

**Innospec Holdings Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2016**

**Registered number 4109325**

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## Strategic report for the year ended 31 December 2016

### Principal activity

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 Developments 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 8.

The company has generated a loss in the year ended 31 December 2016. The loss for the financial year was £7,908,000 (2015: loss of 1,831,000). The increase in losses from £1,831,000 in 2015 to a loss of £7,908,000 in 2016 is mainly attributable to an increase in foreign exchange losses related to loans of £11,577,000 (2015: £2,903,000).

Activity in the year related mainly to interest and foreign exchange on intercompany balances. Both the level of business and the year end financial position were satisfactory. 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 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 9 of the Form 10-K for the year ended 31 December 2016 of the ultimate parent company, Innospec Inc., a copy of which is available from the company website [www.innospecinc.com](http://www.innospecinc.com).

### 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 interest rate swaps, commodity swaps and 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.

## **Directors and advisers for the year ended 31 December 2016**

### **Directors**

Ian Philip Cleminson  
Duncan Lawson (Resigned 17 June 2016)  
Philip Andrew Curran  
Brian Robert Watt (Company Secretary also)  
Graeme Kay  
Christopher John Parsons (Appointed 17 June 2016)

### **Independent auditor**

KPMG Audit Plc  
One St Peter's Square  
Manchester  
M2 3AE

### **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**

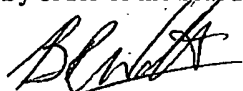
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## Strategic report for the year ended 31 December 2016 (continued)

### *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: 7/6/17

## **Directors' report for the year ended 31 December 2016**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2016.

### **Dividends**

No dividend was paid in respect of the year ended 31 December 2016 (2015: £nil) and the loss for the year will be transferred to reserves.

### **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 any exceptions noted.

### **Qualifying third party indemnity**

The company maintains liability insurance for its directors and officers. The company has also continued to provide an indemnity for its directors and secretary, 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 (2015: £nil).

### **Disclosure of information to the auditor**

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 auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



**Brian Robert Watt**  
Company secretary

Date: 7/12/17

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

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

*One St Peter's Square  
Manchester  
M2 3AE  
United Kingdom*

## **Independent auditor's report to the members of Innospec Holdings Limited**

We have audited the financial statements of Innospec Holdings Limited for the period ended 31 December 2016 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors 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, and express an opinion on 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in these reports; and
- in our opinion, these reports have been prepared in accordance with the Companies Act 2006.

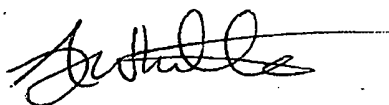


## **Independent auditor's report to the members of Innospec Holdings Limited (continued)**

### **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.



**Antony Whittle**  
For and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
One St Peter's Square  
Manchester  
M2 3AE  
Date: 15 June 2017

**Profit and loss account and other comprehensive income for the year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Interest receivable and similar income	4	2,227	1,853
Interest payable and similar charges	5	(12,112)	(4,149)
<b>Loss on ordinary activities before taxation</b>		<b>(9,885)</b>	<b>(2,296)</b>
Tax on loss on ordinary activities	6	1,977	465
<b>Loss and total comprehensive loss for the year</b>		<b>(7,908)</b>	<b>(1,831)</b>

The accounting policies and notes on pages 11 to 21 form part of these financial statements.

All of the activities during the year relate to continuing operations.

## Balance sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	7	53,841	4,769
<b>Current assets</b>			
Debtors	8	96,730	91,349
Cash at bank and in hand		47	47
		96,777	91,396
<b>Creditors: amounts falling due within one year</b>	9	(118,695)	(56,334)
<b>Net current (liabilities)/assets</b>		(21,918)	35,062
<b>Net assets</b>		31,923	39,831
<b>Capital and reserves</b>			
Called up share capital	10	10	10
Profit and loss account		31,913	39,821
<b>Total shareholders' funds</b>		31,923	39,831

The accounting policies and notes on pages 11 to 21 form part of these financial statements.

