Registration number: 00460473

RIO TINTO LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

RIO TINTO LONDON LIMITED

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RIO TINTO LONDON LIMITED

COMPANY INFORMATION

DIRECTORS	P L Cunningham M P Bossick P I Hedley S P Allen
COMPANY SECRETARY	Rio Tinto Secretariat Limited
REGISTRATION NUMBER	00460473
REGISTERED OFFICE	6 St James's Square London United Kingdom SW1Y 4AD
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their Strategic report on Rio Tinto London Limited (the "Company") for the year ended 31 December 2017.

Introduction

The Company was incorporated, domiciled and registered in England and Wales under the Companies Act 2006 and is a private company limited by shares. The Company's ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group (the "Group").

Business review

The Company's principal continuing activities during the year were to perform services on behalf of other Group companies and to be the sponsoring employer for a number of UK pension schemes.

The level of services performed, measured by revenue received, has reduced compared with the prior year. The Company's costs were also reduced due to: lower employee numbers, higher service fees, reduced onerous contracts, a decrease in travel activity and the elimination of minor price variances.

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 2017 Annual Report which does not form part of this report.

Key performance indicators

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

The report was approved by the board and signed on its behalf by:

....
P L Cunningham
Director

Date: 28 SEPTEMBER 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Results and dividends
The loss for the financial year was £14,245,000 (2016: restated profit of £7,988,000).

No interim dividend was paid during the year (2016: £nil). The directors do not recommend the payment of a final dividend (2016: £nil).

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

P L Cunningham

M P Bossick (appointed 5 May 2017)

P I Hedley (appointed 5 May 2017)

S P Allen (appointed 25 October 2017)

M D Andrewes (resigned 5 May 2017)

V E Hames (resigned 30 September 2017)

The directors had no material interest in any contract or arrangement during the year to which the Company or any subsidiary is, or was, a party.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the 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 financial statements comply with the Companies Act 2006.

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

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 Group 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. All of the directors of the Company have been indemnified by Rio Tinto plc against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined by section 234 of the Companies Act 2006. No amounts have been paid under any of these indemnities during the year.

In accordance with section 233 of the Companies Act 2006 the Company has also purchased and maintains insurance against liabilities arising from claims against directors' and officers' actions taken in connection with the Group's business.

Principal activities

The principal activities of the Company are to be a sponsoring employer for a number of UK pension schemes and to perform services on behalf of other Group companies.

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.

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.

Employment of disabled persons

The Company employs people with disabilities and makes considerable efforts to offer suitable alternative employment and retraining to employees who become disabled and can no longer perform their regular duties.

Post balance sheet events

The Group signalled its intent in June 2018 to reduce the office space it utilises in a London office property. This resulted in an additional £17.7m onerous lease provision which has been recognised by the Company in June 2018.

The Company has also recognised a severance provision of £6.7m in June 2018, as part of Operating Model review.

There have been no other significant events affecting the Company since the year end.

Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2017 Annual Report, which does not form part of this report.

Disclosure of information to auditors

Each of the persons who were 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.

Independent auditors
The auditors, 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 by order of the board:

STEVE ALLEN
....

Director, for and behalf of Rio Tinto Secretariat Limited
Company secretary

Date: 28 SEPTEMBER 2018

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO LONDON LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Rio Tinto London Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO LONDON LIMITED (CONTINUED)

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

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

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

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors' responsiblities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO LONDON LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

N. Comello

....
Nigel Comello (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 28 SEPTEMBER 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	(*As restated) 2016 £'000
Revenue	3	230,890	249,449
Staff costs	4	(113,583)	(127,894)
Service fees		(91,935)	(82,577)
Other expenses		(30,284)	(25,327)
Operating lease expenses		(16,889)	(15,502)
Depreciation and amortisation		(2,966)	(2,918)
Net exchange (losses)/gains		(9)	4,679
Finance income	5	11,081	12,072
Finance costs		(843)	-
(Loss)/profit before taxation		**(14,538)**	**11,982**
Taxation	9	293	(3,994)
(Loss)/profit for the financial year		**(14,245)**	**7,988**
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit schemes	21	85,701	28,261
Movements on deferred tax relating to pension scheme	19	(14,723)	(4,193)
Other comprehensive income		70,978	24,068
Total comprehensive income for the year		56,733	32,056

*See note 1.21 for an explanation of prior year adjustments.

