Registered number: 00460473

RIO TINTO LONDON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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RIO TINTO LONDON LIMITED

COMPANY INFORMATION

DIRECTORS	M D Andrewes E B Evans P L Cunningham U Quellmann
COMPANY SECRETARY	G J C Aldridge
REGISTERED NUMBER	00460473
REGISTERED OFFICE	2 Eastbourne Terrace London W2 6LG
INDEPENDENT AUDITOR	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

RIO TINTO LONDON LIMITED

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RIO TINTO LONDON LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report, the strategic report and the financial statements for the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 year, after taxation, amounted to £33,077,000 (2012 - loss £80,943,000).

No interim dividend was paid during the year (2012 - nil) and the directors do not recommend the payment of a final dividend (2012 - nil).

DIRECTORS

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

M D Andrewes (appointed 24 July 2013)
M P Bossick (appointed 20 May 2013 & resigned 24 July 2013)
E B Evans (appointed 1 July 2013)
J C Juggins (resigned 5 April 2013)
D S Larsen (resigned 31 March 2014)
B J S Mathews (resigned 3 May 2013)
U Quellmann
P L Cunningham (appointed 1 April 2014)

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. No amount has been paid under any of these indemnities during the year.

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.

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 2013 Annual Report which does not form part of this report.

EMPLOYMENT POLICIES

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 grounds of age, ethnic or social origin, politics, religion or disability.

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 make to offer suitable alternative employment and to assist with retraining.

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.

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. No amount has been paid under any of these indemnities during the year.

The Group has purchased directors' 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.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

AUDITOR

The auditor, Grant Thornton UK LLP, will be proposed for reappointment under section 487(2) of the Companies Act 2006.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

Rio Tinto London Limited ("the Company") is a wholly owned subsidiary of Rio Tinto European Holdings Limited and a member of the Rio Tinto Group ("the Group"). The Company acts as a service company for the Group.

BUSINESS REVIEW

The Company continues to provide management services to fellow members of the Rio Tinto 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.

In July 2012, the Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund. The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113.6 million of net pension liabilities. This was treated as a deemed distribution against the capital reserve.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are integrated with those of the Group and are not managed separately. The Group's risk factors and policies for financial risk management are also discussed in its 2013 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 on 15 September 2014 and signed on its behalf.

G J Aldridge

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G J C Aldridge
Secretary

2 Eastbourne Terrace
London
W2 6LG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO LONDON LIMITED

We have audited the financial statements of Rio Tinto London Limited for the year ended 31 December 2013, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO LONDON LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Grant Thornton UK LLP

David Miller (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

15 September 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	1	272,778	208,202
Administrative expenses		(301,861)	(295,096)
OPERATING LOSS	2	(29,083)	(86,894)
Interest receivable and similar income	6	725	7
Interest payable and similar charges	7	-	(193)
Other finance charges	8	(4,480)	(6,006)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(32,838)	(93,086)
Tax on loss on ordinary activities	9	(239)	12,143
LOSS FOR THE FINANCIAL YEAR	20	(33,077)	(80,943)

All amounts relate to continuing operations.

The notes on pages 10 to 37 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
LOSS FOR THE FINANCIAL YEAR		(33,077)	(80,943)
Actuarial gain/(loss) related to pension scheme	18	48,572	(35,272)
Deferred tax attributable to actuarial gain/(loss)	18	(11,008)	8,627
Deferred tax attributable to pension liability transfer	20	22,720	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		27,207	(107,588)

The notes on pages 10 to 37 form part of these financial statements.

RIO TINTO LONDON LIMITED
REGISTERED NUMBER: 00460473

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	10		93,816		65,523
Investments	11		26,803		29,487
			120,619		95,010
CURRENT ASSETS					
Debtors	13	213,473		395,431	
CREDITORS: amounts falling due within one year	14	(97,016)		(157,479)	
NET CURRENT ASSETS			116,457		237,952
TOTAL ASSETS LESS CURRENT LIABILITIES			237,076		332,962
CREDITORS: amounts falling due after more than one year	15		(17,672)		(18,974)
PROVISIONS FOR LIABILITIES					
Other provisions	17		(18,423)		(9,099)
NET ASSETS EXCLUDING PENSION SCHEME NET LIABILITIES			200,981		304,889
Defined benefit pension scheme liability	18		(52,634)		(81,336)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			148,347		223,553
CAPITAL AND RESERVES					
Called up share capital	19		4,800		4,800
Capital reserve	20		136,400		250,000
Share-based payments reserve	20		99,060		87,873
Profit and loss account	20		(91,913)		(119,120)
SHAREHOLDERS' FUNDS	21		148,347		223,553

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

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P L Cunningham
Director

Date: 15 September 2014

The notes on pages 10 to 37 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The directors have reviewed going concern and have concluded that the use of the going concern basis of accounting is appropriate. The directors have considered activities and future plans, and the particular business risks that might arise that could threaten the appropriateness of adopting the going concern basis of accounting. There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have reviewed the Company's existing accounting policies and consider that they are suitable. The principal accounting policies have been consistently applied.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover 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 meaningful to the users of the financial statements.