The financial statements on pages 8 to 21 were approved by the board of directors and were signed on its behalf by:



**Philip Andrew Curran**

Director

Date: 7/6/17

## Statement of changes in equity

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
As at 1 January 2015	10	41,652	41,662
Total comprehensive loss for the year	-	(1,831)	(1,831)
<b>Balance as at 31 December 2015</b>	<b>10</b>	<b>39,821</b>	<b>39,831</b>

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
As at 1 January 2016	10	39,821	39,831
Total comprehensive loss for the year	-	(7,908)	(7,908)
<b>Balance as at 31 December 2016</b>	<b>10</b>	<b>31,913</b>	<b>31,923</b>

The accounting policies and notes on pages 11 to 21 form part of these financial statements.

## **Statement of accounting policies for the year ended 31 December 2016**

### **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") as issued in August 2014, and under the historical cost accounting rules. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. 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 except that the following assets and liabilities are stated at fair value; derivative financial instruments.

### **Going concern**

The company's business activities, together with the factors likely to affect its current position, are set out in the 'Business review' section of the Strategic report on page 2.

Although loss making in 2016, the company is expected to generate profits in the future due to the expected receipt of dividends from its subsidiaries. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent Innospec Inc. to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Innospec Inc. group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Innospec Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Statement of accounting policies for the year ended 31 December 2016 (continued)**

### **Basic financial instruments**

#### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other 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.

#### **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.

#### **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 2016

### 1 Employee and auditor remuneration

The company had no employees other than directors during the year (2015: none).

Auditor remuneration for the years ended 31 December 2016 and 2015 has been borne by another group undertaking, Innospec Limited. The total audit fee for the companies audited in the UK was £175,000 (2015: £245,000), of which £1,000 (2015: £1,000) is allocated for the audit of the company.

### 2 Directors' emoluments

The directors received no remuneration for their services to the company (2015: £nil).

The directors are remunerated through a group undertaking, Innospec Limited. Details of their remuneration are included within the annual report of that company.

### 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

	2016 £'000	2015 £'000
Interest receivable from group undertakings	2,227	1,853

### 5 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest payable to group undertakings	(1,561)	(1,246)
Foreign exchange losses related to loans	(10,551)	(2,903)
Total interest payable and similar charges	(12,112)	(4,149)

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 6 Tax on loss on ordinary activities

Total tax credit recognised in the profit and loss account.

	2016 £'000	2015 £'000
Current tax		
Current tax on loss for the year	(1,977)	(465)
Adjustments in respect of prior years	-	-
<b>Total tax</b>	<b>(1,977)</b>	<b>(465)</b>

The company has no deferred taxation (2015: £nil).

#### Reconciliation of effective tax rate

The tax assessed for the year is consistent with (2015: consistent with) the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £'000	2015 £'000
Loss for the year	(7,908)	(1,831)
Total tax credit	(1,977)	(465)
Loss excluding taxation	(9,885)	(2,296)
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	(1,977)	(465)
<b>Total tax credit included in profit and loss</b>	<b>(1,977)</b>	<b>(465)</b>

#### Factors that may affect future tax charges:

The UK corporation tax rate for the year ended 31 December 2016 is 20%. A reduction in the UK corporation tax rate from 20% to 19%, effective from 1 April 2017, was enacted in October 2015. A further reduction from 19% to 17%, effective 1 April 2020, was enacted in September 2016. This will reduce the company's future current tax charge accordingly.



## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 7 Investments in subsidiary undertakings

	£'000
<b>Cost</b>	
At 1 January 2016	46,008
Additions	49,072
At 31 December 2016	95,080
<b>Provisions</b>	
At 1 January and 31 December 2016	(41,239)
<b>Net book value</b>	
At 31 December 2016	53,841
At 31 December 2015	4,769

On 12 December 2016 the company acquired a 100% stake in Innospec Performance Chemicals Europe Limited ("IPCE") for £1. On 28 December 2016 the company subscribed to an issue of 48,931,659 ordinary shares in IPCE for a total consideration of £49,072,000.

