Registered number: 00460473

RIO TINTO LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

RIO TINTO LONDON LIMITED

COMPANY INFORMATION

DIRECTORS	M D Andrewes P L Cunningham
COMPANY SECRETARY	H C Day
REGISTERED NUMBER	00460473
REGISTERED OFFICE	6 St James's Square London United Kingdom SW1Y 4AD
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors London United Kingdom WC2N 6RH

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic report on Rio Tinto London Limited (the "Company") for the year ended 31 December 2015.

INTRODUCTION

Rio Tinto London Limited is a wholly owned subsidiary of Rio Tinto European Holdings Limited and a member of the Rio Tinto Group ("the Group"). The Company is the sponsoring employer for a number of UK pension schemes and also performs services on behalf of other Group companies. The Company is incorporated and domiciled in the United Kingdom and is a company limited by shares.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company has transitioned from the previously extant UK Generally Accepted Accounting Practice ('UK GAAP') to Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). The most significant change has been the determination of the Company as sponsoring employer of two Group pension schemes, the Rio Tinto Pension Fund and the Rio Tinto International Pension Fund, on the basis that it is considered to be the Group Company which bears the most associated risk. Accordingly, the surpluses relating to the defined benefit sections of these Funds are shown on the balance sheet and any associated charges are recognised through the Statement of Comprehensive Income.

The Company continues to provide certain management services to fellow members of the Group, for which it charges on an arm's length basis. In certain cases these charges are deferred until the completion of a transaction or transactions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties, such as Financial, Operational and Compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2015 Annual Report which does not form part of this report.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's directors are of the opinion that there are no meaningful financial or other key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

This report was approved by the board and signed on its behalf.

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H C Day
Secretary

Date: 28 September 2016

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the audited 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 audited financial statements comply with the Companies Act 2006. They 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.

RESULTS AND DIVIDENDS

The loss for the financial year, amounted to £68,186,000 (2014 - profit £230,023,000).

No interim dividend was paid during the year (2014 - nil). The directors do not recommend the payment of a final dividend (2014 - nil).

DIRECTORS

The directors who served during the year and to the date of signing this report were:

M D Andrewes
P L Cunningham
E B Evans (resigned 19 August 2016)
U Quellmann (resigned 22 August 2016)

No director had a material interest in any contract or arrangement during the year to which the Company or any subsidiary is or was a party.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INDEMNITIES AND INSURANCE

The Articles of Association of the Company's ultimate parent, Rio Tinto plc, provides for it to indemnify, to the extent permitted by law, its officers and officers of wholly owned subsidiaries against liabilities arising from the conduct of the Rio Tinto Group's business. The directors and the company secretary of Rio Tinto plc and certain employees serving as directors of certain subsidiaries, at the Group's request, have been indemnified in accordance with these provisions. Ms Evans was indemnified by Rio Tinto plc in September 2013 by virtue of her office as Secretary. The other current directors of the Company were indemnified by Rio Tinto plc in June 2014 by virtue of their directorships of the finance companies wholly owned by Rio Tinto plc. No amount has been paid under any of these indemnities during the year.

The Group has purchased director's and officers' insurance during the year to indemnify individual directors' and officers' personal legal liability and costs for claims arising out of actions taken in connection with the Group's business.

FUTURE DEVELOPMENTS

The Company's future developments are integrated with those of the Rio Tinto Group ("the Group") which are discussed in the Group's 2015 Annual Report which does not form part of this report.

EMPLOYEE INVOLVEMENT

The Company complies with the Group's employment policies which are set out in its statement of business practice, The way we work. The Company employs on the basis of job requirements and does not discriminate on the grounds of age, ethnic or social origin, politics, religion or disability.

The Company provides clear and timely communication with its employees concerning business performance and corporate developments. It endeavours to maintain effective channels of communication through an internal communication team, which manages the release of information to employees. Information is released through a number of forums, including electronic and paper newsletters and bulletins, video, employee briefings and the Group's intranet.

DISABLED EMPLOYEES

The Company employs disabled people and accepts the need to maintain and develop their careers. If an employee becomes disabled whilst in employment and, as a result, is unable to perform his or her current duties, every effort is made to offer suitable alternative employment and to assist with retraining.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INDEPENDENT AUDITORS

Following the resignation of Grant Thornton UK LLP as auditor on 17 November 2015, PricewaterhouseCoopers LLP were appointed as auditors to the Company. PricewaterhouseCoopers LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

H. C Day
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H C Day
Secretary

Date: 28 September 2016

6 St James's Square
London
United Kingdom
SW1Y 4AD

Independent auditors' report to the members of Rio Tinto London Limited

Report on the financial statements

Our opinion

In our opinion, Rio Tinto London Limited's ("the Company") financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

