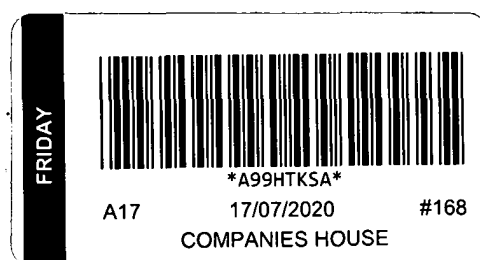


Innospec Trading Limited
Annual report and financial statements
for the year ended 31 December 2019

Registered number 3516648



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Innospec Trading Limited
31 December 2019
Registered number 3516648

Directors and advisers for the year ended 31 December 2019

Directors

Ian Philip Cleminson
Brian Robert Watt (Company Secretary also)
Philip Andrew Curran (Resigned 2 August 2019)
Graeme Kay
Keri Louise Tither
Christopher John Parsons (Appointed 3 August 2019)

Independent auditors

PricewaterhouseCoopers LLP
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Solicitors

Mayer Brown International LLP
201 Bishopsgate
London
EC2M 3AF

Gibson Dunn & Crutcher
Telephone House
2 - 4 Temple Avenue
London
EC4Y 0HB

Bankers

Barclays Bank Plc
48B - 50 Lord Street
Liverpool
L2 1TD

Registered office

Innospec Manufacturing Park
Oil Sites Road
Ellesmere Port
Cheshire
CH65 4EY

Registered number

3516648

Strategic report for the year ended 31 December 2019

Principal activities

The principal activity of the Company during the year remained that of being an intermediate holding company, investing in group undertakings involved in the manufacture and sale of chemicals.

The entire share capital is owned by Innospec Holdings Limited and the ultimate holding company is Innospec Inc.

Business review

The profit and loss account and other comprehensive income for the year is set out on page 10.

The Company has generated a loss in the year ended 31 December 2019 and remains in a net current liabilities position of £271,662,000 in 2019 (2018: a net current liabilities position of £268,836,000). The loss for the financial year was £2,826,000 (2018: loss of £15,243,000). The decrease from a loss of £15,243,000 in 2018 to a loss of £2,826,000 in 2019 is principally attributable to moving from a net foreign exchange loss of £9,795,000 in 2018 to a net foreign exchange gain of £6,629,000 in 2019, offset by the tax impact of those movements in foreign exchange.

Activity in the year related mainly to interest and foreign exchange on intercompany balances. The directors are of the opinion that an analysis using detailed key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

The directors consider it appropriate to prepare financial statements on a going concern basis that takes into account an undertaking from the ultimate parent, Innospec Inc., to support the Company for the foreseeable future.

The Company has no external bank debt but is party to overall debt funding through other members of the Innospec Inc. group.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the group and are not managed separately. The group has an extensive risk management structure in place which is designed to identify, manage and mitigate business risk.

The principal risks and uncertainties are recorded on page 8 of the Form 10-K for the year ended 31 December 2019 of the ultimate parent company, Innospec Inc., a copy of which is available from the Company website www.innospecinc.com.

Brexit

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the European Union (E.U.), commonly referred to as "Brexit". Subsequently, the U.K. parliament passed the European Union (Notification of Withdrawal) Act 2017, which conferred power on the U.K. government to give notice to the European Council, under Article 50(2) of the Treaty on European Union, of the U.K.'s intention to withdraw from the European Union. The U.K. submitted this notice to the European Council on March 29, 2017. The U.K. left the E.U. on January 31, 2020. A transition period now exists until December 31, 2020, during which businesses in the U.K. will trade on essentially very similar if not the same terms as before and E.U. law will continue to apply in the U.K. while the detailed legal agreement on the future relationship between the U.K. and the E.U. is being negotiated. If a future trading relationship is not agreed between the U.K. and the E.U. before the end of the transition period then there are likely to be greater restrictions on imports and exports between the U.K. and E.U. member states and increased regulatory complexities for businesses trading goods and services between those jurisdictions. For example, during the proposed transition period, goods first lawfully put on the market in the E.U. or in the U.K. prior to the end of the transition period can circulate between the two markets before they reach the end user, but following the end of the transition period or in a No Deal scenario, they may not be able to do so without complying with additional requirements first.

These political developments may adversely impact our results of operations, financial position and cash flows.

Strategic report for the year ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

COVID-19

The COVID-19 pandemic is expected to have an adverse impact on our business, results of operations, financial position and cash flows.

