investments	4	4
	50,301	46,093
CURRENT ASSETS		
<i>Note 17</i> Debtors	944,654	1,026,158
Short term deposits	-	-
Cash at bank and in hand	2,186,941	1,693,838
	3,131,595	2,719,996
CURRENT LIABILITIES		
<i>Note 19</i> Creditors: Amounts falling due within one year	1,966,443	1,847,772
NET CURRENT ASSETS	1,165,152	872,224
TOTAL ASSETS less CURRENT LIABILITIES	1,215,453	918,317
Financed by:		
CAPITAL FUND	1,215,453	918,317

The financial statements on pages XX to XX were approved by Council at a meeting held on 20 September 2005

A J Steel, President

D P Gresham, Honorary Treasurer

C R Brooks, General Secretary

The notes on pages XX to XX form part of these financial statements

Cash flow statement for the year ended 30 June 2005

The notes on pages XX to XX form part of these financial statements

	2,005 £	2,004 £
Cash flows		
Note 20 Net cash inflow from operating activities	509,000	294,417
Returns on investments and servicing of finance		
Interest received	136,440	106,897
Taxation	(103,732)	(63,142)
Capital expenditure		
Payments to acquire tangible fixed assets	(44,468)	(39,927)
Proceeds from sale of Fixed Assets	104	
Cash inflow before management of liquid resources and financing	497,344	298,245
Management of liquid resources		
Sale / (Purchase) of short term deposits	0	1,420,000
Increase in cash	497,344	1,718,245

Reconciliation of movement in capital fund for the year ended 30 June 2005

	2,005 £	2,004 £
Surplus for financial year	297,136	326,129
Opening capital funds	918,317	592,188
	1,215,453	918,317

Notes to the Financial Statements
for the year ended 30 June 2005

1 Accounting Policies

- (i) The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and in accordance with applicable accounting standards.
- (ii) Deferred tax is recognised, without being discounted, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.
- (iii) Stocks of publications and stationery are treated as having zero net realisable value.
- (iv) Depreciation of fixed assets:
 - (a) Other 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 155 members of the Association so liable (2004-164).

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

Contributions to individual personal pension plans were introduced for new employees effective 1 July 1995. This arrangement ceased in September 2002 and all employer contributions have been paid into a group personal pension plan from 1 October 2002 onwards. Contributions for the year under review amounted to £108,567 (2004: £108,567). 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 2005 and 30 June 2004.

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	2.75%
Rate of increase in deferred pensions	2.75%
Discount rate applied to scheme liabilities	5.00%
Inflation assumption	2.75%

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	Value at 2005 £000	Long term rate of return	Value at 2004 £000
Equities	7.5%	1,090	8.0%	937
Bonds	5.0%	5,948	5.0%	5,337
Cash	4.0%	<u>389</u>	4.0%	<u>1,040</u>
		7,927		7,314

Present value of scheme liabilities	(9,915)	(9,152)
Shortfall	(1,988)	(1,838)

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

Change in shortfall during the year	2005
	£000

Deficit in scheme at beginning of year	(1,838)
Current service cost	NIL
Contributions paid	204
Past service cost	-
Other finance cost	(137)
Actuarial loss	(217)
Shortfall at end of year	(1,988)

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes for the year to 30 June 2005 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>
	<u>NIL</u>

Analysis of amounts included in other finance income/costs

	£000
Expected return on pension scheme assets	379
Interest on pension scheme liabilities	(516)
	<u>(137)</u>

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

	%	£000
Expected return less actual return on scheme assets		395
Percentage of year end scheme assets	5.0	
Net experience loss		-
Percentage of year end scheme liabilities	0.0	

Changes in assumptions	(612)
Percentage of year-end scheme liabilities	6.2
Actuarial loss recognised in statement of total recognised gains and losses.	<u>(217)</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. This includes funds held for the National Sulphuric Acid Association.

7 Council members and employees

Neither the President nor any of the Officers and Council members who served during the year received any emoluments or pension contributions from the Association in respect of the year ended 30 June 2005 (2004: NIL). For the purposes of the Companies Act 1985, the Council members constitute the Association's directors.

