

The Accounts

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COMPANIES HOUSE

Officers and Council for the year ended 30 June 2009

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 R Tyler
*Managing Director,
Rhodia UK*

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

Mr J Saul
*Senior Vice President
Primary Supply,
GlaxoSmithKline*

Honorary Treasurer

Mr P Jennings
*President & CEO,
Innospec
(to January 2009)*

Mr D Fournier
*President & CEO,
Infineum*

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

Mr C Dale
*Executive Director
BASF plc
(from May 2009)*

Mr G Grant
*Operations Manager,
Ineos Manufacturing Scotland
Limited*

Mr B Stickings CBE
*Consultant,
BASF plc
(to November 2008)*

Mr J Hudson
*Chairman,
ExxonMobil Chemical Limited
(to June 2009)*

Mr T Swan OBE
*Chairman,
Thomas Swan & Co Ltd
(to November 2008)*

Members

Dr W Barton
*Chief Operating Officer,
Oxford Catalysts Limited*

Mr M Lunn
*Operations Manager,
Nufarm UK Limited*

Mr H Swan
*Managing Director,
Thomas Swan & Co Ltd
(from June 2009)*

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

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

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

Mr P Booth
*President,
SABIC UK Petrochemicals*

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

Mr A Whitfield
*Chief Executive,
Yule Catto & Co plc
(from November 2008)*

Dr J Bush
*Chief Executive,
PQ Silicas Limited*

Dr B M Murphy
*Consultant,
Robinson Brothers Limited*

Mr K Wiggins
*General Manager UK,
Dow Chemicals*

Mr S Clements
*UK Lead Director,
Rohm & Haas (Scotland) Ltd*

Mr K Nutbrown
*Head of Operations,
Croda International plc
(from February 2009)*

Mr C Dale
*Executive Director,
BASF plc
(to May 2009)*

Mr H C Paul
*Chairman,
ExxonMobil Chemical Limited
(from June 2009)*

Secretary (Non member)
Mr C Brooks
*Director of Finance,
Chemical Industries Association*

Mr P Daniels
*Site Manager,
Ineos ChlorVinyls
(from November 2008)*

Mr F Phillips
*Managing Director,
Silberline Ltd*

Mr M Dawkins
*Managing Director,
Bayer plc*

Mr A Ritchie
*Managing Director
Total Petrochemicals*

Report of the Council

for the year ended 30 June 2009

Council presents the Annual Report and audited financial statements of the Association for the year ended 30 June 2009. This document will be laid before members at the forty fourth Annual General Meeting, to be held on 19 November 2009, notice of which is given separately.

Officers

Mr R Tyler was elected President and Mr P Jennings was appointed Honorary Treasurer following the Annual General Meeting in November 2008. Mr Jennings resigned from Council in January 2009 and Mr C Dale was appointed Honorary Treasurer from May 2009.

Council and Boards

All those who served on Council during the year are listed on page 1 of this report. There were 26 members of Council as at 30 June 2009. Council met four 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.

Strategies and Issues

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

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

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

Business & Trade 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 their appropriate Networks of Expertise. All the Strategy Groups have met two or three times during 2008/09 with much of the work taking place virtually on our ONECIA software.

Issue teams, have a clearly defined and desired outcome with agreed measures of success, as well as timescales in which they need to operate. They 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 identify future issues, act as sounding boards for ideas on CIA policy and provide a pool of potential support for Issue Teams. Communicating through ONECIA allows 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 keeps its members informed about the activities it has 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 four active special interest groups at 30 June 2009.

Statement of the Council members' responsibilities

The Companies Act 2006 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 Act 2006, the Council members constitute the Association's directors. The day to day running of the Association is conducted by the Chief Executive supported by a management team of three directors.