We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our customers, employees, supply chain, and distribution network. While COVID-19 did not have any adverse effect on our reported results for the year ended 31 December 2019, we are unable to predict the ultimate impact that it may have on our business, future results of operations, financial position or cash flows. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

This situation is changing rapidly and additional impacts may arise that we are not aware of currently.

Companies Act 2006 S172

Consequences of any decisions in the long term

Consideration is given to the impact of any decisions in the long term. At the core, this involves promoting the Company's success whilst also having regard to the interests of the Company's stakeholders.

Interests of Employees

Consultation with employees and their representatives continues at all levels, with the aim of ensuring that employees' views, regarding decisions that are likely to affect their interests, are taken into account and that all employees are aware of the financial and economic performance of the business units in which they are employed, and of the Company as a whole. Communication with employees continues through newsletters and briefing groups.

Business relationships with suppliers, customers and others and Standards of business conduct

The Company is committed to fair dealings with its suppliers, customers, partners and other stakeholders. In order to achieve this, employees are required and expected to run the Company's business in accordance with its Code of Conduct, are required to complete regular related training and to certify compliance with the Code.

Impact of operations on the community and the environment

Monitoring and measuring the impact on the environment has been a long-standing core element of the Company's sustainability strategy. The Company is committed to using resources as efficiently as possible and minimizing the impact of our operations on the environment. Advancing technologies and processes are continuously reviewed, so we can actively seek out opportunities to improve our performance. The Company understands the important role of our business in the social and economic development of the communities in which we are based. Supporting our employees to participate in community and fundraising activities is a core business value that benefits everyone involved. Further details of our sustainability strategy, focus areas and activities can be found in our annual Responsible Business Report, which is available on our web site.

Need to act fairly as between members of the company

Regular investor calls accessible to all shareholders regardless of the value of their shareholdings aim to ensure, that the Company provides all investors with equal access to relevant information.

Strategic report for the year ended 31 December 2019 (continued)

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk, market risk and foreign exchange risk.

Liquidity risk

The Company has no bank debt. Liquidity risk is managed at Innospec Inc. group level with a mixture of long-term and short-term debt designed to ensure that all group companies have sufficient funds available for operations.

Market risk

Market risk is managed at group level using derivatives, including foreign currency forward exchange contracts, in the normal course of business, to manage market risks. The derivatives used in hedging activities are considered risk management tools and are not used for trading purposes. In addition, the group enters into derivative instruments with a diversified group of major financial institutions in order to manage the exposure to non-performance of such instruments. The Company does not hold any derivative instruments.

Foreign exchange risk

The primary foreign currencies in which the group has exchange rate fluctuation exposure are the European Union euro, U.S. dollar and Swiss franc. There is, to a degree, an inherent hedge in that the group has cash inflows and outflows in these currencies. Where exposures are identified the group puts in place hedging transactions between group companies, the group exposure being hedged with third parties.

By order of the board



Brian Robert Watt
Company secretary
Date: 18th June 2020

Directors' report for the year ended 31 December 2019

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

Dividends

The directors recommend no dividend be paid in respect of the year ended 31 December 2019 (2018: £nil) and the loss for the year will be transferred to reserves. The directors do not recommend a final dividend (2018: £nil).

Directors

The directors set out on page 1 have held office throughout the year and up to the date of signing the financial statements, with all exceptions noted.

Qualifying third party indemnity

The Company has maintained a liability insurance for its directors and officers during the year and up to the date of signing the financial statements. The Company has also continued to provide an indemnity for its directors and secretary during the year and up to the date of signing the financial statements, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Political donations

During the year, no political donations were made (2018: £nil).

Companies Act 2006 S172

The Company aims to foster fair and honest relationships with its employees, suppliers, customers and other stakeholders. Reference is made to the Strategic Report for further details on these matters.

Financial Instruments

Details of financing and treasury policies, along with the management of treasury risk, interest rate and foreign exchange risk can be found in the Strategic Report.

Future Developments

An indication of the likely future developments in the business of the Company can be found in the Strategic Report.

Independent Auditors

PricewaterhouseCoopers LLP indicated their willingness to continue in office and a resolution that they be reappointed as auditors will be proposed at the annual general meeting.

