

Innospec Holdings Limited
Annual report and financial statements
for the year ended 31 December 2023

Registered number 4109325



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Directors and advisers for the year ended 31 December 2023

Directors

Graeme Thomas Blair (Company Secretary also)
Ian Philip Cleminson
Graeme Kay
Christopher John Parsons
Keri Louise Tither

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB

Solicitors

Faegre Drinker Biddle & Reath LLP
7 Pilgrim Street
London
EC4V 6LB

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

Hogan Lovells
Atlantic House
Holborn Viaduct
London
EC1A 2FG

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

4109325

Strategic report for the year ended 31 December 2023

Principal activities

The principal activity of Innospec Holdings Limited ("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. This activity is anticipated to continue for the foreseeable future.

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

Business review

The statement of comprehensive income for the year is set out on page 11.

The Company has generated a profit in the year ended 31 December 2023 and maintains a net current asset position of £23,528,000 as at 31 December 2023 (2022: net current assets of £22,951,000). The profit for the financial year was £82,069,000 (2022: profit of £4,857,000). The increase in profit is attributable to higher dividend receipts, rising from £4,103,000 in 2022 to £81,492,000 in the reporting period.

Activity in the year related mainly to the receipt of distributions from subsidiaries, interest and foreign exchange on intercompany balances. Both the level of activity and year-end financial position were satisfactory. The directors remain confident of the long-term prospects for the Company and 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 facility funding through other members of the Innospec Inc. Group ("the Group").

Future developments

The directors remain confident of the long-term prospects of the Company.

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 10 of the Form 10-K for the year ended 31 December 2023 of the ultimate parent company, Innospec Inc., a copy of which is available from the Company website www.innospec.com.

The following sections on global economic conditions, government product regulation, climate change and epidemics and pandemics have been worded from an Innospec Inc. Group perspective, but also apply to the Company.

Global economic conditions

Global economic factors affecting our business include, but are not limited to, geopolitical instability in some markets, consumer demand for premium personal care and cosmetic products, miles driven by passenger and commercial vehicles, legislation to control fuel quality, impact of alternative propulsion systems, and oil and gas drilling and production rates. The availability, cost and terms of credit have been, and may continue to be, adversely affected by the foregoing factors and these circumstances have produced, and may in the future result in, illiquid markets and wider credit spreads, which may make it difficult or more expensive for us to obtain credit.

The level of inflation and energy costs may result in an adverse impact to the group's results from employee wages and other costs of operations of our manufacturing sites.

Continuing uncertainties in the United Kingdom (U.K.) and international markets and economies leading to a decline in business and consumer spending could adversely impact our results of operations, financial position and cash flows.

Strategic report for the year ended 31 December 2023 (continued)

Government product regulation

We are subject to regulation by federal, state, local and foreign government authorities. In some cases, we need government approval of our products, manufacturing processes and facilities before we may sell certain products. Many products are required to be registered with the U.K. Environment Agency, United States (U.S.) Environmental Protection Agency (EPA), the European Chemicals Agency (ECHA) and comparable government agencies elsewhere. We are also subject to ongoing reviews of our products, manufacturing processes and facilities by government authorities, and must also produce product data and comply with detailed regulatory requirements.

In order to obtain regulatory approval of certain new products we must, among other things, demonstrate that the product is appropriate and effective for its intended uses, that the product has been appropriately tested for safety and that we are capable of manufacturing the product in accordance with applicable regulations. This approval process can be costly, time consuming, and subject to unanticipated and significant delays. We cannot be sure that necessary approvals will be granted on a timely basis or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products and to generate income from those products. New or stricter laws and regulations may be introduced that could result in additional compliance costs and prevent or inhibit the development, manufacture, distribution and sale of our products. Such outcomes could adversely impact our results of operations, financial position and cash flows.

Diverse chemical regulatory processes in different countries around the world might create complexity and additional cost. U.K. REACH, which was precipitated by the U.K.'s exit from the E.U., is one such example.