Staff

On 30 June 2009 the number of staff employed by the Association, including the Director General was:

| | <u>2009</u> | <u>2008</u> |
|-------------------|-------------|-------------|
| Senior Management | 5 | 5 |
| Executives | 21 | 20 |
| Administration | <u>13</u> | <u>12</u> |
| | <u>39</u> | <u>37</u> |

The weekly average number of employees was 40 (2008 : 36).

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

| | <u>2009</u> | <u>2008</u> |
|------------|-------------|-------------|
| CIA | 33 | 32 |
| CIABATA | 2 | 1 |
| REACHREADY | <u>4</u> | <u>4</u> |
| | <u>39</u> | <u>37</u> |

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

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

Principal activities

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

Association structure

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

The constitution allows for a maximum of 35 council members and, at 30 June 2009, there were 26 (2008: 25).

Membership

On 30 June 2009 there were 120 (2008 : 134) subscription-paying companies (listed on pages 17-18).

During the year the following companies joined the Association as individual members:

Brunner Mond
Eli Lilly
Urenco Chemplants

Twelve companies gave notice to withdraw from membership as at 1 July 2009, and five member companies, were acquired by existing member companies during the year.

Financial review of the year

On the basis of the preliminary estimates of expenditure and trading income for the financial year 2008-09 Council approved a subscription Call-Up on the members of 1.075 (2007-2008 – 1.035).

The Association's financial position during 2008-09 has been managed on a sound basis with a view to building the REACHReady business activity and increasing the Capital Fund.

| | <u>2008-2009</u> | <u>2007-2008</u> |
|---|------------------|------------------|
| | <u>£</u> | <u>£</u> |
| Turnover from subscription | 4,032,457 | 4,026,009 |
| Turnover from other operations | 1,780,829 | 1,704,403 |
| Interest receivable | <u>82,742</u> | <u>137,813</u> |
| Gross income | 5,896,028 | 5,868,225 |
| Surplus/(Deficit) after tax for the company | 382,918 | 402,280 |
| Impact on the surplus due to the adoption of FRS17. | <u>93,000</u> | <u>55,000</u> |
| Reported Surplus | <u>289,918</u> | <u>347,280</u> |

Current year

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

Risks and uncertainties

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

- continuing subscription income from member companies
- the impact of the economic downturn both on the Association's activities and those of its member companies
- the increasing deficit on the defined benefit pension scheme (closed to further benefit accrual in May 2002)
- the costs associated with the lease on Kings Buildings which expires at the beginning of February 2012.

Political and charitable contributions

The Association made no political contributions.

Contributions to the Chemical Industries Association Charitable Trust amounted to £102,000 during the year (2008 - £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

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

Disclosure of information to auditors

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

By order of the Council Kings Buildings, Smith Square
C R Brooks London SW1P 3JJ
Finance Director 24 September 2009



Independent Auditors' Report

to the members of the Chemical Industries Association Limited

We have audited the financial statements of Chemical Industries Association Limited for the year ended 30 June 2009 which comprise the income and expenditure account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Council Members' Responsibilities the Council members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Finlayson

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP,
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

18/11/2009

INCOME AND EXPENDITURE ACCOUNT for the year ended 30 June 2009

| | 2009 £ | 2008 £ |
|--|------------|------------|
| <i>Note 2</i> Turnover from :Subscriptions | 4,032,457 | 4,026,009 |
| <i>Note 8</i> :Other operations | 1,780,829 | 1,679,403 |
| Total turnover | 5,813,286 | 5,705,412 |
| <i>Note 10</i> Administration expenses | -5,065,162 | -5,023,587 |
| <i>Note 11</i> Other operating expenses | -344,260 | -317,358 |
| <i>Note 14</i> Charitable contributions | -100,000 | -82,000 |
| Operating Surplus | 303,864 | 282,467 |
| Interest receivable | 82,742 | 137,813 |
| <i>Note 5</i> Other finance costs | -93,000 | -55,000 |
| <i>Note 9</i> Surplus on ordinary activities before taxation | 293,606 | 365,280 |
| <i>Note 12</i> Taxation | -3,688 | -18,000 |
| Surplus on ordinary activities after taxation | 289,918 | 347,280 |