Disclosure of information to the auditors

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director 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 board



Brian Robert Watt
Company secretary
Date: 18th June 2020

Innospec Trading Limited
Innospec Manufacturing Park
Oil Sites Road, Ellesmere Port
Cheshire, CH65 4EY

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

PwC LLP

No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB
United Kingdom

Independent auditors' report to the members of Innospec Trading Limited

Opinion

In our opinion, Innospec Trading Limited financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its lo for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account and other comprehensive income, the Statement of changes in equity for the year then ended; the Statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Trading Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below:

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Innospec Trading Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.



Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18th June 2020

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Interest receivable and similar income	4	18,842	-
Interest payable and similar expenses	5	(22,331)	(18,819)
Loss before taxation		(3,489)	(18,819)
Tax on loss	6	663	3,576
Loss and total comprehensive loss for the financial year –	–	(2,826)	(15,243)

The accounting policies and notes on pages 13 to 19 form part of these financial statements.

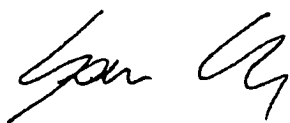
All of the activities during the year relate to continuing operations and there was no other comprehensive income for the year ended 31 December 2019. Therefore, no separate Statement of Comprehensive Income has been presented.

Balance sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	7	338,730	338,730
Current assets			
Debtors	8	663	3,576
Cash at bank and in hand		11	37
Total current assets		674	3,613
Creditors: amounts falling due within one year	9	(272,336)	(272,449)
Net current liabilities		(271,662)	(268,836)
Net assets		67,068	69,894
Capital and reserves			
Called up share capital	10	2,034	2,034
Share premium account		155,999	155,999
Profit and loss account		(90,965)	(88,139)
Total shareholders' funds		67,068	69,894

The accounting policies and notes on pages 13 to 19 form part of these financial statements.

The financial statements on pages 10 to 19 were approved by the board of directors and were signed on its behalf by:



Graeme Kay
Director
Date: 18th June 2020

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 1 January 2018	2,034	155,999	(72,896)	85,137
Loss and total comprehensive loss for the financial year	-	-	(15,243)	(15,243)
Balance as at 31 December 2018	2,034	155,999	(88,139)	69,894
Loss and total comprehensive loss for the financial year	-	-	(2,826)	(2,826)
Balance as at 31 December 2019	2,034	155,999	(90,965)	67,068

The accounting policies and notes on pages 13 to 19 form part of these financial statements.

Statement of accounting policies for the year ended 31 December 2019

Innospec Trading Limited ("the Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales in the UK.

Basis of accounting

The financial statements were prepared in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Innospec Inc., incorporated in the USA, includes the Company in its consolidated financial statements. The consolidated financial statements of the ultimate parent are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and are available to the public and may be obtained from the website given in note 12. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Key management personnel compensation

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Innospec Inc., incorporated in the USA, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historic cost basis.

Going concern

The Company participates in Innospec Inc's centralised treasury arrangements and shares banking arrangements with its parent and fellow subsidiaries. The Company also has amounts owed to its parent and fellow subsidiaries as at 31 December 2019.

Notwithstanding the loss for the year of £2,826,000, net current liabilities of £271,662,000 and net assets of £67,068,000 as at 31 December 2019 the financial statements have now been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors of Innospec Inc. have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, through funding from its existing facilities, to meet its liabilities as they fall due for that period.

Statement of accounting policies for the year ended 31 December 2019 (continued)

Going concern (continued)

Innospec Inc. has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. Innospec Inc. has also indicated its intention not to seek repayment of the amounts currently due from the Company to Innospec Inc. and fellow subsidiaries, which at 31 December 2019 amounted to £272,336,000 for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All currency gains or losses are taken to the profit and loss account in the year in which they arise.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Debtors / creditors

Debtors are recognised initially at transaction price less attributable transaction costs. Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes to the financial statements for the year ended 31 December 2019

1 Employee and auditors' remuneration

The Company had no employees other than directors during the year (2018: none).

Auditors' remuneration for the years ended 31 December 2019 and 2018 has been borne by another group undertaking, Innospec Limited. The total audit fee for the companies audited in the UK was £220,000 (2018: £137,000), of which £1,000 (2018: £1,000) is allocated for the audit of the Company.

2 Directors' emoluments

The directors received no remuneration for their services to the Company (2018: £nil).

The directors are remunerated through a group undertaking, Innospec Limited. Details of their remuneration are included within the annual report of that company (2018: the same arrangement applied).