N. Comello

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	Restated 2014 £000
Revenue	1.4	152,543	229,074
Administrative expenses		(244,336)	(209,453)
Operating (loss)/profit	3	(91,793)	19,621
Profit on sale of fixed assets		-	206,518
(Loss)/profit on ordinary activities before interest		(91,793)	226,139
Interest receivable and similar income	7	1,348	313
Interest payable and similar charges	8	(475)	(453)
Other finance income	9	6,729	4,369
(Loss)/profit on ordinary activities before taxation		(84,191)	230,368
Tax on (loss)/profit on ordinary activities	10	16,005	(345)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(68,186)	230,023
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit schemes	22	55,786	55,042
Movements on deferred tax relating to pension scheme	18	(10,330)	(11,044)
Movement in deferred tax relating to changes in tax rates	18	1,535	-
		46,991	43,998
Total comprehensive (expense)/income for the year		(21,195)	274,021

The notes on pages 11 to 39 form part of these financial statements.

Further details on the transition to FRS 101 can be found in Note 26.

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£000	2015 £000	£000	Restated 2014 £000
Fixed assets					
Intangible assets	11		3,783		55
Tangible assets	12		27,845		11,854
Investments	13		26,050		36,716
			57,678		48,625
Current assets					
Debtors: amounts falling due after more than one year	15	19,685		17,994	
Debtors: amounts falling due within one year	15	407,693		563,885	
		427,378		581,879	
Creditors: amounts falling due within one year	16	(121,032)		(164,801)	
Net current assets			306,346		417,078
Creditors: amounts falling due after more than one year	17		(7,180)		(8,588)
			356,844		457,115
Provisions for liabilities					
Deferred taxation provision	18	(50,837)		(32,317)	
Other provisions	19	(29,149)		(23,818)	
			(79,986)		(56,135)
Pension asset	22		282,429		161,584
Net assets			559,287		562,564
Capital and reserves					
Called up share capital	20		4,800		4,800
Capital reserve			136,400		136,400
Share based payment reserve			143,981		125,903
Profit and loss account			274,106		295,461
Total shareholders' funds			559,287		562,564

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 September 2016

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M D Andrewes (Director)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Capital reserve	Share based payment reserve	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 January 2015	4,800	136,400	125,903	295,461	562,564
Loss for the financial year	-	-	-	(68,186)	(68,186)
Actuarial gains on pension plans	-	-	-	55,786	55,786
Deferred tax on pension plans	-	-	-	(8,795)	(8,795)
Other comprehensive income for the year	-	-	-	46,991	46,991
Total comprehensive expense for the year	-	-	-	(21,195)	(21,195)
Movement in deferred tax through equity	-	-	-	(305)	(305)
Movement in current tax through equity	-	-	-	145	145
Share based payments credit	-	-	18,078	-	18,078
Total transactions with owners	-	-	18,078	(160)	17,918
At 31 December 2015	4,800	136,400	143,981	274,106	559,287

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Capital reserve	Share based payment reserve	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 January 2014	4,800	136,400	113,214	22,147	276,561
Profit for the financial year	-	-	-	230,023	230,023
Actuarial gains on pension plans	-	-	-	55,042	55,042
Deferred tax on pension plans	-	-	-	(11,044)	(11,044)
Other comprehensive income for the year	-	-	-	43,998	43,998
Total comprehensive income for the year	-	-	-	274,021	274,021
Movement in deferred tax through equity	-	-	-	(1,724)	(1,724)
Movement in current tax through equity	-	-	-	1,017	1,017
Share based payments credit	-	-	12,689	-	12,689
Total transactions with owners	-	-	12,689	(707)	11,982
At 31 December 2014	4,800	136,400	125,903	295,461	562,564

The notes on pages 11 to 39 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company has transitioned from the previously extant UK Generally Accepted Accounting Practice ("UK GAAP") to Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"), for all years presented. Information on the impact of first-time adoption of FRS 101 is given in note 26.

The financial statements have been prepared using the historical cost convention, and in accordance with the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

The Company is a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements are therefore separate financial statements.

The financial statements are presented in Pound Sterling and all amounts are rounded to the nearest thousand (£000) unless otherwise stated.

1.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Where required, equivalent disclosures are given in the consolidated financial statements which can be obtained as set out in Note 25.

1. ACCOUNTING POLICIES (continued)

1.3 GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue for the year represents the value of management services provided to fellow group undertakings, together with commissions and similar income receivable from fellow group undertakings. No analysis of segmental revenue by region has been provided as the Company is not managed on such a basis. This type of analysis is not considered to be meaningful to the users of the financial statements.

1.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangibles are amortised over their estimated useful lives on a straight line basis.

The estimated useful lives range as follows:

Software	3-5 years

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Land & Buildings	15-20 years
Plant & machinery	5-10 years
Fixtures & fittings	5-10 years
Computer equipment	3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.7 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in employee share trusts, comprising Rio Tinto plc shares held in trust for the Company's various share-based payment schemes are held at the weighted average cost of the shares purchased.