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 7 Investments in subsidiary undertakings (continued)

The company's subsidiary undertakings at 31 December 2016 are set out below:

Name of undertaking	Address	Class and percentage of shares held	Principal activity
Alcor Chemie Vertriebs GmbH	Zählerweg 6 CH-3600 Zug Switzerland	100	Chemical sales
AK Chemie GmbH	Amtsgericht Darmstadt Registerabteilung Großgerau 42 HRB 51028	100	Dormant
Innospec Active Chemicals Limited **	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Holding company
Innospec Chemicals Beijing Limited	Room 9-2T01-61, 9F 79 Jianguo Road Chaoyang District Beijing	100	Chemical sales
Innospec Deutschland GmbH	Thiesstraße 44645 Herne Germany	100	Chemical manufacture
Innospec Environmental Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Environmental services
Innospec Finance Limited *	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Finance and treasury
Innospec France SA	17 Route de Rouen 27 950 Saint Marcel France	100	Chemical manufacture

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 7 Investments in subsidiary undertakings (continued)

Name of undertaking	Address	Class and percentage of shares held	Principal activity
Innospec Fuel Specialties Limited *	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Holding company
Innospec Hellas Single Person Limited	11, II Merachias Street Pireaus - 185 35 Greece	100	Chemical sales
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
Innospec Performance Chemicals Belgium BVBA	3078 Kortenberg Everslaan 45 Belgium	100	Chemical research
Innospec Performance Chemicals Europe Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Chemical sales
Innospec Performance Chemicals France SAS	Boîte Postale 19 F-55300 St. Mihiel Han-sur-Meuse Meuse France	100	Chemical manufacture
Innospec Performance Chemicals Italia srl	46043 Castiglione delle Stiviere (MN) via Cavour 50 Italy	100	Chemical manufacture

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 7 Investments in subsidiary undertakings (continued)

Name of undertaking	Address	Class and percentage of shares held	Principal activity
Innospec Performance Chemicals Spain SL	Poligono Zona Franca sector F calle 43 no. 10 08040 Barcelona Spain	100	Chemical manufacture
Innospec (Plant) Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY	100	Dormant
Innospec Rus OOO	Tverskaya Street 9 Building 7 Moscow 125009 Russian Federation	100	Chemical sales
Innospec Saint-Mihiel SAS	Boite Postale 19 F-55300 St. Mihiel Han-sur-Meuse Meuse	100	Chemical manufacture
Innospec Spain S.L.	c/o Bufete B. Buigas Iradier 19-21 08017 Barcelona Spain	100	Chemical Sales
Innospec Sweden AB	P. O. Box 503 651 11 Karlstad Sweden	100	Dormant
Innospec Trading Limited *	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Holding company
Novoktan GmbH	Parkstrasse 14727 Premnitz Brandenburg Germany	100	Dormant

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 7 Investments in subsidiary undertakings (continued)

Name of undertaking	Address	Class and percentage of shares held	Principal activity
OBOAdler Company Limited	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY	100	Holding company
Octel Dorf Ketal India Private Ltd	#1 Dorf Ketal Tower D'Monte Street Orlem Malad (west) Mumbai 400064	100	Chemical sales
Societa Italiana Additivi Per Carburanti S.r.l. (SIAC)	Via V. Pisani 16 20124 Milano Italy	100	Dormant

\* Direct subsidiary

## Notes to the financial statements for the year ended 31 December 2016 (continued)

### 8 Debtors

	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	94,753	90,884
Corporation tax	1,977	465
	<b>96,730</b>	<b>91,349</b>

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

### 9 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	118,695	56,334

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

	2016 £'000	2015 £'000
<b>Allotted, called up and fully paid</b>		
100,000 (2015: 100,000) ordinary shares of 10p each	10	10

### 11 Contingent liabilities

The company has a guarantee with the trustees of the Innospec Limited Pension Plan regarding the ability of Innospec Limited, a wholly-owned subsidiary, to meet its defined benefit pension obligations as they fall due. The maximum payable under the guarantee is £140.0 million.

The company has an unlimited cross-guarantee arrangement in respect of the borrowings of companies in the Innospec Inc. group. At 31 December 2016, the net debt position of the group under the unlimited cross-guarantee arrangement amounted to US\$ 166.9 million (31 December 2015: net cash of US\$ 5.6 million).

The arrangement is secured by a number of fixed and floating charges over certain assets which include key operating sites of the Innospec Inc. group.

## **Notes to the financial statements for the year ended 31 December 2016 (continued)**

### **12 Ultimate parent undertaking and controlling party**

The directors regard Innospec Developments 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.

Copies of the consolidated financial statements for the ultimate parent undertaking are available from the company website [www.innospecinc.com](http://www.innospecinc.com). Innospec Inc.'s office is registered at South Valley Highway, Suite 350, Englewood, Colorado USA.