1.4 Investment income

Income from investments in subsidiary undertakings is recognised when the right to receive payment is established.

1. ACCOUNTING POLICIES (continued)

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant cash generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant unit.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

(i) Freehold properties

Depreciation is provided on a straight-line basis on freehold buildings on the basis of estimated life, subject to a maximum of 50 years. Freehold improvements are depreciated on completion of the construction work, at which point the related cost is transferred to freehold property.

(ii) Leasehold properties

These are amortised in equal instalments over the unexpired period of the lease. When a building is no longer in use, the respective assets are written down to net realisable value.

(iii) Fixtures, fittings and equipment

Depreciation is provided on a straight-line basis over estimated lives, with annual rates varying between 10% and 33%.

(iv) Capitalised software

Directly attributable costs are capitalised where there is a specific defined project. Costs include salaries and directly attributable third party costs. Depreciation is provided on a straight-line basis over estimated lives once the assets have come into use, with annual rates varying between 20% and 33%.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

1.8 Currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.9 Restructuring provisions

Restructuring provisions are provided for in the accounting period when the obligation arising from the restructuring 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.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Post-retirement benefits

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 13 March 2014.

1. ACCOUNTING POLICIES (continued)

The Company participates in a Group pension scheme in the UK. For members who joined before 1 April 2005 the scheme is of the defined benefit type. Members who joined on or after 1 April 2005 participate in a defined contribution section under the Group scheme. Pension costs are assessed in accordance with the advice of qualified independent actuaries.

Financial Reporting Standard ("FRS") 17 'Post-retirement benefits' was adopted in 2005. However, the contributions to the Rio Tinto Pension Fund are accounted for as if the scheme was a defined contribution scheme as the Company's contributions are set at a common level rather than reflecting the characteristics of the Company's workforce and the Company is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis.

Contributions to the scheme are charged to the profit and loss account as they are incurred.

The Company also operates an unfunded unapproved pension arrangement in the UK and post-retirement medical plans in the UK. FRS 17 'Post-retirement benefits' is applied, under which both the unfunded unapproved pension arrangement and the post-retirement medical plan are accounted for as defined benefit schemes. Values attributed to scheme liabilities are assessed in accordance with the advice of qualified independent actuaries.

The defined benefit schemes are funded directly by the Company. For defined benefit post-employment plans, the present value of the plan liabilities is recognised as a liability on the balance sheet. There are no plan assets within either scheme, with the exception of the Rio Tinto 2009 Pension Fund. Actuarial gains and losses arising in the year are taken to the Statement of Recognised Gains and Losses ("STRGL"). For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience, and adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Pension scheme liabilities have been measured using the projected unit method. Other movements in the deficit are recognised in the profit and loss account, including the current service cost, any past service cost and the effect of any curtailment or settlements. The interest cost is also charged to the profit and loss.

1.12 Share-based payments

The Company operates a number of equity-settled share-based compensation plans. The fair value of the options granted in exchange for employee services is recognised as an expense. 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.

Where employees of the Company are also eligible for share-based payment schemes operated by other companies within the Group who have neither a direct nor indirect ownership interest in the Company, provision is made for the fair value of awards at the grant date. The difference between the fair value at the grant date and any amount subsequently recharged to the Company is recognised directly in the profit and loss reserve.

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

2. OPERATING LOSS

The operating loss is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	6,085	4,403
Impairment of fixed assets	-	4,008
Difference on foreign exchange	4,343	982
Employment costs (see note 4)	162,669	164,781
Operating lease rentals - properties	6,823	7,509
Operating lease rentals - plant and machinery	883	763
Restructuring provision (see note 17)	10,812	5,363

3. AUDITORS' REMUNERATION

	2013 £000	2012 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	45	33

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013 £000	2012 £000
Wages and salaries	123,685	141,458
Social security costs	9,963	11,278
Other pension costs (note 18)	29,021	12,045
	162,669	164,781

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

	2013 No.	2012 No.
Employees	451	533

<u>Post-retirement benefits</u>

The Company participates in a Group pension scheme in the UK. In addition, the Company provides unfunded pensions and post retirement healthcare benefits to eligible employees. It also reimburses fellow Group companies for the pension cost of foreign employees seconded to it.

Refer to note 18 - Post-retirement benefits for further details.

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 2013 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 'FRS 20 - Share-based Payment'.

The charge that has been recognised in the profit and loss account for Rio Tinto's share-based compensation plans is set out in the table below.

	Charge recognised for the year	
	2013	2012
	£000	£000
Equity-settled plans	32,259	40,430

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

Share Savings Plans
Awards under these plans are settled in equity and accounted for accordingly. The fair value of each award on the day of grant was estimated using a lattice-based option valuation model, including allowance for the exercise price being at a discount to market price.

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 (SOP)
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. The performance conditions in relation to Total Shareholder Return (TSR) have been incorporated in the measurement of fair value for these awards by modelling the correlation between Rio Tinto's TSR and that of the index. The relationship between Rio Tinto's TSR and the index was simulated many thousands of times to derive a distribution which, in conjunction with the lattice-based option valuation model, was used to determine the fair value of the options.

