

Registration number: 00460473

RIO TINTO LONDON LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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RIO TINTO LONDON LIMITED

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RIO TINTO LONDON LIMITED

COMPANY INFORMATION

Directors	S P Allen J P Kiddle M Cox
Company secretary	Rio Tinto Secretariat Limited
Registration number	00460473
Registered office	6 St James's Square London United Kingdom SW1Y 4AD
Independent auditor	KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square London, E14 5GL

RIO TINTO LONDON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic report on Rio Tinto London Limited (the "Company") for the year ended 31 December 2021.

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 level of services performed, measured by revenue received, has decreased compared with the prior year. The overall decrease in revenue of £13,096,000 can be linked to the lower costs by the Company in the current year. The reduction in Company's costs can be primarily attributed to lower service fees by £35,398,000 partially offset by higher staff cost of £25,761,000. Separately, the Company's profit or loss for the year has also been impacted by movements in the impairment provision on the 6 St. James Square building right-of-use asset. In 2021, the impairment provision was reversed for £30,226,000 (2020: Impairment charge of £14,302,000) as number of vacant floors are now self-occupied, and the remaining floors have been subleased during March 2022.

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 on pages 117 to 130 of its 2021 Annual Report which does not form part of this report.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires the directors of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 also requires the directors to have regard, amongst other matters, to the interests of wider stakeholders; including, for example, employees, suppliers, customers and others. In discharging their section 172 duties, the directors do this.

The views of and the impact of the Company's activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 20 to 22 of the Rio Tinto 2021 Annual Report.

RIO TINTO LONDON LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

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:

Steve Allen

.....
S P Allen
Director

Date: 30 September 2022

RIO TINTO LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

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

The Company continues to provide certain management services to fellow members of the Group, for which it charges on an arm's length basis.

Results and dividends

The loss for the financial year, after taxation, amounted to £2,088,000 (2020: £21,090,000).

No interim dividend was paid during the year (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S P Allen

J P Kiddle

M Cox (appointed 15 January 2021)

A Martins Alexandre (resigned 17 March 2021)

P L Cunningham (resigned 15 January 2021)

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 Annual Report and 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

RIO TINTO LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements (continued)

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2021 Annual Report, which does not form part of this report.

Financial risk management

The Company's capital risk and financial risks and uncertainties including the exposure to price, credit risk, liquidity risk and cash flow risks, are integrated with those of the Group and are not managed separately. The Group's objectives, policies and processes for managing capital, and principal risks and uncertainties are discussed in the financial instrument and risk management policies of the Rio Tinto 2021 Annual Report which does not form part of this report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least twelve months from the issuance of the financial statements.

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 Group provides clear and timely communication with its employees concerning business performance and corporate developments. 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

Should an employee become disabled, the Company would make considerable efforts to offer suitable alternative employment and retraining to employees who become disabled and can no longer perform their regular duties, in line with Group policy.

RIO TINTO LONDON LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Environmental matters

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the policies described in the Rio Tinto Group Annual Report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include a recycling policy and minimising the production of waste, which cannot be recycled (both hazardous and non-hazardous).

Engagement with suppliers, customers and other relationships

The directors of the Company are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and to have regard for the interests of wider stakeholders; including suppliers, customers and others.

The views of and the impact of the Company's activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 20 to 22 of the Rio Tinto 2021 Annual Report.

Indemnities and insurance

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

Disclosure of information to auditor

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 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.

Independent auditor

The Company's auditor, KPMG 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

Date: 30 September 2022

6 St James's Square
London SW1Y 4AD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Rio Tinto London Limited

Opinion

We have audited the financial statements of Rio Tinto London Limited ("the Company") for the year ended 31 December 2021 which comprise the Balance Sheet as at 31 December 2021 and the Statement of comprehensive income and the Statement of changes in equity for the year then ended and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 "Reduced Disclosure Framework"; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Communication of fraud risk

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Fraud risks

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition as the only source of revenue is in relation to intercompany balances. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included, for example, those posted by users not expected to post journals and those containing unusual journal descriptions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

Risk assessment

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements through the following:

- Our general commercial and sector experience;

- Through discussion with the directors and other management (as required by auditing standards);
- From inspection of the Company's regulatory and legal correspondence; and
- Discussions with the directors and other management about the policies and procedures regarding compliance with laws and regulations.