1.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and amounts owed by Group undertakings are included in this category. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial Liabilities

At amortised cost
Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

1.11 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES (continued)

1.12 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

1.13 SHARE BASED PAYMENTS

The Company operates a number of equity-settled share-based compensations plans. The fair value of the options granted in exchange for employee services is recognised as an expense over the expected vesting period. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Profit and loss account, with a corresponding adjustment to equity.

The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to reserves.

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

The Company operates a number of defined benefit plans which provide lump sums, pensions, medical benefits and life insurance to retirees. For post-retirement defined benefit plans, the difference between the fair value of any plan assets and the present value of the plan obligations is recognised as an asset or liability in the balance sheet.

The fair value of plan assets is the price that would be received to sell the asset in orderly transactions between market participants at the measurement date. Where appropriate, the recognition of assets may be restricted to the present value of any amounts the Company expects to recover by way of refunds from the plan or reductions in future contributions.

The most significant assumptions used in accounting for pension plans are the discount rate, the inflation assumption and the mortality assumptions. The discount rate is used to determine the net present value of the obligations, the interest cost on the obligations and the interest income on plan assets. The discount rate used is the yield on high-quality corporate bonds with maturities and terms that match those of the post-retirement obligations as closely as possible. Where there is no developed corporate bond market in a country, the rate on government bonds is used. The inflation assumption is used to project increases in future benefit payments for those plans that have benefits linked to inflation. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at the net present value of the obligations.

Valuations of the obligations are carried out using the projected unit method which values benefits accrued at the valuation date with allowance, where appropriate, for future increases to pay and pensions. The values of the obligations are assessed in accordance with the advice of independent qualified actuaries.

The current service cost, any past service cost and the effect of any curtailment or settlements are recognised in the Statement of comprehensive income. The interest cost less interest income on assets held in the plans is also charged to the Statement of comprehensive income.

Actuarial gains and losses arising in the year are credited/charged to the statement of comprehensive income and comprise the effects of changes in actuarial assumptions and experience adjustments due to differences between the previous actuarial assumptions and what has actually occurred. In particular, the difference between the interest income and the actual return on plan assets is recognised in the Statement of comprehensive income.

The Company participates in two Group defined benefit plans. There is no agreement in place for charging the net defined benefit cost for the plans as a whole to individual Group entities. The cash contributions to the Funds are made through reference to a percentage of base salary contribution per defined benefit employee as determined by the Funds' actuaries, advised by the fund trustees and applied to those defined benefit employees of the Fund. The Company is the sponsoring employer of the Rio Tinto Pension Fund and the Rio Tinto International Pension Fund. The sponsoring employer discloses the defined benefit surplus/deficit and recognises any associated charges in the Statement of comprehensive income. Other entities account for the scheme as if it were defined contribution in nature.

1. ACCOUNTING POLICIES (continued)

The Company's contributions to defined contribution plans are charged to the profit and loss account in the period to which the contributions relate. The Company participates in two Group defined benefit plans where the contributions are set at a common level rather than reflecting the net defined benefit cost. The Company that is determined as the sponsoring employer for these plans treats them as defined benefit plans; the other participants treat the plans as though they were defined contribution.

1.15 NATIONAL INSURANCE ON SHARE OPTIONS

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved schemes, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

1.16 ONEROUS LEASES

Onerous lease provisions are provided for in the period when the obligation arising from the onerous contract occurs. A provision for future rental obligations is recognised in respect of properties not occupied by the Company where future rental costs exceed the expected economic benefits to be received. The provision reflects the discounted value of expected future cash flows or, if lower, the estimated cost of terminating the lease.

1.17 CURRENT AND DEFERRED TAXATION

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Except as otherwise required by IAS12 ("Income Taxes"), deferred tax is provided in full on temporary differences at the balance sheet date.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the projected future taxable income of the entity and after taking account of specific risk factors that are expected to affect the recovery of these assets.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. These judgements and assumptions are based on management's best knowledge of the facts and circumstances, but actual results may differ materially from the amounts included in the financial statements. The estimates and assumptions that could have a significant impact on the results of the Company are set out below.

Defined benefit pension plans

The value of the Company's obligations for post-retirement benefits is dependent on a number of assumptions about salary increases, life expectancy, inflation, and asset valuations. Further disclosures about the defined benefit plans are provided in note 22.

Group pension plans

Certain employees participate in Group defined benefit pension plans. In the judgement of the directors, it has been determined that the Company is the sponsoring employer and the Company accounts for the entire plan as a defined benefit plan.