No awards were granted under the Share Option Plans in 2013 as the LTIP 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.

Share Ownership Plan
The fair values of awards of Matching and Free Shares made by Rio Tinto are taken to be the market value of the shares on the date of purchase. These awards are settled in equity. The total fair value of shares awarded during the year was £1,073,000 (2012 - £873,000).

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 shared-based payment transactions.

For the awards or parts of awards with TSR performance conditions, the fair value (FV) of the awards was calculated using a Monte Carlo simulation model taking into account the TSR performance conditions. In each case fair values were adjusted for non receipt of dividends between grant date and date of vesting (excluding awards for executive directors and product group CEOs). One-third of the 2013 awards must satisfy an earnings target relative to ten global mining comparators for vesting. As this is a non-market related performance condition, under FRS 20, the fair value recognised is reviewed at each accounting date based on the directors' expectations for the proportion vesting. As at 31 December 2013 it was assumed 100 per cent of awards subject to the condition would vest. Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards (except for the 2009 awards which applied to senior executives only with no allowance for forfeitures).

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 and/or performance based conditions being met. In general, the awards will be settled in equity including the dividends accumulated from date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions. The fair value of each award on the day of grant is equal to the share price on the day of grant less a small adjustment for the timing of dividends. Forfeitures are assumed prior to vesting at five per cent per annum of outstanding awards.

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 were made from 2010 for the mandatory deferral of 50 per cent of the bonuses for executive directors and product group executives and 10 per cent of the bonuses for other executives in 2010 and 2011. For other executives, this mandatory deferral increased from 2012 to 25 per cent of the bonus.

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 the date of award to vesting. The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions. The fair value of each award on the day of grant is equal to share price on the day of grant less a small adjustment for the timing of dividends vesting. Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards.

Global Employee Share Plan

The Global Employee Share Plan was introduced during 2012. The company provides matching shares for each share purchased. The vesting of these matching awards is dependent on service conditions being met. These awards are settled in equity. The fair value of each matching share on the date of grant is equal to share price on the date of purchase. Forfeitures are assumed prior to vesting at five per cent per annum of outstanding awards.

Lattice-based option valuation model

The fair value of share options is estimated as at the date of grant using a lattice-based option valuation model. The significant assumptions used in the valuation model are disclosed below. Expected volatilities are based on the historical volatility of Rio Tinto's share returns under the UK and Australian listings. Historical data was used to estimate employee forfeiture and cancellation rates within the valuation model. Under the Share Option Plans, it is assumed that after options have vested, 20 per cent per annum of participants will exercise their options when the market is at least 20 per cent above the exercise price of the option. Participants in the Share Savings Plans are assumed to exercise their options immediately after vesting.

The implied lifetime of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate used in the valuation model is equal to the yield available on UK and Australian zero-coupon government bonds (for Rio Tinto plc and Limited options respectively) at the date of grant with a term equal to the expected term of the options.

Share Option Plan

Summary of options outstanding

	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years	Aggregate intrinsic value 2013 £000s
Options outstanding at 31 December 2013				
Rio Tinto plc Share Savings Plan (£21 - £29)	54,643	27.07	1.2	414
Rio Tinto plc Share Option Plan (£10 - £43)	872,503	28.12	5.3	6,992
Rio Tinto Limited Share Option Plan (A$18 - A$77)	67,121	48.32	4.1	226
	994,267			7,632

As at 31 December 2012, there were 2,107,613 options outstanding with an aggregate intrinsic value of £26,055,000.

	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years	Aggregate intrinsic value 2013 £000s
Options exercisable at 31 December 2013				
Rio Tinto plc Share Option Plan (£10 - £38)	586,447	23.44	4.2	6,992
Rio Tinto Limited Share Option Plan (A$17 - A$55)	67,121	48.32	4.1	226
	653,568			7,218

As at 31 December 2013, there were no options (2012 - no options) exercisable under either the Rio Tinto plc or the Rio Tinto Limited Share Savings Plans (with the exception of employees who leave the Company and are deemed to be 'good leavers' and therefore may be able to exercise their options early).

Performance Share Plan	2013 Number	Weighted average fair value at grant date 2013 £	2012 Number	Weighted average fair value at grant date 2012 £
Rio Tinto plc awards				
Non-vested shares at 1 January	924,639	30.40	878,577	33.67
Transfers	724	30.40	321	33.67
Awarded	452,564	19.06	254,024	24.67
Failed performance conditions	(242,842)	13.61	(177,487)	40.69
Vested	(77,479)	13.91	(30,796)	35.08
Non-vested shares at 31 December	1,057,606	27.91	924,639	30.40

	2013 Number	Weighted average fair value at grant date 2013 £	2012 Number	Weighted average fair value at grant date 2012 £
Shares issued in respect of vested awards during the year	77,479	34.69	30,796	36.40