RIO TINTO LONDON LIMITED

(REGISTERED NUMBER: 00460473)
BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 £'000	(*As restated) 2016 £'000
ASSETS			
Non-current assets			
Trade and other receivables	10	15,801	12,039
Property, plant and equipment	11	25,762	27,154
Intangible assets	12	2,183	2,935
Investments in employee share trusts	13	39,644	27,762
Pension assets	14	507,341	381,502
		590,731	451,392
Current assets			
Trade and other receivables	15	297,608	359,431
Total assets		**888,339**	**810,823**
LIABILITIES			
Current liabilities			
Trade and other payables	16	(89,939)	(117,178)
Provisions	17	(16,186)	(14,589)
Borrowings and other financial liabilities		(333)	-
		(106,458)	(131,767)
Non-current liabilities			
Trade and other payables	18	(16,963)	(7,175)
Provisions	17	(16,488)	(14,606)
Deferred tax liabilities	19	(66,122)	(49,290)
		(99,573)	(71,071)
Total liabilities		**(206,031)**	**(202,838)**
Net assets		**682,308**	**607,985**
EQUITY			
Share capital	20	4,800	4,800
Share based payments reserve		171,460	160,588
Capital reserve		136,400	136,400
Retained earnings		369,648	306,197
Total equity		**682,308**	**607,985**

*See note 1.21 for an explanation of prior year adjustments.

These financial statements were approved and authorised by the board and were signed on its behalf by:

....

P L Cunningham
Director

Date: 28 SEPTEMBER 2018

The notes on pages 13 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Capital reserve £'000	Share based payments reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	4,800	136,400	160,588	306,197	607,985
Loss for the year	-	-	-	(14,245)	(14,245)
Total comprehensive income for the year	-	-	-	(14,245)	(14,245)
Other comprehensive income:					
Actuarial gains on pension plans	-	-	-	85,701	85,701
Deferred tax on pension plans	-	-	-	(14,723)	(14,723)
Total other comprehensive income for the year	-	-	-	70,978	70,978
Transactions with owners:					
Movement in deferred tax through equity	-	-	-	6,119	6,119
Movement in current tax through equity	-	-	-	599	599
Employee share options and other IFRS 2	-	-	10,872	-	10,872
	-	-	10,872	6,718	17,590
At 31 December 2017	4,800	136,400	171,460	369,648	682,308

The notes on pages 13 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	Share capital £'000	Capital reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	4,800	136,400	143,981	274,106	559,287
Profit for the year (as restated*)	-	-	-	7,988	7,988
Total comprehensive income for the year	-	-	-	7,988	7,988
Other comprehensive income:					
Actuarial gains on pension plans	-	-	-	28,261	28,261
Deferred tax on pension plans	-	-	-	(4,193)	(4,193)
Total other comprehensive income for the year	-	-	-	24,068	24,068
Transactions with owners:					
Movement in current tax through equity	-	-	-	35	35
Employee share options and other IFRS 2	-	-	16,607	-	16,607
	-	-	16,607	35	16,642
At 31 December 2016 (as restated*)	4,800	136,400	160,588	306,197	607,985

*See note 1.21 for an explanation of prior year adjustments.

1 Accounting policies and correction of prior period errors

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation of financial statements

The financial statements have been prepared using the historical cost convention, and in accordance with the Companies Act 2006, as applicable to Companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company is a subsidiary Company and is exempt from the requirement to prepare consolidated 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 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; and
- 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 Group consolidated financial statements which can be obtained as set out in Note 24.

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 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Pound Sterling (£), which is the Company's functional and presentation currency.

(b) Transactions and balances
Transactions denominated in other currencies are converted to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates. 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.

1.5 Revenue recognition
The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) 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.

(b) Management fees and other recoveries
Management fees are charges to related parties for corporate services, global business services, people and organisational support, and technology and innovation. Recoveries comprise charges to related and external parties for the rendering of administration and general services.

1.6 Dividend income
Dividend income is recognised when the right to receive payment is established.

1.7 Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

1.8 Employee benefits

(a) 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, 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.

The Company does not operate any plans as cash-settled. However the Performance Share Plan can, at the discretion of the directors, offer employees an equivalent amount in cash. This is not standard practice.

1.9 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.

1.10 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 the wider UK group, after taking account of specific risk factors that are expected to affect the recovery of these assets.