Risk communications

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation (direct and indirect). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, Covid-19 regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.¹

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Royle (Senior Statutory Auditor)
for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
30 September 2022

RIO TINTO LONDON LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
Revenue	4	185,221	198,317
Staff costs	5	(105,352)	(79,591)
Service fees		(49,649)	(85,047)
Other expenses	10	(32,591)	(26,738)
Depreciation and amortisation expense	10	(10,627)	(5,899)
Impairment reversal/(charge) on ROU	17	30,226	(14,302)
Impairment charge on lease investments	13	(7,845)	(16,040)
Net foreign exchange losses		(313)	(3,535)
Finance income	8	7,260	15,151
Finance costs	9	(6,856)	(7,324)
Loss on disposal of property, plant and equipment		(229)	(20)
Profit/(loss) before taxation		9,245	(25,028)
Taxation	11	<u>(11,333)</u>	<u>3,938</u>
Loss for the financial year		<u>(2,088)</u>	<u>(21,090)</u>
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	20	149,001	(178,254)
Movements in deferred tax relating to defined benefit pension schemes		<u>(58,779)</u>	<u>30,517</u>
Total other comprehensive income/(expense)		<u>90,222</u>	<u>(147,737)</u>
Total comprehensive income/(expense) for the financial year		<u>88,134</u>	<u>(168,827)</u>

The notes on pages 14 to 46 form an integral part of these financial statements.

RIO TINTO LONDON LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Trade and other receivables	13	2,369	15,485
Property, plant and equipment	15	22,466	25,373
Intangible assets	16	266	13
Investments in employee share trust	14	4,714	6,341
Pension assets	20	616,338	466,776
Right of use assets	17	75,458	53,240
		721,611	567,228
Current assets			
Cash and cash equivalents		536	340
Trade and other receivables	13	454,196	357,407
Total assets		1,176,343	924,975
LIABILITIES			
Current liabilities			
Trade and other payables	18	(198,279)	(85,238)
Provisions	19	(11,157)	(10,829)
Loans and borrowings		(284)	(787)
Lease liabilities	17	(10,958)	(10,447)
		(220,678)	(107,301)
Non-current liabilities			
Provisions	19	(11,612)	(18,466)
Deferred tax liabilities	12	(176,863)	(121,593)
Lease liabilities	17	(116,276)	(127,189)
Total liabilities		(525,429)	(374,549)
Net assets		650,914	550,426
EQUITY			
Share capital	21	4,800	4,800
Capital reserve		136,400	136,400
Share based payment reserve		228,971	218,320
Retained earnings		280,743	190,906
Total equity		650,914	550,426

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

Steve Allen

 S P Allen
 Director

Date: 30 September 2022

Company registered number: 00460473

The notes on pages 14 to 46 form an integral part of these financial statements.

RIO TINTO LONDON LIMITED					
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021					
	Share capital £'000	Capital reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	4,800	136,400	218,320	190,906	550,426
Comprehensive income for the year:					
Loss for the financial year	-	-	-	(2,088)	(2,088)
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gain on defined benefit pension schemes	-	-	-	149,001	149,001
Movements in deferred tax relating to defined benefit pension schemes	-	-	-	(58,779)	(58,779)
Total other comprehensive income	-	-	-	90,222	90,222
Total comprehensive income for the financial year	-	-	-	88,134	88,134
Transactions with owners:					
Share based payment transactions	-	-	10,651	-	10,651
Current tax movement through equity	-	-	-	2,630	2,630
Deferred tax movement through equity	-	-	-	(927)	(927)
At 31 December 2021	4,800	136,400	228,971	280,743	650,914

The notes on pages 14 to 46 form an integral part of these financial statements.