	2013 Number	Weighted average fair value at grant date 2013 A$	2012 Number	Weighted average fair value at grant date 2012 A$
Rio Tinto Limited awards				
Non-vested shares at 1 January	88,477	60.46	108,402	71.24
Transfers	-	60.46	-	71.24
Awarded	34,688	36.17	21,493	44.79
Failed performance conditions	(1,352)	32.74	(32,157)	89.65
Vested	-	32.74	(9,261)	82.61
Non-vested shares at 31 December	121,813	53.29	88,477	60.46

	2013 Number	Weighted average share price 2013 A$	2012 Number	Weighted average share price 2012 A$
Shares issued in respect of vested awards during the year	-	69.03	9,261	67.01

Management Share Plan and Bonus Deferral Plan	2013 Number	Weighted average fair value at grant date 2013 £	2012 Number	Weighted average fair value at grant date 2012 £
Rio Tinto plc awards				
Non-vested shares at 1 January	454,012	37.21	515,660	30.05
Transfers	1,396	37.21	1,558	30.05
Awarded	199,680	29.09	172,382	35.48
Forfeited	(53,890)	34.13	(8,871)	37.68
Expired	(21,337)	36.97	(3,889)	17.32
Vested	(188,832)	36.61	(222,828)	20.34
Non-vested shares at 31 December	391,029	32.72	454,012	37.21
Comprising of:				
- Management Share Plan	305,704	33.38	348,763	37.12
- Bonus Deferral Plan	78,714	32.20	105,249	37.90
- Global Employee Share Plan	6,611	29.23	-	-

	2013 Number	Weighted average share price 2013 £	2012 Number	Weighted average share price 2012 £
Shares issued in respect of vested awards during the year (including dividend shares applied on vesting)				
- Management Share Plan	153,463	33.82	228,659	35.63
-Bonus Deferral Plan	47,957	32.23	2,357	33.87
- Global Employee Share Plan	900	30.92	-	-

Management Share Plan and Bonus Deferral Plan	2013 Number	Weighted average fair value at grant date 2013 A$	2012 Number	Weighted average fair value at grant date 2012 A$
Rio Tinto Limited awards				
Non-vested shares at 1 January	52,066	71.73	73,964	65.23
Awarded	30,922	55.36	24,383	64.16
Forfeited	(1,435)	62.36	-	-
Vested	(14,959)	73.17	(46,281)	48.60
Non-vested shares at 31 December	66,594	61.64	52,066	71.73
Comprising of:				
- Management Share Plan	52,886	62.93	43,776	71.96
- Bonus Deferral Plan	13,708	59.10	8,290	69.74

	2013 Number	Weighted average share price 2013 A$	2012 Number	Weighted average share price 2012 A$
Shares issued in respect of vested awards during the year (including dividend shares applied on vesting)				
Management Share Plan	14,079	65.09	47,583	65.30
Bonus Deferral Plan	1,572	64.77	-	69.74

5. DIRECTORS' REMUNERATION

	2013 £000	2012 £000
Remuneration	1,596	1,712
Company pension contributions to defined contribution pension schemes	36	36

During the year retirement benefits were accruing to 3 directors (2012 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £560,000 (2012 - £650,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2012 - £9,000).

The total accrued pension provision of the highest paid director at 31 December 2013 amounted to £130,292 (2012 - £132,000).

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2013 amounted to £28,000 (2012- £38,000).

The number of directors who exercised share options was 2 (2012 - 1).

6. INTEREST RECEIVABLE

	2013 £000	2012 £000
Interest receivable from group companies	416	-
Other interest receivable	309	7
	725	7

7. INTEREST PAYABLE

	2013 £000	2012 £000
On other loans	-	34
On loans from group undertakings	-	159
	-	193

8. OTHER FINANCE CHARGES

	2013 £000	2012 £000
Post-retirement benefits - other finance costs - note 18 (e)	4,480	6,006

9. TAXATION

	2013 £000	2012 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(11,932)	(22,047)
Deferred tax		
Origination and reversal of timing differences	9,086	6,602
Effect of increased tax rate on opening liability	3,085	3,302
Total deferred tax	12,171	9,904
Tax on loss on ordinary activities	239	(12,143)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Loss on ordinary activities before tax	(32,838)	(93,086)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(7,635)	(22,806)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,437	696
Capital allowances for year in excess of depreciation	-	1,490
Higher rate taxes on overseas earnings	53	34
Non-taxable income	-	(316)
Changes in provisions leading to a decrease in the tax charge	(9,774)	(7,115)
Tax increase arising from exercise of employee options	1,538	6,172
Group relief	2,449	(202)
Current tax credit for the year	(11,932)	(22,047)

Factors that may affect future tax charges

Reductions to the main rate of UK corporation tax, to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013.

10. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Fixtures, Fittings & Equipment £000	Capitalised Software £000	Total £000
Cost				
At 1 January 2013	75,359	5,919	8,840	90,118
Additions	34,743	-	15	34,758
Disposals	-	(1,913)	-	(1,913)
At 31 December 2013	110,102	4,006	8,855	122,963
Depreciation				
At 1 January 2013	13,031	4,077	7,487	24,595
Charge for the year	4,747	287	1,051	6,085
On disposals	-	(1,533)	-	(1,533)
At 31 December 2013	17,778	2,831	8,538	29,147
Net book value				
At 31 December 2013	92,324	1,175	317	93,816
At 31 December 2012	62,328	1,842	1,353	65,523

The net book value of land and buildings (including refurbishment costs) comprises:

	2013 £000	2012 £000
Freehold land & buildings	83,011	48,672
Leasehold land & buildings - all less than 50 years	9,313	13,656
	92,324	62,328

Freehold land and buildings mainly comprise the cost of a central London office building purchased in 1975 and the adjacent property purchased in 2006, less depreciation. The directors have not commissioned a valuation in use of the buildings, but are confident that the market value is substantially greater than the net book value. These buildings are currently in the process of being redeveloped and no depreciation was charged in 2013 (2012 - nil).

Leasehold land and buildings relate to improvements undertaken to short lease offices. During the year, an impairment charge of £nil (2012 - £4,008,000) was recognised against one of the short lease offices following on from a decision to close the office. A provision has also been made relating to the office closure costs and is based on the discounted value of net rental obligations up until 2026 (see note 17). An additional provision has been made during the year relating to the office closure costs and is based on the discounted value of net rental obligations up until 2027 (see note 17).

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Listed investments £000	Total £000
Cost or valuation			
At 1 January 2013	100	29,487	29,587
Additions	-	28,213	28,213
Disposals	(100)	(30,897)	(30,997)
At 31 December 2013	-	26,803	26,803
Impairment			
At 1 January 2013	100	-	100
Disposals	(100)	-	(100)
At 31 December 2013	-	-	-
Net book value			
At 31 December 2013	-	26,803	26,803
At 31 December 2012	-	29,487	29,487

Listed investments

Listed investments comprise 771,201 (2012 - 833,558) ordinary shares of Rio Tinto plc held under the Employee Share Ownership Plan.The market value of the listed investments at 31 December 2013 was £27,654,653 (2012 - £29,274,557).

12. PRINCIPAL SUBSIDIARIES

Company name	Country of incorporation	Percentage Shareholding	Description
Rio Tinto Marketing Services Limited	England and Wales	100	Group services - Ordinary shares of £1 each
Rio Tinto Overseas Services Limited	England and Wales	100	Group services - Ordinary shares of £1 each

Rio Tinto Overseas Services Limited was struck off the Register of Companies on 22 January 2013 following an application by the directors.

13. DEBTORS

	2013 £000	2012 £000
Amounts owed by Group undertakings	167,600	360,698
Other debtors	12,329	2,003
Prepayments	1,584	1,366
Corporation tax	12,000	22,081
Deferred tax asset (see note 16)	19,960	9,283
	213,473	395,431

Of the amounts owed by Group undertakings, an amount of £4,455,000 (2012 - £194,720,000) receives interest at GBP 1 month LIBOR less 5 basis points and is repayable on demand. All other amounts are non-interest bearing and repayable on demand.

14. CREDITORS:
Amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	-	7
Amounts owed to Group undertakings	17,738	84,002
Other creditors	49,111	47,499
Accruals	30,167	25,971
	97,016	157,479

No amounts owed to Group undertakings are interest bearing.

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

	2013 £000	2012 £000
Accruals	17,672	18,974

Included in accruals are £8,748,000 (2012 - £10,487,000) of social security liabilities in relation to long term incentives granted and accruals due to an operating lease having an initial rent free period of £8,923,000 (2012 - £8,487,000).

16. DEFERRED TAX ASSET

	2013 £000	2012 £000
At beginning of year	9,283	12,979
Credited/(charged) during year (P&L)	10,677	(3,696)
At end of year	19,960	9,283

16. DEFERRED TAX ASSET (continued)

The deferred tax asset is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	483	774
Short term timing differences	(18)	(20)
Pension spreading	(14,945)	(2,736)
Other timing differences - Share based payments	(5,480)	(7,301)
	(19,960)	(9,283)

17. PROVISIONS

	Restructuring provision £000
At 1 January 2013	9,099
Additions	10,812
Amounts used	(1,488)
At 31 December 2013	18,423

Restructuring provision

The opening provision relates to office closure costs across two premises and is based on the discounted value of net rental obligations up until 2026.

In June 2013, the Group announced the relocation of the London office from 2 Eastbourne Terrace to 6 St James' Square by Q1 2015. The current lease on 2 Eastbourne Terrace will expire in 2027 therefore the operating lease will become onerous. An additional provision was raised during the year to reflect this and is based on the discounted value of net rental obligations up until 2027.

18. POST-RETIREMENT BENEFITS

a) UK Funded Pension Scheme

The Company participates in a group pension arrangement in the UK, The Rio Tinto Pension Fund ('the Fund'). Members who joined the Fund before 1 April 2005 participate on a defined benefit basis. Members who join the Fund on or after 1 April 2005 participate on a defined contribution basis. The assets of the Fund are held under Trust.