In preparing these financial statements, the directors have had to make the following other judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

- Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The useful economic life of an asset is assessed by reference to a number of underlying assumptions, including the useful life of similar assets. Revisions of useful lives may be made upon assessment of changes in the operating environment or the condition of the asset itself.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2015 £000	2014 £000
Depreciation of tangible fixed assets	4,867	6,846
Amortisation of intangible assets	437	263
Exchange differences	(3,554)	(2,003)
Onerous contracts provision	6,960	(227)
Staff costs	126,829	113,540
Operating lease rentals - properties	10,315	4,517

4. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2015 £000	2014 £000
Audit fees, including FRS 101 transition work	109	46
	109	46

5. EMPLOYEES

Staff costs, including directors' remuneration were as follows:

	2015 £000	2014 £000
Wages and salaries	107,624	95,347
Social security costs	10,816	9,769
Other pension costs	8,389	8,424
	126,829	113,540

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Employees	344	368

SHARE BASED PAYMENTS

Rio Tinto plc and Rio Tinto Limited have a number of share-based payment plans, which are described in detail in the 2015 Rio Tinto Annual report. Some of Rio Tinto London Limited's employees are eligible to participate in these plans. The plans have been accounted for in accordance with the fair value recognition provisions of *IFRS 2 Share-based payments.*

The main Rio Tinto plc and Rio Tinto Limited plans are as follows:

Share Savings Plan

Awards under these plans are settled in equity and accounted for accordingly. Awards are no longer granted under the Share Savings Plans as these plans were replaced by the Global Employee Share Plan in 2012. Charges will continue to be incurred until prior period awards have vested.

Share Option Plan

The Group has a policy of settling awards made under the Share Option Plan in equity, although the directors at their discretion can offer a cash alternative. The awards are accounted for in accordance with the requirements applying to equity-settled, share-based payment transactions. Awards are no longer granted under the Share Option Plans as the Long term incentive plan arrangements have been simplified and awards are now only made under the Performance Share Plan. Charges will continue to be incurred until prior period awards have vested.

UK Share Plan

Awards under the UK Share Plan (formerly the Share Ownership Plan) are settled in equity.

Performance Share Plan

Participants are generally assigned shares in settlement of their awards and therefore the Plan is accounted for in accordance with the requirements applying to equity-settled share-based payment transactions.

Management Share Plan

The Management Share Plan was introduced during 2007 to provide conditional share-based awards to management. The vesting of these awards is dependent on service conditions being met. In general, the awards will be settled in equity including the dividends accumulated from date of award to vesting.

Bonus Deferral Plan

The Bonus Deferral Plan was originally introduced during 2009 for the mandatory deferral of the 2008 bonuses for executive directors, product group executives and for other executives. Additional Bonus Deferral Awards have been made each year since 2011 (made in respect of the 2010 bonus) for the mandatory deferral of 50 per cent of the bonuses for executive directors and product group executives and ten per cent of the bonuses for other executives. The vesting of these awards is dependent only on service conditions being met. In general, the awards will be settled in equity including the dividends accumulated from date of award to vesting.

Global Employee Share Plan

The Global Employee Share Plan was introduced during 2012. The Company provides matching shares for each share purchased under the program. The vesting of these matching awards is dependent on service conditions being met. These awards are settled in equity.

Summary of options outstanding

Options outstanding as at 31 December 2015	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years
Rio Tinto plc Share Savings Plan (£24-£29)	8,726	28.06	1.1
Rio Tinto plc Share Option Plan (£16 - £43)	495,634	31.82	4.7
Rio Tinto Limited Share Option Plan (A$33-A$77)	239,468	54.34	2.7
	743,828		

As at 31 December 2014, there were 578,064 options outstanding.
The maximum exercisable term on the outstanding options is 10 years.

6. DIRECTORS' REMUNERATION

	2015 £000	2014 £000
Remuneration	1,735	1,473
Company pension contributions to defined contribution schemes	27	27
	1,762	1,500

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes and 3 directors (2014 - 4) in respect of defined benefit pension schemes.

During the year, no directors (2014 - 1) exercised share options. 4 directors (2014 - 5) received share awards under long term incentive schemes.

The highest paid director received remuneration of £635,958 (2014 - £436,000).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	2014 £000
Interest receivable from group companies	1,348	313
	1,348	313

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
Other interest payable	3	-
Unwind of discount on provisions	472	453
	475	453

9. OTHER FINANCE INCOME

	2015 £000	2014 £000
Net interest on defined benefit obligation/asset (see note 22)	6,729	4,369
	6,729	4,369

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FOR THE YEAR ENDED 31 DECEMBER 2015

10. TAXATION

Tax included in profit or loss

	2015 £000	2014 £000
Corporation tax		
Current tax on (loss)/profit for the year	(25,367)	(5,052)
Adjustments in respect of prior periods	671	(3,339)
	(24,696)	(8,391)
Foreign Tax		
Foreign tax on income for the year	(5)	39
Total Current tax	(24,701)	(8,352)
Deferred Tax		
Origination and reversal of timing differences	9,329	7,785
Changes to tax rates	90	-
Adjustments in respect of a prior periods	(723)	912
Total Deferred Tax	8,696	8,697
Tax on (loss)/profit on ordinary activities	(16,005)	345
Tax included in other comprehensive income		
Deferred tax on actuarial gain	10,330	11,044
Changes in tax rates and laws	(1,535)	-
Total tax included in other comprehensive income	8,795	11,044
Tax included in equity		
Current tax	(145)	(1,017)
Deferred tax	305	1,724
Total tax included in equity	160	707