NOTES

2005

2,004

Chemical Industries Association

8 Turnover from other operations

Property income	264,070	251,494
Fees from affiliates and sector groups	154,463	228,830
Training services	118,405	160,576
Meetings and conferences	335,500	230,566
CIABATA	128,504	132,751
PICME	1,294,760	978,094
Publications	36,624	41,336
	<u>2,332,326</u>	<u>2,023,647</u>

9 Profit on ordinary activities before taxation

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

Auditors remuneration: Audit	8,542	18,000
: Other services	2,500	5,000
Depreciation - amount written off owned assets	40,261	46,443
Government grants	(1,396,132)	(1,082,551)

10 Administration expenses

Training services	65,382	74,879
Meetings and conferences	212,587	112,522
CIABATA	128,504	132,751
PICME	1,294,760	978,094
Publications	62,327	95,775
Staff costs	2,506,194	2,637,611
Consultancy costs	326,288	355,451
Property occupancy	1,237,461	1,229,235
Administration costs	278,273	185,981
Depreciation	40,261	46,443
Meetings, travel and other expenses	260,486	207,293
	<u>6,412,523</u>	<u>6,056,035</u>

Note 13

11 Other operating expenses

CEFC Subscription	178,603	179,283
Long Range Research Initiative	49,474	60,403
Confederation of British Industry	17,557	17,782
National Chemical Emergency Centre	18,000	15,000
Energy Intensive Users' Group	14,400	13,400
ECEG	4,154	4,180
CESIO	(5,860)	5,860
Other subscriptions	4,928	6,725
	<u>281,256</u>	<u>302,633</u>

12 Taxation

(a) Analysis of charge in the period

UK Corporation tax on profits for the period	134,824	129,788
Small companies relief	(28,891)	(29,353)
Adjustments in respect of previous periods	2,000	1,297
Total current tax	107,933	101,732
Deferred tax (note 18)		
Origination and reversal of timing differences	(3,202)	(4,887)
Tax on profit on ordinary activities	<u>104,731</u>	<u>96,845</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>401,867</u>	<u>422,974</u>
Profit on ordinary activities multiplied by standard rate 30%	120,560	126,892
Effects of:		
Expenses not deductible for tax purposes	742	999
Capital allowances in excess of Depreciation	(7,838)	(7,514)
Capital item expected	0	951
Adjustments to tax in respect of previous periods	2,000	1,297
Movements in provision	13,860	1,110
Pension prepayment	7,500	7,350
Marginal relief	(28,891)	(29,353)
Current tax charge for period	<u>107,933</u>	<u>101,732</u>

2,005

2004

£

£

13 Staff costs

The aggregate payroll costs of employees were as follows:

Wages and salaries :CIA staff	1,723,766	1,745,948
Social security costs	192,663	193,923
Pension costs	380,572	390,687
Other costs	209,193	307,053
	<u>2,506,194</u>	<u>2,637,611</u>

14 Charitable contributions

Gift aid contribution to charitable trust	<u>80,000</u>	<u>80,000</u>
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15 Tangible Fixed assets

	<i>Furniture & fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
COST:			
Balance at 1 July 2004	180,597	459,237	639,834
Additions in year	3,757	40,711	44,468
Disposals	(3,737)	(4,396)	(8,133)
Balance at 30 June 2005	<u>180,617</u>	<u>495,553</u>	<u>676,169</u>
DEPRECIATION:			
Balance at 1 July 2004	175,150	418,595	593,745
Charge for the year	4,123	36,139	40,261
Disposals	(3,737)	(4,396)	(8,133)
Balance at 30 June 2005	<u>175,535</u>	<u>450,338</u>	<u>625,873</u>
NET BOOK VALUE at 30 June 2005	<u>5,082</u>	<u>45,215</u>	<u>50,297</u>
NET BOOK VALUE at 30 June 2004	<u>5,447</u>	<u>40,642</u>	<u>46,089</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.

	2,005 £	2,004 £
17 Debtors		
Trade debtors	216,232	284,476
Other debtors	99,086	99,406
<i>Note 18</i> Deferred taxation due after more than 1 year	13,604	10,402
Prepayments and accrued income	615,732	631,874
	<u>944,654</u>	<u>1,026,158</u>
18 Deferred tax asset		
Accelerated depreciation	32,444	42,747
Other including bad debt	23,160	17,155
Pension prepayment	(42,000)	(49,500)
	<u>13,604</u>	<u>10,402</u>
19 Creditors: Amounts falling due within one year		
Bank loans and overdrafts	-	4,240
Subscriptions received in advance	272,546	183,420
Trade creditors	56,628	117,942
Other creditors	185,951	98,253
Designated Funds	296,401	243,183
Deferred grant income	242,169	392,309
Taxation and social security	227,580	194,340
Accruals and deferred income	685,168	614,085
	<u>1,966,443</u>	<u>1,847,772</u>
20 Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	265,427	324,183
Depreciation charges	40,261	46,443
Loss on sale of tangible assets	(104)	
Decrease in debtors	84,706	581,133
Increase/(Decrease) in creditors	29,584	(173,840)
Increase/(Decrease) in payments received in advance	89,126	(483,502)
Net cash inflow from operating activities	<u>509,000</u>	<u>294,417</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.