The contributions paid by the Company are accounted for as if the Fund were a defined contribution arrangement, as the Company is unable to identify its share of the underlying assets and liabilities in the Fund.

The cost of contributions to the Fund amounted to £21,299,000 (2012 - £4,845,000).

The last Trustee funding actuarial review was conducted with an effective date of 31 March 2012. The requirement for the Company to pay contributions is reviewed on a quarterly basis.

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2013 under IAS 19 'Employee Benefits' and on this basis the Fund had a surplus of US$228.0 million (2012 - US$133.4 million). The existence of this surplus does not affect the rate at which the Company pays contributions as this is determined by the normal Trustee funding actuarial valuation.

b) UK Unfunded Pension Arrangement

The Company operates an unfunded unapproved pension arrangement in the UK. A full actuarial valuation was carried out at 31 December 2013 by an independent qualified actuary. The major assumptions used by the actuary were:

	2013 £000	2012 £000
Assumptions		
RPI inflation	3.4%	2.9%
Discount rate	4.5%	4.3%
Pension increases in payments	3.4%	2.9%
General salary increases	5.4%	4.9%
Life expectancy of male aged 65 at the valuation date	21.5 years	21.7 years
Life expectancy of male aged 65 in 20 years time	23.2 years	23.4 years

	2013 £000	2012 £000
Present value of defined benefit obligation	(50,793)	(44,495)
Fair value of scheme assets	-	-
Deficit in the scheme	(50,793)	(44,495)

b) UK Unfunded Pension Arrangement (continued)

	2013 £000	2012 £000
Gross pension liability	(50,793)	(44,495)
Related deferred tax asset at 20% (2012 - 23%)	10,158	10,234
Net pension liability	(40,635)	(34,261)

Analysis of amounts charged to operating loss

	2013 £000	2012 £000
Employer's part of current service cost	(2,236)	(2,627)

Analysis of amounts charged to other finance charges

	2013 £000	2012 £000
Interest on pension scheme liability	(1,893)	(1,851)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2013 £000	2012 £000
Actuarial losses	(3,143)	(2,416)

Reconciliation of present value of defined benefit obligation

	2013 £000	2012 £000
Deficit in the scheme at the beginning of the year	(44,495)	(38,574)
Movement in the year:		
Employer's part of current service costs	(2,236)	(2,627)
Benefits paid	974	973
Net finance charge	(1,893)	(1,851)
Actuarial losses recognised in the statement of total recognised gains and losses	(3,143)	(2,416)
Deficit in the scheme at the end of the year	(50,793)	(44,495)

b) UK Unfunded Pension Arrangement (continued)

History of experience gains and losses

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of defined benefit obligation	(50,793)	(44,495)	(38,574)	(33,272)	(30,581)
Fair value of scheme assets	-	-	-	-	-
Deficit	(50,793)	(44,495)	(38,574)	(33,272)	(30,581)

Experience adjustments on defined benefit obligation

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Amount of gain/(loss)	1,045	74	(375)	887	448
Percentage of scheme liabilities	2%	0%	1%	(1%)	(1%)

c) UK Post-Retirement Healthcare Plan

The Company operates a post-retirement medical plan in the UK. A full actuarial valuation was carried out at 31 December 2013 by an independent qualified actuary. The major assumptions used by the actuary were:

Assumptions	2013	2012
RPI inflation	3.4%	2.9%
Discount rate	4.5%	4.3%
Real medical trend inflation in the short-term	2.5%	2.5%
Real medical trend inflation in the long-term	2.5%	2.5%
Life expectancy of male aged 65 at the valuation date	21.5 years	21.7 years
Life expectancy of male aged 65 in 20 years time	23.2 years	23.4 years

	2013 £000	2012 £000
Present value of defined obligation	(11,407)	(12,434)
Fair value of scheme assets	-	-
Deficit in the scheme	(11,407)	(12,434)

	2013 £000	2012 £000
Gross pension liability	(11,407)	(12,434)
Related deferred tax asset at 20% (2012 - 23%)	2,281	2,860
Net pension liability	(9,126)	(9,574)

c) UK Post-Retirement Healthcare Plan (continued)

Analysis of amounts charged to other finance charges

	2013 £000	2012 £000
Interest on pension scheme liability	(518)	(593)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2013 £000	2012 £000
Actuarial gains	750	365

Reconciliation of present value of defined benefit obligation

	2013 £000	2012 £000
Deficit in the scheme at the beginning of the year	(12,434)	(13,011)
Movement in the year:		
Employer's part of current service costs	-	-
Benefits paid	795	805
Net finance charge	(518)	(593)
Actuarial gains recognised in the statement of total recognised gains and losses	750	365
Deficit in the scheme at the end of the year	(11,407)	(12,434)

History of experience gains and losses

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of defined benefit obligation	(11,407)	(12,434)	(13,011)	(11,291)	(12,183)
Fair value of scheme assets	-	-	-	-	-
Deficit	(11,407)	(12,434)	(13,011)	(11,291)	(12,183)