1.11 Property, plant and equipment

Property plant and equipment 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

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. Land is not depreciated. The estimated useful life ranges are as follows:

Asset class	**Useful life and rate**
Land and buildings	15-20 years
Furniture, fittings and equipment	5-10 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.

1.12 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

1.13 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.

1.14 Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that impairment has occurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtors;
- probability that the debtor will enter bankruptcy or financial reorganisation; or
- default or delinquency in payments.

1.15 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

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.

1.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.17 Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense

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.

1.18 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 assumptions are 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 assumptions are 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.

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.

1.19 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight line basis over the period of the lease.

1.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.21 Prior period adjustments

During the year, a review of prior period carried forward adjustments identified:

A

- Amounts due to group undertakings relating to intercompany staff costs were understated by £16,441,000 due to an error made in reconciling retained earnings. Tax charge for the year increased by $479,000 as a result of this correction.
- Other payables were overstated by £7,860,000 due to not considering all related general ledger codes when adjusting the provision for national insurance on shared based payment transactions. Tax charge for the year increased by $1,572,000 as a result of this correction.

B

- Amounts due from group undertakings of £3,985,000 relating to rendering of services for other group companies were overstated due to an error made while reconciling retained earnings. Tax charge for the year decreased by $797,000 as a result of this correction.
- Amounts due from group undertakings relating to taxation of £3,466,000 was understated due to not recognising foreign currency exchange on settlement of the previous financial years taxation benefit.

C Other income of £2,547,000 was understated in relation to prior year accrual that was not released while reconciling retained earnings. Tax charge for the year increased by $509,000 as a result of this correction.

D Revenue was overstated by £18,704,000 in relation to a true up adjustment which was miscalculated. Tax charge for the year decreased by $3,741,000 as a result of this correction.

Accordingly, each of the affected financial statement line items have been restated as follows:

Statement of other comprehensive income (extract):	31 December 2016 £ 000	A £ 000	B £ 000	C £ 000	D £ 000	31 December 2016 Restated £ 000
Revenue	269,591	-	(3,985)	2,547	(18,704)	249,449
Staff costs	(119,313)	(8,581)	-	-	-	(127,894)
Net exchange gains	1,212	-	3,467	-	-	4,679
Taxation	(5,971)	(2,052)	797	(509)	3,741	(3,994)
Profit for the financial year	**31,266**	**(10,632)**	**279**	**2,038**	**(14,963)**	**7,998**
Total comprehensive income	**55,334**	**(10,632)**	**279**	**2,038**	**(14,963)**	**32,056**

Balance sheet (extract)	31 December 2016 £ 000	A £ 000	B £ 000	C £ 000	D £ 000	31 December 2016 Restated £ 000
Current assets						
Trade and other receivables	376,675	(2,052)	279	(509)	(14,963)	359,431
Current liabilities						
Trade and other payables	(111,144)	(8,581)	-	2,547	-	(117,178)
Net assets	**631,263**	**(10,632)**	**279**	**2,038**	(14,963)	**607,985**
Retained earnings	329,475	(10,632)	279	2,038	(14,963)	306,197
Total equity	**631,263**	**(10,632)**	**279**	**2,038**	**(14,963)**	**607,985**

2 Critical accounting estimates and judgments

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 judgments 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.

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 financial statements 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 are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred form the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's non-financial assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Property, plant and equipment, 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.

3 Revenue

	2017 £'000	(*As restated) 2016 £'000
Rendering of services	220,773	238,204
Other revenue	10,117	11,245
	230,890	249,449

Other revenue includes receipts from subleases on London office properties and other sundry income.

*See note 1.21 for an explanation of prior year adjustments.

4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £'000	(*As restated) 2016 £'000
Wages and salaries	94,182	107,149
Social security costs	13,030	14,079
Other pension costs	6,371	6,666
	113,583	127,894

The average monthly number of persons employed by the Company (including directors) during the year, was as follows:

	2017 No.	2016 No.
Employees	267	309

*See note 1.21 for an explanation of prior year adjustments.

5 Finance income

	2017 £'000	2016 £'000
Interest revenue from group undertakings	454	584
Interest on defined benefit obligations	10,627	11,488
	11,081	12,072

6 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 2017 Rio Tinto Annual report. Some of the Rio Tinto London Limited 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 charge that has been recognised in the income statement for share-based incentive plans, and the related liability (for cashsettled plans), is set out in the table below.