10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £000	2014 £000
(Loss)/Profit on ordinary activities before tax	(84,191)	230,368
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(17,049)	49,506
EFFECTS OF:		
Expenses not deductible for tax purposes	3,617	823
Higher rate taxes on overseas earnings	(5)	39
Adjustments to tax charge in respect of prior periods	671	(3,339)
Non-taxable income	-	(49,599)
Withholding tax expense relief	-	(8)
Deferred tax prior year adjustment	(723)	912
Changes in tax laws and rate	(2,495)	851
Other differences leading to an increase (decrease) in the tax charge	-	(297)
Group relief	(261)	312
Share based payment expense relief	207	1,067
Other differences	33	78
TOTAL TAX CHARGE FOR THE YEAR	(16,005)	345

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The UK Corporation tax rate was reduced from 21% to 20% with effect from 1 April 2015. In the 2015 Summer Finance Bill, the government announced a reduction in the rate to 19% from 1 April 2017, and a further reduction to 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015 and therefore any deferred tax balances have been calculated at the reduced rates to the extent that they unwind.

11. INTANGIBLE ASSETS

	Software £000
	£000
Cost	
At 1 January 2015	8,856
Additions	4,165
At 31 December 2015	13,021
Accumulated Amortisation	
At 1 January 2015	8,801
Charge for the year	437
At 31 December 2015	9,238
Net book value	
At 31 December 2015	3,783
At 31 December 2014	55

The software intangible assets have a remaining amortisation period of 4.5 years.

12. **TANGIBLE ASSETS**

	Land & Buildings £000	Fixtures, Fittings & Equipment £000	Assets under construction £000	Total £000
	£000	£000	£000	£000
Cost				
At 1 January 2015	22,526	4,006	8,145	34,677
Additions	4,591	-	16,267	20,858
Transfers between classes	21,491	2,157	(23,648)	-
At 31 December 2015	48,608	6,163	764	55,535
Accumulated Depreciation				
At 1 January 2015	19,093	3,730	-	22,823
Charge for the year	4,379	488	-	4,867
At 31 December 2015	23,472	4,218	-	27,690
Net book value				
At 31 December 2015	25,136	1,945	764	27,845
At 31 December 2014	3,433	276	8,145	11,854

The net book value of land and building may be further analysed as follows:

	2015 £000	2014 £000
Leasehold land & buildings - all less than 50 years	25,136	3,433
	25,136	3,433

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13. FIXED ASSET INVESTMENTS

	Investments in Employee share trusts £000
COST	
At 1 January 2015	36,716
Purchases	18,827
Disposals	(29,493)
At 31 December 2015	26,050
NET BOOK VALUE	
At 31 December 2015	26,050
At 31 December 2014	36,716

The employee share trusts acquire and distribute Rio Tinto Plc shares for the benefit of members of several Group share schemes. Rio Tinto Plc is the sponsoring company. Rio Tinto London Limited provides funding and organises recharges to Group companies for the cost of share exercises. At 31 December 2015, the employee share trust held 845,437 (2014 - 1,124,483) ordinary shares of Rio Tinto plc.

14. RELATED UNDERTAKINGS

Principal subsidiaries	Country of incorporation	Share class	Holding %
Rio Tinto Marketing Services Limited	United Kingdom	£1.00 Ordinary shares	100
Rio Tinto Nominees Limited	United Kingdom	£1.00 Ordinary shares	100

15. DEBTORS

	2015 £000	2014 £000
Amounts falling due after more than one year		
Lease incentive asset	967	-
Deferred tax asset (note 18)	18,718	17,994
	19,685	17,994

	2015 £000	2014 £000
Amounts falling due within one year		
Trade debtors	514	260
Amounts owed by group undertakings	400,977	557,662
Other debtors	3,214	2,660
Prepayments and accrued income	2,988	3,303
	407,693	563,885

Of the amounts owed by Group undertakings, £204,281,000 (2014 - £354,648,000) receives interest based on LIBOR and is repayable on demand. All other amounts are non-interest bearing and repayable on demand.

16. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to group undertakings	15,799	27,028
VAT Payable	-	48,010
Other creditors	68,571	50,241
Accruals and deferred income	36,662	39,522
	121,032	164,801

No amounts owed to Group undertakings are interest bearing. Included within VAT payable in 2014 is £52.4m in relation to the disposal of central London office properties.

17. CREDITORS: Amounts falling due after more than one year

	2015 £000	2014 £000
Lease incentive liability	7,180	8,588
	7,180	8,588

The lease incentive liability relates to rent free incentives granted on leases of various London office properties.