Experience adjustments on defined benefit obligation

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Amount of gain/(loss)	850	834	(2,156)	815	692
Percentage of scheme liabilities	7%	7%	16%	(7%)	(6%)

c) UK Post-Retirement Healthcare Plan (continued)

Sensitivity of results to medical expense inflation assumption
An increase of 1% in the assumed medical cost trend rates would increase the benefit obligation for these plans by £1.4 million (2012 - £1.2 million). A decrease of 1% in the assumed medical cost rates would decrease the benefit obligation for these plans by £1.2 million (2012 - £1.1 million).

d) Rio Tinto 2009 Pension Fund

In December 2009, the Company established an additional fund known as the Rio Tinto 2009 Pension Fund ('the Fund') to accommodate former deferred and pensioner members of the Alcan Packaging Pension Plan ('APP'). The fund initially had nine active members who were former employees of the Beauty Packaging business who transferred their employment to Rio Tinto London Limited when the Beauty Packaging business was sold.

On 28 February 2013 approximately 11,900 former deferred and pensioner members of the British Alcan Pension Plan ('BAPP') were transferred to the Fund. Nine active members also transferred from the BAPP to the Fund during the period 1 December 2012 to 28 February 2013.

To reflect the increased liabilities of £1,127million the Fund received assets of £1,014 million from the BAPP, together with an additional contribution of £53.8 million from the Company. The net pension liabilities transferred in of £113.6 million were treated as a deemed distribution against capital reserves.

The assets of the 2009 Fund are held under Trust.

Rio Tinto London Limited is the only employer in the Fund and it therefore accounts for the Fund in accordance with FRS 17.

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2013 under FRS 17 and on this basis the 2009 Fund had a deficit of £2,874,000 (2012 - £37,501,000) which is reflected on the balance sheet.

Amounts recognised in the balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(1,778,073)	(693,188)
Fair value of plan assets	1,774,480	644,486
Deficit in the scheme	(3,593)	(48,702)
Related deferred tax asset at 20% (2012 - 23%)	719	11,201
Net pension liability	(2,874)	(37,501)

d) Rio Tinto 2009 Pension Fund (continued)

Analysis of amounts charged to operating loss

	2013 £000	2012 £000
Current service cost	(240)	(7)
Past service cost	(18)	-
	(258)	(7)

Analysis of amounts charged to other finance charges

	2013 £000	2012 £000
Interest on pension scheme liabilities	(71,714)	(29,766)
Expected return on plan assets	69,645	26,204
Total other finance charges	(2,069)	(3,562)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2013 £000	2012 £000
Actuarial gains/(losses)	50,965	(33,221)

The movement in the defined benefits obligations during the year is as follows:

	2013 £000	2012 £000
Benefit obligation at the beginning of the year	(693,188)	(650,032)
Liabilities transferred in	(1,127,700)	-
Current service cost	(240)	(7)
Past service cost	(18)	-
Interest cost	(71,714)	(29,766)
Plan participants' contributions	(57)	(2)
Actuarial gains/(losses)	40,312	(46,827)
Benefits paid	74,532	33,446
Benefit obligation at the end of the year	(1,778,073)	(693,188)

d) Rio Tinto 2009 Pension Fund (continued)

The movement in the fair value of plan assets during the year is as follows:

	2013 £000	2012 £000
Fair value of plan assets at the beginning of the year	644,486	614,114
Assets transferred in	1,014,100	-
Expected return on plan assets	69,645	26,204
Actuarial gains	10,653	13,606
Employer contributions	110,071	24,006
Member contributions	57	2
Benefits paid	(74,532)	(33,446)
Fair value of plan assets at the end of the year	1,774,480	644,486

Plan assets comprise the following:

	Expected rate of return 2013	Plan assets as a percentage of total scheme assets 2013	Expected rate of return 2012	Plan assets as a percentage of total scheme assets 2012
Equity	7.1%	35%	7.1%	32%
Properties	5.4%	6%	5.0%	6%
Corporate bonds	4.4%	19%	4.3%	21%
Gilts, cash and other	3.6%	40%	2.8%	41%

To develop the expected long term rate of return on assets, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each investment class. The expected return for each asset was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The actual return on plan assets was £80,298,000 (2012 - £39,810,000).

d) Rio Tinto 2009 Pension Fund (continued)

Assumptions:

	2013	2012
The principal actuarial assumptions used to determine benefit obligations were as follows:		
Discount rate	4.4%	4.3%
The principal actuarial assumptions used to determine net pension cost were as follows:		
Discount rate	4.3%	4.7%
Expected long term return on plan assets	4.3%	4.3%
Rate of compensation increase	-	-

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions are based on S1NA tables and CMI 2011 projections.