Chemical Industries Association

	2,005 £	2004 £
21 Reconciliation of net cash flow to movement in funds		
Increase in cash in period	493,103	1,691,859
Decrease in overdraft	4,240	26,386
Cash used to increase liquid-resources	0	(1,420,000)
Change in net funds	497,343	298,245
Net funds as at 1 July 2004	1,689,598	1,391,353
Net funds as at 30 June 2005	2,186,941	1,689,598

22 Analysis of changes in net funds	At 1 July 2004	Cash flows	At 30 June 2005
Cash in hand at bank	1,693,838	493,103	2,186,941
Overdraft	(4,240)	4,240	0
Term deposits	0	0	0
	1,689,598	497,343	2,186,941

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	20,492	786,480	20,492
	786,480	20,492	786,480	20,492

24 Contingent liability

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

Chemical Industries Association Limited

A Company limited by guarantee, not having a share capital

Registered number: 860702 England

Registered office:

Kings Buildings
Smith Square
London SW1P 3JJ

Telephone: 020 7834 3399

Bankers:

National Westminster Bank PLC
63 Piccadilly
London W1A 2AG

Auditors:

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

Companies in Membership

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

A

AH Marks and Company Limited

Abbot Laboratories Limited

Acetate Products Ltd

ACS Dobfar UK Ltd

Advanced Gel Technology Ltd

Akzo Nobel Chemicals Limited

Akros Chemicals Ltd

Diosynth Ltd

Albermarle Chemicals UK

Albermarle 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

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

BP plc

British Nuclear Fuels plc

British Salt Limited

Brotherton Speciality Products Ltd

C

C6 Solutions Ltd

Celanese Chemicals UK Ltd

Chemson Limited

Chemviron Carbon Limited

Ciba Specialty Chemicals Plc

Ciba Specialty Chemicals (Water Treatments) Ltd

Clariant UK Ltd

Clariant Masterbatches

Clariant Oil Services Ltd

Clariant LSM UK Ltd

Cleanaway Limited

Cognis Performance Chemicals UK

Contract Chemicals Limited

CRU/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

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 Infrastructure 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

Hexion Specialty Chemicals (UK) Limited

Huntsman Corporation Limited
Huntsman Advanced Materials (UK) Ltd
Huntsman Petrochemicals
Huntsman Polyurethanes
Huntsman Surface Services
Huntsman Tioxide

Hydro Polymers Limited

I

Imperial Chemical Industries PLC
Ablestik Ltd
Acheson Colloids Ltd
National Starch & Chemical Co
Permabond Adhesives Ltd
Quest International
Uniqema Chemicals Ltd
Vinamul Ltd

Ineos Chlor Limited

Ineos Fluor Limited

Ineos Silicas Limited

Infineum International Ltd

Innovia Films Ltd

Invista (UK) Ltd

Isochem UK Limited

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

Lubrizol Limited

Lucite International

Lundbeck Pharmaceuticals Limited

M

Macfarlan Smith Limited
Anipol 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

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 (TGPP) Ltd

R

Reichhold UK Ltd

Swift Adhesives Ltd

Rhodia Ltd

Rhodia Consumer Specialities

Rhodia Eco Services Ltd

Rhodia Holdings Ltd

Rhodia HPCII

Rhodia Organique Fine Ltd

Rhodia Pharma Solutions

Rhodia Sealants Ltd

Robinson Brothers Limited

Rockwood Specialities Ltd

CSI Wood Protection

Rockwood Additives

Rockwood Specialities Ltd

Rohm and Haas (UK) Limited

Rohm and Haas (Scotland) Limited

S

Schenectady Europe Limited

Seal Sands Chemicals Limited

Sevalco Limited

Shell Chemical UK

Sigma-Aldrich Company Ltd

Solutia UK Limited

Solvay Chemicals Limited

Solvay Speciality Chemicals

Solvay Interox Ltd

Solvent Resource Management Ltd

Stepan UK Ltd

Sud-Chemie UK Ltd

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

Wittou 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