18. DEFERRED TAX

	2015 £000	2014 £000
At 1 January	(14,323)	7,142
Charged to profit or loss	(8,696)	(8,697)
Charged to other comprehensive income	(8,795)	(11,044)
Movements in equity	(305)	(1,724)
At 31 December	(32,119)	(14,323)

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	2,956	3,776
Pension spreading	8,266	9,108
Share based payments	6,652	5,110
Tax losses	844	-
Deferred tax asset	18,718	17,994

	2015 £000	2014 £000
Comprising:		
Asset - *due after one year*	18,718	17,994
Liability - due after one year	(50,837)	(32,317)
Net deferred tax liability	(32,119)	(14,323)

19 OTHER PROVISIONS

	National insurance on share schemes £000	Onerous lease provision £000	Dilapidations provision £000	Total £000
At 1 January 2015	7,918	15,900	-	23,818
Increase in provision	2,300	6,960	4,591	13,851
Unwind of discount	-	472	-	472
Utilised in year	(1,171)	(7,821)	-	(8,992)
AT 31 DECEMBER 2015	9,047	15,511	4,591	29,149

The onerous lease provision relates to the office closure across four premises and is based on the discounted value of the net rental obligation up until 2027.

20. CALLED UP SHARE CAPITAL

	2015 £000	2014 £000
Allotted, called up and fully paid		
4,800,000 Ordinary shares of £1 each	4,800	4,800

21. CAPITAL COMMITMENTS

At 31 December 2015 the Company had capital commitments as follows:

	2015 £000	2014 £000
Commitment relating to the construction and fit out of leasehold property	-	22,400
	-	22,400

22. PENSION COMMITMENTS

Pensions

The Company operates a number of pension schemes for its employees. The Company participates in the Rio Tinto Pension Fund and the Rio Tinto International Pension Fund with other Group companies. These schemes have defined benefit sections for which the arrangements are linked to final pay and are closed to new members. Employees who joined the Rio Tinto Pension Fund after 31 March 2005, and the Rio Tinto International Pension Fund after 30 September 2007, are admitted to defined contribution sections. The participating companies share actuarial risks associated with all employees and former employees. The Company is the sponsoring employer for these plans.

The Rio Tinto 2009 Pension Fund was established to accommodate members of the Alcan Packaging Pension Plan whose employment was transferred to the Company after the disposal of a Group business. Subsequently, retired and deferred members of the British Alcan Pension Plan were also transferred to the Fund. Arrangements are linked to final pay and closed to new members.

The Rio Tinto Pension Fund, Rio Tinto International Pension Fund and the Rio Tinto 2009 Pension Fund are subject to the regulatory requirements that apply to UK pension plans. Trustees are responsible for ensuring that the plans operate in a manner that is compliant with UK regulations. The trustee board has a number of directors appointed by the sponsor and a number appointed by the plan participants, there is also an independent trustee director.

The Company also operates an unfunded unapproved pension arrangement.

Post retirement healthcare plan

The Company provides post retirement medical benefits to certain retired employees. This arrangement is unfunded and is included in the figures below.

Risks

The Company participates in a number of pension and post retirement healthcare plans. Some of these plans are defined contribution and some are defined benefit, with assets held in separate trusts.

Defined benefit pension and post retirement healthcare plans expose the Company to a number of risks such as:

Uncertainty in benefit payments

The value of the Company's liabilities for post retirement benefits will ultimately depend on the amount of benefits paid out. This in turn will depend on the level of future pay increases, the level of inflation (for those benefits that are subject to some form of inflation protection) and how long individuals live.

Volatility in asset values

The Company is exposed to future movements in the values of assets held in pension plans to meet future benefit payments.

22. PENSION COMMITMENTS (continued)

Uncertainty in cash funding

Movements in the values of the obligations or assets may result in the Company being required to provide higher levels of cash funding, although changes in the level of cash required can often be spread over a number of years. Control over the rate of cash funding or over the investment policy for pension assets might rest to some extent with a trustee body or other body that is not under the Company's direct control. In addition the Company is also exposed to adverse changes in pension regulation.

Funding policy and contributions to plans

The contributions to defined benefit pension plans are kept under regular review and actual contributions will be determined in line with the Group's wider financing strategy, taking into account relevant minimum funding requirements. The contributions for 2016 and subsequent years cannot be determined precisely in advance. Contributions to defined benefit pension plans for 2016 are estimated to be around £64 million but may be higher or lower than this. For the unfunded plans the Company's contributions are expected to be similar to the amounts paid in 2015.