Climate change

The outcome of new or potential legislation or regulation in the U.K. and other jurisdictions in which we operate may result in new or additional requirements, additional charges to fund energy efficiency activities, fees or restrictions on certain activities. Compliance with these initiatives may also result in additional costs to us, including, among other things, increased production costs, additional taxes, reduced emission allowances or additional restrictions on production or operations. Any climate change regulations enacted in the future could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Even without such regulation, increased public awareness and adverse publicity about potential impacts on climate change emanating from us or our industry could harm us. We may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely affect our business and negatively impact our growth. Furthermore, the potential impacts of climate change and related regulation on our customers are highly uncertain and may adversely affect us.

Epidemics and pandemics

Epidemics, pandemics, outbreaks of novel diseases and other adverse public health developments in countries and states where we operate may arise at any time. Such developments, including the COVID-19 pandemic, have had, and in the future may have, an adverse effect on our business, financial condition and results of operations. These effects include a potentially negative impact on the availability of our key personnel, labour shortages and increased turnover, temporary closures of our facilities or facilities of our business partners, customers, suppliers, third-party service providers or other vendors, and interruption of domestic and global supply chains, distribution channels and liquidity and capital or financial markets. In particular, restrictions on or disruptions of transportation, port closures or increased border controls or closures, or other impacts on domestic and global supply chains or distribution channels, could increase our costs for raw materials and commodity costs, increase demand for raw materials and commodities from competing purchasers, limit our ability to meet customer demand or otherwise have a material adverse effect on our business, financial condition and results of operations or cash flows.

Strategic report for the year ended 31 December 2023 (continued)

Precautionary measures that we may take in the future intended to limit the impact of any epidemic, pandemic, disease outbreak or other public health development, may result in additional costs. In addition, such epidemics, pandemics, disease outbreaks or other public health developments may adversely affect economies and financial markets throughout the world, such as the effect that COVID-19 has had on world economies and financial markets, which may affect our ability to obtain additional financing for our businesses and demand for our products and services. The extent to which COVID-19 or other pandemics will impact our business and our financial results in the future will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include ongoing spread of the virus, disease severity, outbreak duration, extent of any reoccurrence of the coronavirus or any evolutions or mutations of the virus, and availability, administration and effectiveness of vaccines and development of therapeutic treatments that can restore consumer and business economic confidence.

Companies Act 2006 S172 (1)

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. As a holding company, the stakeholders are considered to be those of the underlying trading subsidiaries and therefore the below section has been written from a Group perspective.

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, 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 minimising 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 Innospec Inc.'s latest Responsible Business Report, which is available on our website.

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 facilities designed to ensure that all Group companies have sufficient funds available for operations.

Strategic report for the year ended 31 December 2023 (continued)

Financial risk management (continued)

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 Company has exchange rate fluctuation exposure are the European Union euro and U.S. dollar. 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



Graeme Thomas Blair
Company secretary
Date: 12 April 2024

Directors' report for the year ended 31 December 2023

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2023.

Dividends

On 30 March and 10 November respectively the Company paid dividends to the value of £28,370,000 and £53,122,000 to Innospec Developments Limited (2022: £nil). The remaining profit 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. The directors do not recommend a final dividend (2022: £nil).

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 (2022: £nil).

Companies Act 2006 S172 (1)

The Company aims to foster fair and honest relationships with its 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 and going concern

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

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



Graeme Thomas Blair
Company secretary
Date: 12 April 2024

Innospec Holdings 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.

Independent auditors' report to the members of Innospec Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Innospec Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2023; the Statement of comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation in the territories in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent extraction of cash from the business. Audit procedures performed by the engagement team included:

- reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations;
- discussions with management and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- auditing the risk of management override of controls and obtaining third party confirmations to identify whether there are any unrecognised bank accounts; and
- performing substantive audit procedures over current and deferred income tax provisions including review of correspondence with tax authorities to identify any instances of non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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.

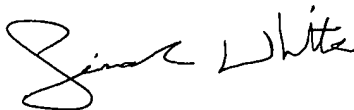
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
12 April 2024

Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Administrative expenses		(45)	(62)
Operating loss		(45)	(62)
Income from shares in Group undertakings	4	81,492	4,103
Interest receivable and similar income	5	1,580	1,417
Interest payable and similar expenses	6	(776)	(413)
Profit before taxation		82,251	5,045
Tax on profit	7	(182)	(188)
Profit for the financial year		82,069	4,857
Other comprehensive income		-	-
Total comprehensive income for the financial year		82,069	4,857

The accounting policies and notes on pages 14 to 22 form part of these financial statements.