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are associated assumptions based on historical experience and other factors that are considered to be relevant. *Actual results may differ from these estimates.*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any accounting policies that would be likely to produce materially different results should a change be made to the underlying judgements, estimates and assumptions.

4 Interest receivable and similar income

	2019 £'000	2018 £'000
Foreign exchange gains related to loans	18,842	-
Total interest receivable and similar income	18,842	-

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable to group undertakings	10,118	9,024
Foreign exchange losses related to loans	12,213	9,795
Total interest payable and similar expenses	22,331	18,819

6 Tax on loss

Total tax credit recognised in the profit and loss account

	2019 £'000	2018 £'000
Current tax		
Current tax on loss for the year	(663)	(3,576)
Total tax credit	(663)	(3,576)

The Company has no deferred taxation (2018: £nil).

Reconciliation of effective tax rate

The tax assessed for the year is consistent with (2018: consistent with) the standard rate of corporation tax in the UK.
The differences are explained below:

	2019 £'000	2018 £'000
Loss for the year	(2,826)	(15,243)
Total tax credit	(663)	(3,576)
Loss excluding taxation	(3,489)	(18,819)
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	(663)	(3,576)
Total tax credit included in profit and loss	(663)	(3,576)

Notes to the financial statements for the year ended 31 December 2019 (continued)

6 Tax on loss (continued)

Factors that affect future tax charges:

The UK corporation tax rate for the 12 month period to 31 December 2019 was 19%. Whilst a reduction from 19% to 17%, effective 1 April 2020, was enacted in September 2016, this was reversed through the Finance Bill 2020 (substantively enacted as a Budget resolution with statutory effect under the provisions of the Provisional Collection of Taxes Act 1968) such that the UK corporation tax rate will remain at 19%.

7 Investments

	£'000
Cost	
At 1 January and 31 December 2019	338,730

The Company's subsidiary undertakings at 31 December 2019 are set out below:

Name of undertaking	Address	Class and percentage of shares held	Principal activity
AK Chemie GmbH	Amtsgericht Darmstadt Registerabteilung Großgerau 42 HRB 51028	100	Dormant
Innospec Chemicals Beijing Limited	Room 9-2T01-61, 9F 79 Jianguo Road Chaoyang District Beijing	100	Chemical sales
Innospec Environmental Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Dormant
Innospec Leuna GmbH	Am Haupttor Bau 6310 06237 Leuna Germany	100	Chemical manufacture and sales
Innospec Limited *	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Chemical manufacture and sales

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Investments (continued)

Name of undertaking	Address	Class and percentage of shares held	Principal activity
Innospec (Plant) Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire	100	Dormant
Innospec Rus OOO	Tverskaya Street 9 Building 7 Moscow 125009 Russian Federation	100	Chemical sales
Societa Italiana Additivi Per Carburanti S.r.l. (SIAC)	Via V. Pisani 16 20124 Milano Italy	100	Dormant
Innospec Saudi Arabia Industry	P.O. Box 11693 Al-Khobar Saudi Arabia	70	Chemical manufacture and sales

* Direct subsidiary

8 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Corporation tax	663	3,576
	663	3,576

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	272,336	272,449
	272,336	272,449

Amounts owed to group undertakings are unsecured and are repayable on demand and bear interest at rates of up to LIBOR plus 2%.

10 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
2,033,684 (2018: 2,033,684) ordinary shares of £1 each	2,034	2,034

11 Contingent liabilities

The Company has entered into an unlimited cross-guarantee arrangement in respect of the borrowings of companies in the Innospec Inc. group. At 31 December 2019, the net cash position of the group under the unlimited cross-guarantee arrangement amounted to US\$ 15.6 million (31 December 2018: net debt of US\$ 87.8 million).

12 Ultimate parent undertaking and controlling party

The directors regard Innospec Holdings Limited, a company registered in England, as the immediate parent undertaking.

The directors regard Innospec Inc., a company registered in the USA, as the ultimate parent undertaking and controlling party. Innospec Inc. is the parent of the smallest and largest group of undertakings into which the Company's financial statements are consolidated.

We are carefully monitoring the situation concerning COVID-19 and any impact it may have on the business. Any such impact has been treated as a non-adjusting post balance sheet event for the purpose of considering the carrying values of assets included in the balance sheet as at 31 December 2019.

Copies of the consolidated financial statements for the ultimate parent undertaking are available from the Company website www.innospecinc.com. Innospec Inc.'s office is registered at South Valley Highway, Suite 350, Englewood, Colorado USA.