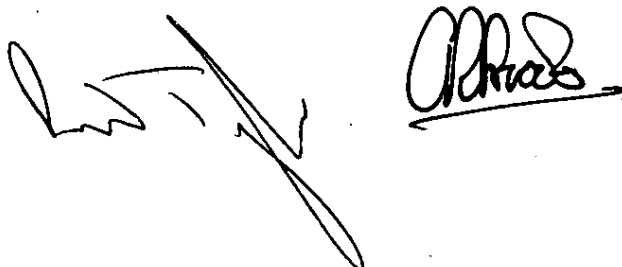
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 June 2009

| | 2009 £ | 2008 £ |
|--|------------|-----------|
| Retained surplus on ordinary activities | 289,918 | 347,280 |
| <i>Note 5</i> Deferred Tax asset relating to Pension Deficit | 269,000 | -38,000 |
| <i>Note 5</i> Actuarial gain / (deficit) | -1,569,000 | 57,000 |
| Total Recognised Gains and Losses for the year | -1,010,082 | 366,280 |
| Balance Sheet Total at 1st July 2008 | 192,083 | -174,197 |
| Balance Sheet Total Carried Forward | -817,999 | 192,083 |

BALANCE SHEET
as at 30 June 2009

| | 2009 | 2008 |
|---|-------------------|------------------|
| | £ | £ |
| FIXED ASSETS | | |
| <i>Note 15</i> Tangible fixed assets | 20,524 | 24,477 |
| <i>Note 16</i> Fixed asset investments | <u>62,368</u> | <u>62,368</u> |
| | 82,892 | 86,845 |
| CURRENT ASSETS | | |
| <i>Note 17</i> Debtors | 891,671 | 937,831 |
| Short term deposits | 1,011,679 | 1,123,599 |
| Cash at bank and in hand | <u>1,448,894</u> | <u>551,132</u> |
| | 3,352,245 | 2,612,562 |
| CURRENT LIABILITIES | | |
| <i>Note 19</i> Creditors: Amounts falling due within one year | <u>2,256,130</u> | <u>1,523,323</u> |
| NET CURRENT ASSETS | <u>1,096,115</u> | <u>1,089,239</u> |
| NET ASSETS EXCLUDING PENSION PROVISION | 1,179,007 | 1,176,083 |
| Provision for Liabilities and Charges | | |
| <i>Note 5</i> Defined Benefit Pension Scheme deficit | <u>-1,997,000</u> | <u>-984,000</u> |
| NET LIABILITIES AFTER PENSION SCHEME DEFICIT | <u>-817,993</u> | <u>192,083</u> |
| Represented by: | | |
| <i>Note 5</i> (DEFICIT) ON DEFINED BENEFIT SCHEME | -1,997,000 | -984,000 |
| CAPITAL FUND | <u>1,179,007</u> | <u>1,176,083</u> |
| | <u>-817,993</u> | <u>192,083</u> |

The financial statements on pages 6 to 15 were approved by Council at a meeting held on 24 September 2009
R Tyler, President
C R Brooks, Finance Director



Cash flow statement for the year ended 30 June 2009

| | 2009 | 2008 |
|---|---------|---------|
| | £ | £ |
| Cash flows | | |
| <i>Note 20</i> Net cash (outflow)/ inflow from operating activities | 719,564 | -83,996 |
| Returns on investments and servicing of finance | | |
| Interest received | 82,742 | 137,813 |
| Taxation | -3,683 | -4,169 |
| Capital expenditure | | |
| Payments to acquire tangible fixed assets | -12,781 | -17,125 |
| Cash outflow before management of liquid resources and financing | 785,842 | 32,523 |
| Management of liquid resources | | |
| Purchase of short term deposits | 111,920 | -59,379 |
| (Decrease)/ increase in cash | 897,762 | -26,856 |