The combined net pension asset details are outlined below:

Reconciliation of present value of plan liabilities:

	2015 £000	2014 £000
Change in present value of obligation		
Present value of obligation at the start of the year	(3,255,783)	(2,980,558)
Current service cost	(4,721)	(5,205)
Past service cost	(536)	(183)
Interest on obligation	(109,229)	(129,006)
Contributions by plan participants	(149)	(253)
Benefits paid	161,742	150,692
Experience gain	18,428	16,989
Changes in financial assumptions gain/(loss)	90,416	(302,783)
Changes in demographic assumptions (loss)/gain	-	(5,476)
Present value of obligation at the end of the year	(3,099,832)	(3,255,783)

	2015	2014

22. PENSION COMMITMENTS (continued)

	£000	£000
Change in plan assets		
Fair value of plan assets at the start of the year	3,417,367	3,054,802
Interest income on assets	115,958	133,375
Contributions by the Company	65,114	29,322
Contributions by other employers	1,604	7,030
Contributions by plan participants	149	253
Benefits paid	(161,742)	(150,692)
Non-investment expenses	(3,131)	(3,035)
Return on plan assets (net of interest on assets)	(53,058)	346,312
Fair value of plan assets at the end of the year	3,382,261	3,417,367

The assets of the pension plans are invested predominantly in a diversified range of equities, bonds and property. Consequently the funding level of the pension plans is affected by movements in the level of equity markets and also by movements in interest rates. The Company monitors its exposure to changes in interest rates and equity markets. These measures are considered when deciding whether significant changes in investment strategy are required.

The assets of the plans are managed on a day-to-day basis by external specialist fund managers.

	2015 £000	2014 £000
Plan assets		
Equities	755,145	751,016
Bonds	2,133,311	2,182,945
Property	409,175	399,218
Cash and Other	84,630	84,188
TOTAL PLAN ASSETS	3,382,261	3,417,367

	2015 £000	2014 £000
Total fair value of plan assets	3,382,261	3,417,367
Present value of obligations - funded	(3,032,912)	(3,189,563)
Present value of obligations - unfunded	(66,920)	(66,220)
Surplus to be shown in the balance sheet	282,429	161,584
Comprising:		
- Deficits and unfunded post retirement healthcare obligations	(66,920)	(66,220)
- Surpluses	349,349	227,804
	282,429	161,584

22. PENSION COMMITMENTS (continued)

Total amount recognised in profit or loss

	2015 £000	2014 £000
Current service cost	(4,721)	(5,205)
Net interest on obligation/asset	6,729	4,369
Past service cost	(536)	(183)
Non-investment expenses paid from the plans	(3,131)	(3,035)
Contributions by other employers	1,604	7,030
Total expense recognised in profit or loss	(55)	2,976

Total amount recognised in other comprehensive income before tax

Actuarial gains/(losses)	90,416	(308,259)
Return on plan assets and experience gain on obligation	(34,630)	363,301
Total gain recognised in other comprehensive income	55,786	55,042

	2015 £000	2014 £000
Net defined benefit asset at the start of the year	161,584	74,244
Amounts recognised in profit or loss	(55)	2,976
Amounts recognised in other comprehensive income	55,786	55,042
Contributions by the Company	65,114	29,322
Net defined benefit asset at the end of the year	282,429	161,584

Principal actuarial assumptions at the Balance sheet date (rates per annum):

	2015 %	2014 %
Discount rate	3.7	3.4
Future salary increases	3.7	3.8
Future pension increases	2.6	2.6
Inflation assumption	3.0	3.0

22. PENSION COMMITMENTS (continued)

Average life expectancy in years of a pensioner retiring at aged 60:		
- for a male aged 60 now	26 years	26 years
- at 60 for a male aged 40 now	28 years	28 years

Sensitivity

The values reported for the defined benefit obligations are sensitive to the actuarial assumptions used for projecting future benefit payments and discounting those payments. In order to estimate the sensitivity of the obligations to changes in assumptions the obligations are recalculated using small changes to each of the key assumptions in isolation. The difference between this figure and the figure calculated using the stated assumptions is an indication of the sensitivity to changes in each assumption.

	increase of 0.5 percentage points	decrease of 0.5 percentage points
Approximate (increase)/decrease in obligations		
Discount rate	208,205	(223,184)
Inflation	(193,203)	181,809
Demographic – allowance for future improvements in longevity	(105,867)	105,867

23. COMMITMENTS UNDER OPERATING LEASES

The Company has leases over various London office properties. The remaining lease terms are between 2 and 14 years. Two of the properties were under sublease during the year. A third property has been sublet during 2016. Lease terms are renewable at the end of the lease at the prevailing market rate.

At 31 December 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	16,686	16,486
Later than 1 year and not later than 5 years	62,365	63,410
Later than 5 years	123,712	139,081
Total	202,763	218,977

Operating lease commitments on properties have been shown before deduction of any receipts from subleases. At 31 December 2015, total future minimum lease payments on non-cancellable sublease agreements came to £16,964,595.

24. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained within paragraph 8(k) of FRS 101, and has not disclosed transactions entered into with wholly-owned group entities.