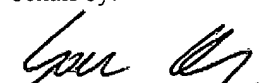
All of the activities during the year relate to continuing operations.

Balance sheet as at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	8	67,924	67,924
Current assets			
Debtors (including £13,809,000 (2022: £14,374,000) due after more than one year)	9	29,342	29,252
Cash at bank and in hand		10	18
		29,352	29,270
Creditors: amounts falling due within one year	10	(5,824)	(6,319)
Net current assets		23,528	22,951
Net assets		91,452	90,875
Capital and reserves			
Called up share capital	11	10	10
Comprehensive income account		91,442	90,865
Total shareholders' funds		91,452	90,875

The accounting policies and notes on pages 14 to 22 form part of these financial statements.

The financial statements on pages 11 to 22 were approved by the board of directors and were signed on its behalf by:


Graeme Kay

Director

Date: 12 April 2024

Statement of changes in equity for the year ended 31 December 2023

	Called up share capital £'000	Compre- hensive income £'000	Total £'000
As at 1 January 2022	10	86,008	86,018
Profit and total comprehensive income for the financial year	-	4,857	4,857
Balance as at 31 December 2022	10	90,865	90,875
Profit and total comprehensive income for the financial year	-	82,069	82,069
Dividends paid to Group undertakings	-	(81,492)	(81,492)
Balance as at 31 December 2023	10	91,442	91,452

The accounting policies and notes on pages 14 to 22 form part of these financial statements.

Statement of accounting policies for the year ended 31 December 2023

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 13. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) 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 s400 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 and going concern

The financial statements are prepared on the historical cost basis. The financial statements have also 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.

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.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and meet its liabilities as they fall due for at least 12 months from the date of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of accounting policies for the year ended 31 December 2023 (continued)

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.

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 comprehensive income in the year in which they arise.

Taxation

Tax on the profit or loss for the year comprises current tax. Tax is recognised in comprehensive income 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 comprehensive income (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.

Income from shares in Group undertakings

Dividend income is recognised in comprehensive income on the date the Company's right to receive payments is established.

Dividends Paid

Dividends paid to the company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid.

Notes to the financial statements for the year ended 31 December 2023

1 Employee and auditors' remuneration

The Company had no employees other than directors during the year (2022: none).

Auditors' remuneration for the years ended 31 December 2023 and 2022 has been borne by another Group undertaking, Innospec Limited. £5,000 (2022: £1,000) of the total audit fee payable is allocated to the audit of this Company. No fees were incurred for non-audit services in the year ended 31 December 2023 (2022: £nil).

2 Directors' emoluments

The directors received no remuneration for their services to the Company (2022: £nil).

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 Income from shares in Group undertakings

	2023 £'000	2022 £'000
Dividends received from subsidiaries	81,492	4,103

On 30 March and 10 November respectively the Company received dividends to the value of £28,370,000 and £27,523,000 from Innospec Limited (2022: £nil). Additionally on 10 November the Company also received a dividend of £25,599,000 from Innospec Finance Limited (2022: nil, instead a dividend was received from Innospec Trading Limited, value £4,103,000).

On 30 March and 10 November respectively the Company paid dividends to the value of £28,370,000 and £53,122,000 to Innospec Developments Limited.

Notes to the financial statements for the year ended 31 December 2023 (continued)

5 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest receivable from Group undertakings	1,450	399
Foreign exchange translation gains	130	1,018
Total interest receivable and similar income	1,580	1,417

6 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to Group undertakings	258	27
Foreign exchange translation losses	518	386
Total interest payable and similar expenses	776	413

7 Tax on profit

Total tax charge recognised in the statement of comprehensive income.

	2023 £'000	2022 £'000
Current tax		
Current tax on income for the year	189	188
Adjustments in respect of prior years	(7)	-
Total current tax charge	182	188

The Company has no deferred taxation (2022: £nil).