Notes to the Financial Statements for the year ended 30 June 2009

1 Accounting Policies

- (i) The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and in accordance with applicable accounting standards.
- (ii) Deferred tax is recognised, without being discounted, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.
- (iii) Stocks of publications and stationery are treated as having zero net realisable value.
- (iv) Depreciation of fixed assets:
 - (a) Fixed assets costing more than £1,500 are written off over three years
 - (b) Assets costing less than £1,500 are provided in full in the year of purchase.
- (v) Turnover represents the amount (excluding value added tax) derived from subscriptions and the provision of services.
- (vi) The Association operates an employee pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association, being invested with insurance companies. Contributions to the scheme are charged to the income and expenditure account in accordance with a scheme of contributions as agreed with the Scheme Actuary from time to time.
- (vii) Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.
- (viii) The charge for taxation takes into account taxation deferred because of timing differences.
- (ix) The company has complied fully with Financial Reporting Standard 17 (Retirement Benefits).

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 2009 there were 120 members of the Association so liable (2008-134).

4 Format of Accounts

The formats for income and expenditure account and balance sheet set out in the Companies Act 2006, have been amended wherein 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 2006. The Association is a company limited by guarantee, not having a share capital and is principally involved in non-trading activities. In compliance with the Companies Act 2006 the Council presents the financial statements in an amended format.

5 Pensions

The company operates a pension scheme, closed to new members from 1 July 1995 which provides benefits based on final pensionable pay, contributions being charged to the income and expenditure account in accordance with a scheme of contributions agreed with the Scheme Actuary to eliminate the deficit by October 2015 as required by legislation. From 31 May 2002 the defined benefit accrual ceased and was replaced by defined contribution accrual for all active members of the scheme.

The triennial actuarial valuation at July 2009 used a market based approach, which assumed that the investment returns would be 5.69%, that inflation would be 3.20% p.a. and that present and future pensions would increase at the rate of 3.20% p.a. This valuation showed that the market value of the scheme assets was £6,910,000 and that the actuarial value of those assets represented 73% of the benefits that had accrued to members.

The Association agreed a schedule of contributions payable for the period 1 November 2007 to 31 October 2015 of £30,000 per month in respect of past service. These contributions were intended to restore the funding level to 100% by October 2015: legislation requires that this schedule should be re-assessed at regular periodic intervals and the contributions increased as necessary. In addition the Association has agreed to pay all expenses of administering the scheme together with premiums for the insured death-in service benefits as they arise. There has been no adjustment to the schedule of contributions in the current accounting period.

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 £151,173 (2008: £139,352).

The valuation was updated by the actuary on an FRS 17 basis as at 30 June 2009.

The major assumptions used in this valuation at June 2009 were:

| | |
|---|-------|
| Rate of increase in salaries (no members accruing benefits on a final salary basis) | N/A |
| 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 | 3.20% |
| Rate of increase in deferred pensions | 3.20% |
| Discount rate applied to scheme liabilities | 6.40% |
| Inflation assumption | 3.20% |
| Expected return on scheme assets | 6.75% |

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 2009 | Value at 2009 £000 | Long term rate of return 2008 | Value at 2008 £000 |
|--|--|--------------------------|--|--------------------------|
| Equities | 7.1% | 771 | 8.2% | 1,420 |
| Diversified | 7.1% | 674 | - | - |
| Property | 6.1% | 234 | 7.2% | 304 |
| UK Gilts | 4.1% | 1,928 | 5.2% | 1,719 |
| Bonds | 6.4% | 3,119 | 7.0% | 3,928 |
| Cash | 0.5% | <u>184</u> | 5.0% | <u>303</u> |
| | | 6,910 | | 7,674 |
| Present value of scheme liabilities | | <u>(9,438)</u> | | <u>(8,920)</u> |
| Net liability | | (2,528) | | (1,246) |
| Less deferred tax asset at 21% | | <u>531</u> | | <u>262</u> |
| Net pension liability | | <u>(1,997)</u> | | <u>(984)</u> |