		Charge recognised for the year		Liability at the end of the year	
		2017	2016	2017	2016
	Note	£'000	£'000	£'000	£'000
Equity settled plans		16,433	16,607	-	-
Cash settled plans	18	5,021	-	10,497	-
		21,454	16,607	10,497	-

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. All charges have been incurred as the remaining unvested awards vested during 2017. No outstanding awards remain under these plans.

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 and all charges have been incurred as the remaining awards all vested before 2017, although there remain outstanding vested options under these plans. 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 percent of the bonuses for executive directors and product group executives and ten percent 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 2017	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years
Rio Tinto plc Share Option Plan (£16 - £43)	123,930	32.00	2.56
Rio Tinto Limited Share Option Plan (A$33)	2,168	33.00	1.21
	126,098		

As at 31 December 2017 there were no options outstanding under the Share Savings Plans.

As at 31 December 2016 there were 346,116 options outstanding.

The maximum exercisable term on the outstanding options is 10 years.

	Rio Tinto plc awards		Rio Tinto Limited awards	
	2017	2017	2017	2017
Performance Share Plan	Number	Weighted average fair value at grant date	Number	Weighted average fair value at grant date
		£		A$
Non-vested shares at 1 January	1,729,954	18.27	487,060	37.52
Transfers	42,107	18.27	(226,603)	37.52
Awarded	855,486	24.64	275,148	45.84
Forfeited	-	16.28	(443)	36.59
Failed performance conditions	(182,866)	16.25	(8,803)	30.89
Vested	(119,039)	21.51	(9,735)	40.79
Non-vested shares at 31 December	2,325,642	20.47	516,624	40.13

	Rio Tinto plc awards		Rio Tinto Limited awards	
	2017	2017	2017	2017
Management Share Plan, Bonus Deferral Plan, Global Employee Share Plan and UK Share Plan (Combined)	Number	Weighted average fair value at grant date	Number	Weighted average fair value at grant date
		£		A$
Non-vested shares at 1 January	636,982	26.00	201,707	53.32
Transfers	13,622	26.00	(62,484)	53.32
Awarded	258,552	32.50	107,028	61.05
Forfeited	(22,663)	29.46	(1,031)	53.61
Vested	(200,235)	30.41	(61,652)	60.06
Non-vested shares at 31 December	686,259	27.23	183,568	54.15
Comprising of:				
Management Share Plan	332,066	35.33	78,369	55.42
Bonus Deferral Plan	312,733	34.44	102,606	52.83
Global Employee Share Plan	16,872	33.56	2,593	52.54
UK Share Plan	24,588	34.56	-	-

In addition to the equity-settled awards shown above, there were 276,722 Rio Tinto Limited cash-settled awards outstanding at 31 December 2017 (2016: £nil). The total liability for these awards at 31 December 2017 was £10,497,000 (2016: £nil).

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £'000	2016 £'000
Remuneration	1,535	1,951
Company pensions contributions to defined contribution schemes	32	19
	1,567	1,970

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Received or were entitled to receive shares under long term incentive schemes	6	5
Exercised share options	1	-
Accruing benefits under defined benefit pension scheme	3	3
Accruing benefits under defined contribution pension scheme	2	2

The highest paid director received remuneration of £606,406 (2016: £716,554).

8 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:

	2017 £'000	2016 £'000
Audit of the financial statements	66	66

9 Taxation

	2017 £'000	(*As restated) 2016 £'000
Corporation tax		
Current tax on profit for the year	(7,204)	(10,447)
Adjustments in respect of prior periods	(1,317)	1,463
Total current tax	(8,521)	(8,984)
Deferred tax		
Origination and reversal of timing differences	8,228	14,941
Impact of change in tax rate	-	(929)
Adjustments in respect of prior periods	-	(1,034)
Total deferred tax (note 19)	8,228	12,978
Tax (benefit)/expense in the statement of comprehensive income	(293)	3,994

*See note 1.21 for an explaination of prior year adjustments.

	2017 £'000	2016 £'000
Tax included in other comprehensive income		
Actuarial gains on defined benefit pension plans	14,723	5,038
Change in tax law and rates	-	(845)
Total tax included in other comprehensive income	14,723	4,193
Tax included in equity		
Current tax movement through equity	(559)	(35)
Deferred tax movement through equity	(6,119)	-
Total tax included in equity	(6,678)	(35)
Tax expense in the statement of other comprehensive income	8,045	4,158

Factors affecting tax charge for the year

The tax assessed in the income statement for the year is lower than (2016: higher than) the standard corporation tax in the UK of 19.25% (2016: 20%).