RIO TINTO LONDON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Share capital £'000	Capital reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	4,800	136,400	196,841	355,618	693,659
Comprehensive expense for the year:					
Loss for the financial year	-	-	-	(21,090)	(21,090)
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial loss on defined benefit pension schemes	-	-	-	(178,254)	(178,254)
Movements in deferred tax relating to defined benefit pension schemes	-	-	-	30,517	30,517
Total other comprehensive expense	-	-	-	(147,737)	(147,737)
Total comprehensive expense for the financial year	-	-	-	(168,827)	(168,827)
Transactions with owners:					
Share based payment transactions	-	-	21,479	-	21,479
Current tax movement through equity	-	-	-	1,056	1,056
Deferred tax movement through equity	-	-	-	3,059	3,059
At 31 December 2020	4,800	136,400	218,320	190,906	550,426

The notes on pages 14 to 46 form an integral part of these financial statements.

RIO TINTO LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

The primary activity of Rio Tinto London Limited (the "Company") is to perform services on behalf of other Group companies and to be a sponsoring employer for a number of UK pension schemes.

The Company continues to provide certain management services to fellow members of the Group, for which it charges on an arm's length basis.

The Company is a private limited company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is 6 St James's Square, London, SW1Y 4AD and information on the Company's ultimate parent is presented in note 22.

2 Significant accounting policies

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.

2.1 Basis of preparation of the financial statements

These financial statements have been prepared using the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The Company is a wholly-owned subsidiary of its ultimate parent Rio Tinto plc and is included in the consolidated financial statements of the Rio Tinto Group, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The consolidated financial statements of the Rio Tinto Group can be obtained as set out in note 22. 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.

2.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-Based Payments*;
- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;

RIO TINTO LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Significant accounting policies (continued)

2.2 Financial Reporting Standard 101 - Reduced disclosure exemptions (continued)

- 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*; and
 - 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 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.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based payment*;
- the requirements of IAS 7 *Statement of Cash Flows*;

Where required, equivalent disclosures are given in the consolidated financial statements of the Rio Tinto Group which can be obtained as set out in note 22.

2.3 Changes in accounting policy

The Company has applied the following interpretations, standards and amendments for the first time in their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions - amendments to IFRS 16;
- Interest Rate Benchmark Reform - Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Neither of these changes in accounting policy have had a material impact on the financial statements for the current period. As a result of Interbank Offered Rate (IBOR) reform, interest calculations on amounts receivable from or payable to Group undertakings have transitioned from the 1-month LIBOR rate to SONIA (for GBP denominated in-house bank accounts) or SOFR (for USD denominated in-house bank accounts) as at 31 December 2021.

2.4 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least twelve months from the issuance of the financial statements.

RIO TINTO LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Significant accounting policies (continued)

2.5 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, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises sales revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

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.

Dividend income

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

2.7 Finance income and costs

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

Finance costs includes interest expense and similar charges. Interest expense is recognised on a time proportionate basis using the effective interest method.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.8 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 statement of comprehensive income, 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.

2.9 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.

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax, including UK corporation tax and overseas tax, is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgement of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

Except as otherwise required by IAS 12 ("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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in employee share trusts, comprising of 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.

2.12 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
Land and buildings	15 - 20 Years
Furniture, fittings and equipment	5 - 10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

2.13 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.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful life range for software is 3-5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.14 Trade and other receivables

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

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. 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. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.15 Financial assets

Classification and measurement

The Company classifies its financial assets in the following categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income ("FVOCI");
- financial assets at fair value through the profit or loss ("FVPL").

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Company does not acquire financial assets for the purpose of selling in the short term. The Company's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Accounting policies for the categories which the Company holds financial assets are set out below.

Financial assets at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "Solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in profit or loss.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.15 Financial assets (continued)

Impairment

A forward looking expected credit loss ("ECL") review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Company applies the "simplified approach" to external trade receivable balances and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

2.16 Trade and other payables

Trade and other payables 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.