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

Amounts recognised in profit and loss

| | 2009 £000 | 2008 £000 |
|---------------------------|--------------|--------------|
| Interest cost | (607) | (556) |
| Expected return on assets | <u>514</u> | <u>502</u> |
| Total cost | <u>(93)</u> | <u>(54)</u> |
| Actual return on assets | (641) | (327) |

Changes in fair value of scheme assets

| | 2009 £000 | 2008 £000 |
|--|----------------|--------------|
| Opening fair value of scheme assets | 7,674 | 8,109 |
| Expected return on assets | 514 | 502 |
| Employer contributions | 380 | 330 |
| Benefits paid | (503) | (438) |
| Actuarial loss | <u>(1,155)</u> | <u>(829)</u> |
| Closing fair value of scheme assets | <u>6,910</u> | <u>7,674</u> |

Chemical Industries Association expects to contribute £360,000 in the year to 30 June 2010.

Changes in fair value of defined benefit obligation

| | 2009 £000 | 2008 £000 |
|---------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 8,920 | 9,687 |
| Interest cost | 607 | 556 |
| Actuarial loss/(gain) | 414 | (885) |
| Benefits paid | <u>(503)</u> | <u>(438)</u> |
| Closing defined benefit obligation | <u>9,438</u> | <u>8,920</u> |

NOTES

5 Pensions note continued

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

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------|---------|---------|----------|---------|
| Defined benefit obligation | (9,438) | (8,920) | (9,687) | (10,762) | (9,152) |
| Plan assets | 6,910 | 7,674 | 8,109 | 8,038 | 7,314 |
| Surplus/(Deficit) | (2,528) | (1,246) | (1,578) | (2,724) | (1,838) |
| Adjustment due to change in assumptions | (414) | 885 | 659 | (732) | (144) |
| Experience adjustments on plan assets | (1,155) | (829) | 1,069 | - | 17 |

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 2009 (2008: NIL). For the purposes of the Companies Act 1985, the Council members constitute the Association's directors.

| | 2009 £ | 2008 £ |
|--|------------------|------------------|
| 8 Turnover from other operations | | |
| Property income | 346,745 | 338,355 |
| Fees from affiliates and sector groups | 238,184 | 184,877 |
| Training services | 478,413 | 505,440 |
| Meetings and conferences | 333,976 | 358,415 |
| CIABATA | 209,744 | 193,156 |
| REACH | 148,724 | 93,363 |
| Publications | 25,043 | 5,797 |
| | <u>1,780,829</u> | <u>1,679,403</u> |

9 Surplus on ordinary activities before taxation

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

| | | |
|--|---------------|---------------|
| Auditors remuneration: Audit | 9,500 | 9,250 |
| : Other services | 1,150 | 1,125 |
| Depreciation - amount written off owned assets | <u>16,733</u> | <u>23,557</u> |

10 Administration expenses :

| | | |
|-------------------------------------|------------------|------------------|
| Training services | 268,608 | 276,606 |
| Meetings and conferences | 199,343 | 247,083 |
| Publications | 110,291 | 162,144 |
| Note 13 Staff costs | 2,457,282 | 2,167,023 |
| Consultancy costs | 280,009 | 363,270 |
| Property occupancy | 1,309,098 | 1,301,650 |
| Administration costs | 230,123 | 245,831 |
| Depreciation | 16,733 | 23,556 |
| Meetings, travel and other expenses | 206,064 | 236,424 |
| Bank Charges | <u>7,611</u> | |
| | <u>5,065,162</u> | <u>5,023,587</u> |