	2017 £'000	(*As restated) 2016 £'000
(Loss)/profit before taxation	(14,538)	11,982
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(2,798)	2,396
Effects of:		
Expenses not deductible for tax purposes	3,418	3,374
Adjustment to tax charge in respect of prior periods	(1,317)	1,463
Deferred tax prior year adjustment	-	(1,034)
Changes in tax laws or rate	(940)	(4,034)
Group relief	(100)	1,206
Share based payment expense relief	1,530	623
Other differences	(86)	-
Total tax (benefit)/charge for the year	(293)	3,994

A reduction to the main rate of UK corporation tax from 20% to 19%, with effect from 1 April 2017, was substantively enacted on 26 October 2015, resulting in the standard rate for the year of 19.25%. A further reduction to 17%, with effect from 1 April 2020, was substantively enacted on 6 September 2016. Any deferred tax balances have been calculated at the reduced rates to the extent that they unwind.

*See note 1.21 for an explaination of prior year adjustments.

10 Trade and other receivables

	2017 £'000	2016 £'000
Non-current		
Lease incentive	15,801	12,039
	15,801	12,039

11 Property, plant and equipment

	Land and buildings £'000	Furniture, fittings and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2017	29,109	3,750	2,145	35,004
Additions	-	-	623	623
At 31 December 2017	29,109	3,750	2,768	35,627
Accumulated depreciation				
At 1 January 2017	(5,777)	(2,073)	-	(7,850)
Depreciation charge	(1,749)	(266)	-	(2,015)
At 31 December 2017	(7,526)	(2,339)	-	(9,865)
Net book value				
At 31 December 2017	21,583	1,411	2,768	25,762
At 31 December 2016	23,332	1,677	2,145	27,154

12 Intangible assets

	Software £'000	Total £'000
Cost		
At 1 January 2017	8,873	8,873
Additions	199	199
At 31 December 2017	9,072	9,072
Accumulated amortisation		
At 1 January 2017	(5,938)	(5,938)
Amortisation charge	(951)	(951)
At 31 December 2017	(6,889)	(6,889)
Net book value		
At 31 December 2017	2,183	2,183
At 31 December 2016	2,935	2,935

The software intangible assets have a remaining amortisation period of 2.5 years.

13 Investments in employee share trusts

	2017 £'000	2016 £'000
At 1 January	27,762	26,050
Additions	54,868	31,228
Disposals	(42,986)	(29,516)
At 31 December	39,644	27,762

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 2017, the employee share trust held 873,911 (2016: 925,635) ordinary shares of Rio Tinto plc.

14 Pension assets

	2017 £'000	2016 £'000
Defined pension benefit	507,341	381,502
	507,341	381,502

Further information on the pension assets is found in note 21.

15 Trade and other receivables

	2017 £'000	(As restated*) 2016 £'000
Current		
Trade receivables	1,390	2,015
Amounts due from group undertakings	279,881	340,727
Taxation due from group undertakings	9,975	10,481
Other receivables	472	789
Prepayments and accrued interest	5,890	5,419
	297,608	359,431

Of the amounts due from group undertakings, £208,560,000 (2016: £246,927,000) receives interest based on LIBOR plus a margin and is repayable on demand. All other amounts are non-interest bearing and repayable on demand.

*See note 1.21 for an explanation of prior year adjustments.

16 Trade and other payables

	2017 £'000	(As restated*) 2016 £'000
Current		
Trade payables	16,263	7,796
Amounts due to group undertakings	8,387	37,363
Employee leave and bonus accruals	17,246	16,908
Accruals and deferred income	6,458	7,997
Other payables	41,585	47,114
	89,939	117,178

Amounts due to group undertakings are payable on demand and bear no interest.

*See note 1.21 for an explanation of prior year adjustments.