These tables translate into an average life expectancy in years of a pensioner retiring at age 65 of:

	2013 Male	2012 Male	2013 Female	2012 Female
Member age 65 (current life expectancy)	21.9	22.4	24.2	24.3
Member age 45 (life expectancy at age 65)	23.6	24.2	26.1	26.2

Three year history from inception

	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligation	(1,778,073)	(693,188)	(650,032)
Fair value of scheme assets	1,774,480	644,486	614,114
Deficit	(3,593)	(48,702)	(35,918)
Difference between actual and expected return on scheme assets	10,653	13,606	26,288
Percentage of scheme assets	1%	2%	4%
Total amount recognised in the statement of total recognised gains and losses	50,965	(33,221)	(25,065)
Percentage of scheme liabilities	3%	(5%)	(4%)

For the year to 31 December 2013, the Company made normal contributions of 19.7% (2012 - 19.7%) of members' pensionable earnings and an additional £56 million (2012 - £24 million). On 14 March 2013 the Company made a top-up payment of £53.8 million in order to restore the funding level of the Rio Tinto 2009 Pension Fund to the level prior to accepting the transfer of certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund.

e) Post-Retirement Benefit Summary

	2013 £000	2012 £000
UK unfunded pension - other finance costs	(1,893)	(1,851)
UK post-retirement healthcare plan - other finance costs	(518)	(593)
Rio Tinto 2009 Pension Fund - interest cost	(71,714)	(29,766)
Rio Tinto 2009 Pension Fund - expected return on plan assets	69,645	26,204
Total post-retirement benefit - other finance costs - note 8	(4,480)	(6,006)

Summary of post-retirement benefit - pension costs

	2013 £000	2012 £000
UK funded pension - note 18 (a)	(21,299)	(4,845)
UK unfunded pension - current service cost - note 18 (b)	(2,236)	(2,627)
UK post-retirement healthcare plan - current service cost - note 18 (c)	-	-
Rio Tinto 2009 Pension Fund - past service cost - note 18 (d)	(18)	-
Rio Tinto 2009 Pension Fund - current service cost - note 18 (d)	(240)	(7)
Other pension costs	(5,228)	(4,566)
Total post-retirement benefit - other pension costs - note 4	(29,021)	(12,045)

Summary of post-retirement benefit - balance sheet liability

	2013 £000	2012 £000
UK unfunded pension arrangement - note 18 (b)	(50,793)	(44,495)
UK post-retirement healthcare plan - note 18 (c)	(11,407)	(12,434)
Rio Tinto 2009 Pension Fund - note 18 (d)	(3,593)	(48,702)
less deferred tax (see below)	13,159	24,295
Net post-retirement benefit liability	(52,634)	(81,336)

Movement in deferred tax asset on post-retirement benefits

	2013 £000	2012 £000
At 1 January	24,295	21,876
Deferred tax charge in profit and loss account	(22,848)	(6,208)
Deferred tax charge in equity	11,712	8,627
At 31 December	13,159	24,295

19. SHARE CAPITAL

	2013 £000	2012 £000
Allotted, called up and fully paid		
4,800,000 Ordinary shares of £1 each	4,800	4,800

20. RESERVES

	Capital reserve £000	Share-based payments reserve £000	Profit and loss account £000
At 1 January 2013	250,000	87,873	(119,120)
Loss for the financial year	-	-	(33,077)
Pension reserve movement - net of deferred tax	-	-	60,284
Deemed distribution	(113,600)	-	-
Share-based payments movement	-	11,187	-
At 31 December 2013	136,400	99,060	(91,913)

The Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund. The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113.6 million of net pension liabilities. This was treated as a deemed distribution against the capital reserve. The £22.7 million deferred tax asset recognised on the acquisition of £113.6 million of net pension liabilities has been treated as a pension reserve movement.

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	223,553	65,950
Loss for the financial year	(33,077)	(80,943)
Pension reserve movement net of deferred tax	60,284	(26,645)
Share-based payments movement	11,187	15,191
(Deemed distribution)/Capital contribution	(113,600)	250,000
Closing shareholders' funds	148,347	223,553

22. CAPITAL COMMITMENTS

At 31 December 2013 the Company had capital commitments as follows:

	2013 £000	2012 £000
Commitment relating to the re-development of freehold property (note 10)	34,500	40,500

23. OPERATING LEASE COMMITMENTS

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Plant and equipment	
	2013 £000	2012(a) £000	2013 £000	2012 £000
Expiry date:				
Within 1 year	-	-	41	46
Between 2 and 5 years	617	617	102	260
After more than 5 years	6,548	6,536	-	-
	7,165	7,153	143	306

a) Land and buildings has been restated to £7,153,000 for 2012 to reflect the onerous leases which were excluded in the 2012 statutory accounts.

24. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 8 from disclosing related party transactions between two or more members of the Group, where all subsidiaries which are party to the transaction are wholly owned by the Group.

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 £5,813,000 (2012 - £5,877,000) was charged. At the end of the year £138,016 was outstanding from the Rio Tinto Pension Fund (2012 - £903,000).

Under arrangements made as part of a sale and purchase agreement dated 4 January 2011, Rio Tinto London Limited agreed to support Constellium Holdco B.V. (formerly Omega Holdco B.V.) and its subsidiaries in their IT infrastructure. The Company charged £nil (2012 - £62,000) of which there was no outstanding balance at 31 December 2013 (2012 - £52,000).

25. ULTIMATE PARENT UNDERTAKING AND 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 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.