11 Other operating expenses

| | | |
|------------------------------------|----------------|----------------|
| CEFIC :Subscription | 272,000 | 237,026 |
| National Chemical Emergency Centre | 19,500 | 18,000 |
| Confederation of British Industry | 18,837 | 18,157 |
| Energy Intensive Users' Group | 15,700 | 15,200 |
| EMAP | | 8,008 |
| EFCG | 5,701 | 3,483 |
| ECEG | 4,786 | 5,136 |
| SORIS | 1,000 | 1,000 |
| Other subscriptions | 6,736 | 11,348 |
| | <u>344,260</u> | <u>317,358</u> |

| | | |
|-------|------|------|
| NOTES | 2009 | 2008 |
| | £ | £ |

12 Taxation

(a) Analysis of charge in the period

| | | |
|--|--------------|---------------|
| UK Corporation tax on surplus for the period | | 23,265 |
| Small companies relief | | |
| Adjustments in respect of previous periods | 2,410 | - |
| Total current tax | <u>2,410</u> | <u>23,265</u> |
| Deferred tax (note 18) | | |
| Origination and reversal of timing differences | 1,278 | -5,265 |
| Tax on surplus on ordinary activities | <u>3,688</u> | <u>18,000</u> |

(b) Factors affecting tax charge for the period

| | | |
|--|---------------|---------------|
| Reported surplus | 293,606 | 365,280 |
| Defined Benefit Pension Scheme contribution | -380,000 | -330,000 |
| FRS17 pension expenses | <u>93,000</u> | <u>55,000</u> |
| Taxable surplus in ordinary activities before tax | <u>6,606</u> | <u>90,280</u> |
| Taxable surplus on ordinary activities multiplied by standard rate 21% | 1,387 | 18,056 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,392 | 99 |
| Capital allowances in excess of Depreciation | -3,113 | -2,319 |
| Adjustments to tax in respect of previous periods | | |
| Movements in provision | -2,666 | 7,143 |
| Increase in basic rate | - | <u>286</u> |
| Current tax charge for period | <u>0</u> | <u>23,265</u> |

13 Staff costs

The aggregate payroll costs of employees were as follows:

| | | |
|---|------------------|------------------|
| Wages and salaries :CIA staff &Secondees | 1,901,632 | 1,713,154 |
| Social security costs | 214,079 | 198,969 |
| Pension costs (excluding £380,000 contribution to the Defined Benefit Pension Scheme) | 213,799 | 161,741 |
| Other costs | <u>127,772</u> | <u>93,159</u> |
| Staff Costs included in administration expenses (Note 10) | <u>2,457,282</u> | <u>2,167,023</u> |
| Actuarial cost associated with the defined benefit pension scheme | -93,000 | -57,000 |
| Total Staff costs | <u>2,364,282</u> | <u>2,110,023</u> |

The weekly average number of employees was 40 (2008 : 36)

14 Charitable contributions

| | | | |
|---|--|---------|--------|
| Gift aid contribution to charitable trust | | 100,000 | 82,000 |
|---|--|---------|--------|

| | Furniture & fittings £ | Computer equipment £ | Total £ |
|---------------------------------------|------------------------------|----------------------------|----------------|
| 15 Tangible Fixed assets | | | |
| COST: | | | |
| Balance at 1 July 2008 | 157,636 | 481,205 | 638,841 |
| Additions in year | 3,146 | 9,635 | 12,781 |
| Disposals | -4,710 | -26,764 | -31,474 |
| Balance at 30 June 2009 | 156,071 | 464,076 | 620,147 |
| DEPRECIATION: | | | |
| Balance at 1 July 2008 | 150,444 | 463,920 | 614,364 |
| Charge for the year | 5,094 | 11,639 | 16,733 |
| Disposals | -4,710 | -26,764 | -31,474 |
| Balance at 30 June 2009 | 150,828 | 448,795 | 599,623 |
| NET BOOK VALUE at 30 June 2009 | 5,243 | 15,281 | 20,524 |
| NET BOOK VALUE at 30 June 2008 | 7,191 | 17,285 | 24,476 |

| | | |
|--|---------------|---------------|
| | 2009 £ | 2008 £ |
| 16 Fixed assets investments | | |
| Investments in subsidiary undertakings | | |
| Brought Forward | 3 | 3 |
| Reach Link | 62,365 | 62,365 |
| | 62,368 | 62,368 |

Investments comprise the Association's holdings in CIABATA Ltd, PICME Ltd and REACHREADY Ltd.