17 Provisions

	Onerous lease provision £'000	Dilapidations provision £'000	National insurance on share schemes £'000	Total £'000
At 1 January 2017	11,146	4,591	13,458	29,195
Increase in existing provisions	-	56	5,325	5,381
Provisions used	(1,667)	-	(879)	(2,546)
Increase due to passage of time or unwinding of discount	395	448	-	843
Decrease in existing provision	(199)	-	-	(199)
At 31 December 2017	9,675	5,095	17,904	32,674

	2017 £'000	2016 £'000
Analysis of total provisions		
Non-current	16,488	14,606
Current	16,186	14,589
Total	32,674	29,195

18 Trade and other payables

	2017 £'000	2016 £'000
Non-current		
Deferred compensation (a)	10,497	-
Lease incentive (b)	6,466	7,175
	16,963	7,175

(a) As explained in the 2017 Group Annual report, a deed of deferral has been entered into between the former Group chief executive, Sam Walsh and the Company. The parties have agreed to the deferral of Sam's entitlements in good faith as the investigations concerning the Simandou project are at an early stage. The principal provision of this deed is that the payment of the 2016 Short Term Incentive award and of any outstanding Long Term Incentive awards (including BDP and PSP awards) which would have vested up to 2021 will be subject to a staged deferral. Please see note 6 for further details.

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

19 Deferred taxation

Deferred tax assets and liabilities

	2017 £'000	2016 £'000
Deferred tax asset	20,126	15,564
Deferred tax liabilities	(86,248)	(64,854)
	(66,122)	(49,290)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017 £'000	2016 £'000
At 1 January 2017	(49,288)	(32,119)
Charged to profit or loss	(8,230)	(12,978)
Charged to other comprehensive income	(14,723)	(4,193)
Movements in equity	6,119	-
At 31 December 2017	(66,122)	(49,290)

Deferred tax asset is made up as follows:	2017 £'000	2016 £'000
Tax losses	844	844
Pension spreading	1,417	2,832
Share based payments	13,692	8,941
Accelerated capital allowances	2,303	2,947
Short term timing difference	86	-
Deferred compensation	1,784	-
	20,126	15,564

Deferred tax liability is made up as follows:		
Pension and post employment medical benefits	(86,248)	(64,855)
	(86,248)	(64,855)

20 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. 000	**£'000**	**No. 000**	**£'000**
Ordinary shares of £1.00 each	4,800	4,800	4,800	4,800

21 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 has been determined as 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 scheme.

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 2018 and subsequent years cannot be determined precisely in advance. Contributions to defined benefit pension plans for 2018 are estimated to be around £4.9 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 2017.

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.

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.

The combined net pension asset details are outlined below.

	2017 £'000	2016 £'000
Surplus shown on balance sheet comprises:		
Total fair value of plan assets	4,041,811	3,948,197
Present value of obligations - funded	(3,454,505)	(3,485,702)
Present value of obligations - unfunded	(79,965)	(80,994)
	507,341	381,501
Deficits and unfunded post-retirement healthcare obligations	(79,965)	(80,994)
Surpluses	587,306	462,495
	507,341	381,501

Change in present value obligation:	2017 £'000	2016 £'000
Present value of obligation at the start of the year	(3,566,696)	(3,099,832)
Current service cost	(3,905)	(3,944)
Past service cost	(36)	(52)
Interest on obligation	(88,915)	(110,333)
Contributions by plan participants	(123)	(122)
Benefits paid	184,221	169,736
Experience gain	5,297	78,941
Chnages in financial assumptions (loss)	(91,783)	(623,668)
Changes in demographic assumptions gain	27,042	22,578
Curtailments	428	-
Present value of obligation at the end of the year	(3,534,470)	(3,566,696)

The past services costs in 2017 relate to benefit augmentations for specific members or as a result redundancy payments being directed into the Rio Tinto Pension Fund in exchange for extra defined benefits. The past services costs in 2016 were of a similar nature.

Change in plan assets:

	2017 £'000	2016 £'000
Fair value at start of period	3,948,198	3,382,261
Interest income on assets	99,542	121,821
Contributions by the Company	34,976	64,615
Contributions by other employers	906	1,375
Contributions by plan participants	123	122
Non-investment expenses	(2,858)	(2,670)
Benefits paid	(184,221)	(169,736)
Return on plan assets (net of interest on assets)	145,145	550,410
Fair value of plan assets at end of the year	4,041,811	3,948,198

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.

Plan assets

	2017 %	2016 %
Equities - quoted	14	19
Bonds - government fixed interest	8	4
Bonds - government inflation linked	37	34
Bonds - corporate and other quoted	19	19
Bonds - private	9	9
Property - quoted funds	9	9
Property - unquoted funds	3	3
Cash and other	1	3
Total	100	100

The assets of the plans are managed on a day-to-day basis by external specialist fund managers. These managers may invest in the Group's securities subject to limits imposed by the relevant fiduciary committees and local legislation. The approximate total holding of Group securities within the plans is £5.7 million (2016: £6.3 million).