Notes to the financial statements for the year ended 31 December 2023 (continued)

7 Tax on profit (continued)

Reconciliation of effective tax rate

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2023 £'000	2022 £'000
Profit for the year	82,069	4,857
UK corporation tax	182	188
Profit for the year excluding taxation	82,251	5,045
Tax using the UK corporation tax rate of 23.50% (2022: 19.00%)	19,329	959
Exempt dividend income	(19,151)	(780)
Adjustments in respect of prior periods	(7)	
Expenses not deductible for tax purposes	11	9
Total tax charge included in the statement of comprehensive income	182	188

Factors that may affect future tax charges:

The UK corporation tax rate for the 12-month period to 31 December 2023 was 23.5% (2022: 19.0%). On 1 April 2023 the UK corporation tax rate increased from 19% to 25%, which will increase the Company's future tax charge accordingly.

8 Investments

	2023 £'000	2022 £'000
Cost	109,163	109,163
Accumulated impairment	(41,239)	(41,239)
Net book amount	67,924	67,924

Notes to the financial statements for the year ended 31 December 2023 (continued)

8 Investments (continued)

The Company's subsidiary undertakings at 31 December 2023 are set out below:

Name of undertaking	Address	Percentage of ordinary 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	Chemicals sales
Innospec Chemicals Shanghai Limited	Room 12419, Building 2 No. 1 Haikun Road Fengxian District Shanghai	100	Chemical sales
Innospec Deutschland GmbH	Thiesstraße 44645 Herne Germany	100	Chemical manufacture
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
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

Notes to the financial statements for the year ended 31 December 2023 (continued)

8 Investments (continued)

Name of undertaking	Address	Percentage of ordinary shares held	Principal activity
Innospec Performance Chemicals Belgium BVBA	3078 Kortenberg Everslaan 45 Belgium	100	Support Services
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	Boite 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
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	Dormant
Innospec Saint-Mihiel SAS	Boite Postale 19 F-55300 St. Mihiel Han-sur-Meuse Meuse	100	Holding Company
Innospec Sweden AB	P. O. Box 503 651 11 Karlstad Sweden	100	Dormant

Notes to the financial statements for the year ended 31 December 2023 (continued)

8 Investments (continued)

Name of undertaking	Address	Percentage of ordinary shares held	Principal activity
Novoktan GmbH *	Parkstrasse 14727 Premnitz Brandenburg Germany	100	Holding Company
Innospec Fuel Specialties Limited*	Innospec Manufacturing Park Oil Sites Road Ellesmere Port Cheshire CH65 4EY United Kingdom	100	Holding Company
Societa Italiana Additivi Per Carburanti S.r.l.	Via V. Pisani 16 20124 Milano Italy	100	Dormant
Innospec Saudi Arabia Industry Company Limited	P.O. Box 11693 Al-Khobar Saudi Arabia	70	Chemicals Sales

* Direct subsidiary

9 Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	29,341	29,252
Other debtors	1	-
	29,342	29,252

Amounts owed by Group undertakings include £13,809,000 (2022: £14,444,000) due after more than one year. This designated long-term loan bears interest of EURIBOR plus 2%.

The remaining amount of £16,501,000 (2022: £14,808,000) owed by Group undertakings is unsecured and repayable on demand and bore interest at rates of up to STIBOR up to and including 30 June 2023. From 1 July 2023 interest rates are stated at STIBOR plus 2.75%.

Notes to the financial statements for the year ended 31 December 2023 (continued)

10 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Corporation tax	189	-
Amounts owed to Group undertakings	5,635	6,319
	5,824	6,319

Amounts owed to Group undertakings are unsecured and repayable on demand and bore interest at rates of up to STIBOR up to and including 30 June 2023. From 1 July 2023 interest rates are stated at STIBOR plus 2.75%.

11 Called up Share Capital

	2023	2022
	£'000	£'000
Allotted, called up and fully paid		
100,000 (2022: 100,000) ordinary shares of 10p each	10	10

12 Dividends

On 30 March and 10 November respectively the Company paid dividends to the value of £28,370,000 and £53,122,000 to Innospec Developments Limited (2022: £nil).

13 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.innospec.com. Innospec Inc.'s office is registered at South Valley Highway, Suite 350, Englewood, Colorado USA.