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

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

17 Debtors

| | | |
|---|----------------|----------------|
| Trade debtors | 393,493 | 262,450 |
| Other debtors | 11,844 | 51,357 |
| <i>Note 18</i> Deferred taxation due after more than 1 year | 48,330 | 49,608 |
| Prepayments and accrued income | 438,004 | 574,416 |
| | 891,671 | 937,831 |

18 Deferred tax asset

| | | |
|--------------------------|---------------|---------------|
| Accelerated depreciation | 14,573 | 13,185 |
| Other including bad debt | 33,757 | 36,423 |
| | <u>48,330</u> | <u>49,608</u> |

19 Creditors: Amounts falling due within one year

| | | |
|-----------------------------------|------------------|------------------|
| Subscriptions received in advance | 919,640 | 31,333 |
| Trade creditors | 124,598 | 172,062 |
| Other creditors | 168,357 | 164,424 |
| Designated Funds | 279,976 | 347,660 |
| Taxation and social security | 180,432 | 93,437 |
| Accruals and deferred income | 583,127 | 714,407 |
| | <u>2,256,130</u> | <u>1,523,323</u> |
| | 2009 | 2008 |
| | <u>£</u> | <u>£</u> |

20 Reconciliation of operating Surplus to net cash inflow from operating activities

| | | |
|---|----------------|----------------|
| Operating Surplus | 303,864 | 282,467 |
| Depreciation charges | 16,733 | 23,557 |
| Loss on sale of tangible assets | 0 | -60 |
| Pensions contribution | -380,000 | -330,000 |
| Decrease in debtors | 46,160 | -309,776 |
| (Decrease) / Increase in creditors | -155,500 | 343,826 |
| (Decrease) / Increase in payments received in advance | 888,307 | -94,009 |
| | <u>719,564</u> | <u>-83,995</u> |
| Net cash (outflow) / Inflow from operating activities | | |

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.

21 Reconciliation of net cash flow to movement in funds

| | | |
|---|------------------|------------------|
| Increase/ Decrease in cash in period | 897,762 | -102,990 |
| Cash used to decrease/increase liquid-resources | -111,920 | 59,378 |
| Change in net funds | 785,842 | -43,612 |
| Net funds as at 1 July 2008 | 1,674,731 | 1,674,731 |
| | <u>2,460,573</u> | <u>1,631,119</u> |
| Net funds as at 30 June 2009 | | |

| 22 Analysis of changes in net funds | At 1 July 2008 | Cash flows | At 30 June 2009 |
|-------------------------------------|-------------------|----------------|--------------------|
| Cash in hand at bank | 551,132 | 897,762 | 1,448,894 |
| Term deposits | 1,123,599 | -111,920 | 1,011,679 |
| | <u>1,674,731</u> | <u>785,842</u> | <u>2,460,573</u> |

23 Annual commitments under non-cancellable operating leases

| | Land and buildings | Other | Land and buildings | Other |
|--------------------------------|-----------------------|---------------|-----------------------|---------------|
| Operating leases which expire: | | | | |
| Two to Five years | <u>834,155</u> | <u>22,471</u> | <u>834,155</u> | <u>24,164</u> |
| | <u>834,155</u> | <u>22,471</u> | <u>834,155</u> | <u>24,164</u> |

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:
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Smith Square
London SW1P 3JJ

Telephone: 020 7834 3399

Bankers:
National Westminster Bank PLC
63 Piccadilly
London W1A 2AG
Auditors:
Kingston Smith LLP
Devonshire House, 60 Goswell Road
London EC1M 7AD