Amounts recognised in the income statement

	2017 £'000	2016 £'000
Current service cost	(3,905)	(3,944)
Net interest on obligation/asset	10,627	11,488
Past service cost	(36)	(52)
Non-investment expenses paid from the plans	(2,858)	(2,670)
Contributions by other employers	906	1,375
Curtailment gains	428	-
Total recognised in the income statement	5,162	6,197

Amounts recognised in other comprehensive income before tax

	2017 £'000	2016 £'000
Actuarial losses	(64,741)	(601,090)
Return on plan assets and experience gain obligation	150,442	629,351
Amounts recognised in other comprehensive income before tax	85,701	28,261

Change in the net defined benefit liability:	2017 £'000	2016 £'000
Net defined benefit asset at the start of the year	381,502	282,429
Amounts recognised in profit or loss	5,162	6,197
Amounts recognised in other comprehensive income	85,701	28,261
Contributions by the Company	34,976	64,615
Net defined benefit asset at the end of the year	507,341	381,502

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

	2017 %	2016 %
Discount rate	2.30	2.60
Future salary increases	3.60	3.70
Future pension increases	2.80	2.90
Inflation rate	3.20	3.30

Post retirement mortality assumptions

Average life expectancy in years of a pensioner retiring at aged 60:

	2017	2016
- for a male aged 60 now	27.00	26.00
- at 60 for a male aged 40 now	28.00	28.00

Sensitivity analysis

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 we calculate what the obligations would be if we were to make small changes to each of the key assumptions in isolation. The difference between this figure and the figure calculated using our stated assumptions is an indication of the sensitivity to changes in each assumption.

	2017		2016	
	+ 0.5% £'000	- 0.5% £'000	+ 0.5% £'000	- 0.5% £'000
Discount rate	260,580	(281,244)	267,144	(288,851)
Inflation	(247,939)	231,635	(255,854)	238,661
Demographic – allowance for future improvements in longevity	(142,238)	142,238	(140,798)	140,798

Maturity of defined benefit obligations

	2017			2016
	Pensions	Other benefits	Total	Total
Proportion relating to current employees	2%	0%	2%	3%
Proportion relating to former employees not yet retired	29%	0%	29%	30%
Proportion relating to retirees	69%	100%	69%	67%
	100%	100%	100%	100%
Average duration of obligation (years)			15.63	15.99

22 Commitments under operating leases

22.1 Operating lease commitments

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 2017. Lease terms are renewable at the end of the lease at the prevailing market rate.

At 31 December 2017 the Company had annual commitments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
No later than 1 year	17,549	16,798
Later than 1 year and no later than 5 years	65,399	66,383
Later than 5 years	97,775	111,238
Total	180,723	194,419

Operating lease commitments on properties have been shown before deduction of any receipts from subleases.

23 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.

24 Parent and ultimate parent undertaking

The Company's immediate parent 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 the Rio Tinto plc consolidated financial statements can be obtained from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

24.1 Direct holdings

Name of holding	Country of incorporation	Registered address	Share class	% of share class held
Rio Tinto Marketing Services Limited	United Kingdom	6 St James's Square, London, SW1Y 4AD, United Kingdom	£1.00 Ordinary shares	100%
Rio Tinto Nominees Limited	United Kingdom	6 St James's Square, London, SW1Y 4AD, United Kingdom	£1.00 Ordinary shares	100%
Rio Tinto Secretariat Limited	United Kingdom	6 St James's Square, London, United Kingdom, SW1Y 4AD	£1.00 Ordinary shares	100%

24.2 Indirect holdings

Name of holding	Country of incorporation	Registered address	Share class	% of share class held
Rio Tinto Exploration Zambia Limited	Zambia	Plot 3827, Parliament Road, Olympia, Lusaka, Zambia	ZMW1.00 Ordinary shares	50%
Rio Sava Exploration DOO*	Serbia	Resavska 23, 11000 Beograd, Beogard 11000, Serbia		-

*Ownership is held through an interest in capital. The entity has no classes of shares.

25 Post balance sheet events

The Group signalled its intent in June 2018 to reduce the office space it utilises in a London office property. This resulted in a additional £17.7m onerous lease provision which has been recognised by the Company in June 2018.

The Company has also recognised a severance provision of £6.7m in June 2018, as part of Operating Model review.

There have been no other significant events affecting the Company since the year end.