Under the terms of the Rio Tinto Pension Fund Trust Deed, a fee is charged to the Rio Tinto Pension Fund in respect of the provision of services. During the year £6,629,578 (2014 - £8,094,368) was charged. At the end of the year there was no balance outstanding from the Rio Tinto Pension Fund (2014 - Nil).

25. CONTROLLING PARTY

The immediate parent undertaking is Rio Tinto European Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rio Tinto consolidated financial statements can be obtained from 6 St James's Square, London SW1Y 4AD, or from the Rio Tinto website at www.riotinto.com.

26. FIRST TIME ADOPTION OF FRS 101

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 101 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Fixed assets		120,619	-	120,619	48,625	-	48,625
Current assets	5	213,473	2,030	215,503	581,574	305	581,879
Creditors: amounts falling due within one year (A)		(82,862)	-	(82,862)	(164,801)	-	(164,801)
NET CURRENT ASSETS		130,611	2,030	132,641	416,773	305	417,078
TOTAL ASSETS LESS CURRENT LIABILITIES		251,230	2,030	253,260	465,398	305	465,703
Creditors: amounts falling due after more than one year (B)		(8,923)	-	(8,923)	(8,588)	-	(8,588)
Provisions for liabilities (B)	3	(27,171)	(14,849)	(42,020)	(23,818)	(32,317)	(56,135)
Pension (liability)/asset	2	(52,634)	126,878	74,244	(51,674)	213,258	161,584
NET ASSETS		162,502	114,059	276,561	381,318	181,246	562,564
Capital and reserves (A)		162,502	114,059	276,561	381,318	181,246	562,564

26. FIRST TIME ADOPTION OF FRS 101 (continued)

	Note	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Revenue		229,074	-	229,074
		229,074	-	229,074
Administrative expenses	2	(215,461)	6,008	(209,453)
OPERATING PROFIT		13,613	6,008	19,621
Profit on sale of fixed assets		206,518	-	206,518
Interest receivable and similar income		313	-	313
Interest payable and similar charges		(453)	-	(453)
Other finance income	2	6,531	(2,162)	4,369
Tax on profit on ordinary activities	4,5	1,407	(1,752)	(345)
PROFIT FOR THE FINANCIAL YEAR		227,929	2,094	230,023

A - In the balance sheet at 1 January 2014, an amount of £14 million that was previously recorded within 'Creditors, amounts falling due within one year' in error has been reclassified to 'Share based payment reserve', this is consistent with treatment adopted at 31 December 2014.

B - A provision for social security liabilities in relation to long term incentives granted was previously included within 'Creditors, amounts falling due after more than one year'; this has been reclassified to 'Provisions' in the balance sheet at 1 January 2014 (£8.8 million) and at 31 December 2014 (£7.9 million), which is considered to be a more appropriate classification.

Effect of transition

This is the first year that the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 31 December 2014 were prepared under the previously extant UK GAAP. The date of transition to FRS 101 for the Company is 1 January 2014. Set out above are reconciliations for both the balance sheet as at 1 January 2014 and 31 December 2014 and profit and loss account for the year ended 31 December 2014. The principal differences between the previously extant UK GAAP and FRS 101 impacting the Company's financial statements are as follows:

1 Intangible Assets - Computer software previously recorded as tangible fixed assets has been reclassified as intangible fixed assets in line with IAS 38 'Intangible assets'.

26. FIRST TIME ADOPTION OF FRS 101 (continued)

2 Post-retirement benefits - Previously, contributions to the two group pension schemes in which the company participates were charged to the profit and loss account as they were incurred. Under IAS 19 'Employee Benefits (revised 2011)' the Company has determined that it is the sponsoring employer and discloses the defined benefit surpluses and recognises any associated charges to the Statement of Comprehensive income.

Previously the Company recognised an expected return on defined benefit plan assets in the profit and loss account. Under IAS 19 'Employee benefits (revised 2011)' a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account.

3 Deferred tax on post-retirement benefits - previously, post retirement obligations were shown net of deferred taxes, under IAS 12, 'Income taxes', the deferred tax is separately disclosed.

4 Current tax on share based payments - previously, a current tax deduction on the exercise of share options was recognised in full in the profit and loss account. Under IAS 12 'Income taxes' the deduction has been recognised in the profit and loss account only to the extent that its value does not exceed the fair value charge for the option. Any deduction in excess of the cumulative fair value charge has been recognised in the statement of changes in equity.

5 Deferred tax on share based payments - previously, the recognition of the deferred tax asset in relation to share based payments was restricted to the cumulative share option expense charged to the profit and loss. Under IAS 12 'Income taxes', recognition of the deferred tax asset is not restricted. To the extent that the future tax deduction does not exceed the cumulative share option expense charged to the profit and loss, deferred tax is charged to the profit and loss account; the excess is recognised in the statement of changes in equity.