Companies in Membership

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

A

Aesica Pharmaceuticals Ltd

Akeros Chemicals Ltd

Albemarle Chemicals UK

Albemarle UK Ltd

Arizona Chemicals

Arkema Ltd

Ashland Castings Solutions

AstraZeneca Group plc

B

Baker Petrolite

Basell Polyolefins UK Ltd

BASF plc

Baxenden Chemicals Ltd

Bayer plc

Bayer Cropscience

Bitrez Limited

Bluestar Silicones (UK) Ltd

Brenntag UK Ltd

British Salt Limited

Brotherton Esesco Limited

Brunner Mond

C

Celanese Acetate Products Limited

Chemson Limited

Chemtura Europe

Chemviron Carbon Limited

Clariant UK Ltd

Cognis Performance Chemicals UK

Contract Chemicals Limited

CRI/Criterion Catalyst Co Ltd

Croda International Ltd

Custom Powders Limited

D

Dow Chemical Company Limited

Dow Corning Limited

Dynea UK Ltd

E

Eastman Chemical Workington

Eli Lilly & Company Ltd

Evonik Goldschmidt UK

exchem additives

ExxonMobil Chemical Limited

F

Fine Organics Ltd

Flexsys Rubber Chemicals Ltd

FMC Chemicals Limited

Fujifilm Imaging Colorants

G

Genzyme Limited

GlaxoSmithKline

Growhow UK Limited

H

Hexion Specialty Chemicals (UK) Limited

Huntsman Corporation Limited

I

Indorama Polymers Workington

Ineos ChlorVinyls Limited

Ineos Fluor Limited

Ineos Manufacturing Scotland Limited

Infineum International Ltd

Innospec Inc

Innovia Films Ltd

ISP (GB) Co Ltd

J

James M Brown Ltd

Johnson Matthey PLC

K

Kemfine

Kemira Chemicals (UK) Limited

Koppers UK Limited

L

Lanxess Limited

Lubrizol Ltd

Lucite International

Lundbeck Pharmaceuticals Limited

M

Macfarlan Smith Limited

Mallinckrodt Chemical Ltd

McIntyre Group Ltd

MEL Chemicals

Merisol UK Ltd

Millennium Inorganic Chemicals Inc. A Crystal Company

Molecular Products Ltd

N

Nalco Limited

Norit (UK) Limited

Novartis Grimsby Limited

Nufarm Limited

Nufarm UK Limited

O

OMG UK Limited

Oxford Catalysts Group Plc

P

Pentagon Chemicals Specialities Ltd

Perstorp UK Ltd

Petrochem Carless Ltd

Phoenix Chemicals

Polimeri Europa UK

PolymerLatex Ltd

PQ Silicas

Prosynth

R

Rhodia Ltd

Rio Tinto Minerals

Robinson Brothers Limited

Rockwood Specialities Ltd

Rohm and Haas (UK) Limited

S

SABIC Innovative Plastics

SABIC UK Petrochemicals

SAFC HITECH

Shasun Chemicals & Drugs

Shell Chemical UK

SI Group-UK Ltd

Sigma-Aldrich Company Ltd

Silberline

Solutia UK Limited

Solvay Chemicals Limited

Solvent Resource Management Ltd

Stepan UK Ltd

Syngenta

Synthite Limited

T

Tessenderlo Fine Chemicals Ltd

ThermoFisher Scientific

Thermphos UK Ltd

Thomas Swan & Co Ltd

Total Petrochemicals

U

Ubichem plc

UOP Limited

Urenco Chemplants Ltd

V

Veolia Environmental Services (UK) PLC

Vertellus Specialities UK Ltd

W

Warwick International Group Ltd

Witton Chemical Co Ltd

Y

Yule Catto plc

Z

Zeon Chemicals Europe Limited