2.17 Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost.

2.18 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.

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.19 Pensions

The Company operates a number of defined benefit plans which provide lump sums, pensions, medical benefits and life insurance to retirees. In accordance with IAS 19, for post-employment 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.

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 rate and mortality rates. The discount rate is used to determine the net present value of the obligations, the interest cost on the obligations and the interest income on plan assets. The discount rate used is the yield on high-quality corporate bonds with maturities and terms that match those of the post-employment obligations as closely as possible. Where there is no developed corporate bond market in a currency, the rate on government bonds is used. The inflation rate is used to project increases in future benefit payments for those plans that have benefits linked to inflation. The mortality rates are used to project the period over which benefits will be paid, which is then discounted to arrive at the net present value of the obligations.

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.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.20 Leases

IFRS 16 'Leases' applies to the recognition, measurement, presentation and disclosure of leases. Certain leases are exempt from the standard. The Company does not apply IFRS 16 to arrangements which fall within the scope of IAS 38 'Intangible Assets'.

The Company recognises all lease liabilities and corresponding right of use assets, with the exception of short-term (12 months or fewer) and low value leases, on the balance sheet. Lease liabilities are recorded at the present value of: fixed payments; variable lease payments that depend on an index or rate; amounts payable under residual value guarantees; and extension options expected to be exercised. Where a lease contains an extension option which the Company can exercise without negotiation, lease payments for the extension period are included in the liability if the Company is reasonably certain that it will exercise the option. Variable lease payments not dependent on an index or rate are excluded from the calculation of lease liabilities. Payments are discounted at the incremental borrowing rate of the lessee, unless the interest rate implicit in the lease can be readily determined.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases). The Company has also made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.21 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.

3 Critical accounting judgements and key sources of estimation uncertainty

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

Defined benefit pension plans

The value of the Company's obligations for post-retirement benefits is dependent on a number of assumptions about salary increases, life expectancy, inflation and asset valuations.

Impairment of financial assets

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount exceeds its recoverable amount. The assessment of the recoverable amount often requires estimates of future cash flows and foreign exchange rates.

Useful economic life of property, plant and equipment

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.

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.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

4 Revenue

The analysis of the Company's revenue for the year by class of business is as follows:

	2021	2020
	£'000	£'000
Rendering of services	185,341	201,771
Other revenue	(120)	(3,454)
	<u>185,221</u>	<u>198,317</u>

The analysis of the Company's revenue for the year by market is as follows:

	2021	2020
	£'000	£'000
United Kingdom	177,957	194,290
Rest of world	7,264	4,027
	<u>185,221</u>	<u>198,317</u>

5 Staff costs

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

	2021	2020
	£'000	£'000
Wages and salaries	96,650	60,529
Social security costs	1,751	13,123
Pension and other post-employment benefit costs	5,673	5,796
Redundancy costs	1,278	143
	<u>105,352</u>	<u>79,591</u>

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

	2021	2020
	No.	No.
Company secretarial and legal services	18	15
Administration, strategy and finance	55	44
Corporate and investor relations	19	22
Executive and senior management	43	49
Payroll and human resources	16	13
	<u>151</u>	<u>143</u>

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£'000	£'000
Remuneration	1,158	1,950
Company pensions contributions to defined contribution schemes	13	32
	1,171	1,982

The number of directors receiving benefits and share incentives during the year was as follows:

	2021	2020
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	3	4
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under defined contribution pension scheme	1	2

In respect of the highest paid director:

	2021	2020
	£'000	£'000
Remuneration	569	693
Defined benefit accrued pension entitlement at the end of the period	-	68
	569	761

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

7 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 2021 Rio Tinto Annual Report. Some of the Company's employees are eligible to participate in these plans. The plans have been accounted for in accordance with the fair value recognition provisions of IFRS 2 Share-based payments.

The charge that has been recognised in the income statement for share-based incentive plans, and the related liability (for cash settled plans), is set out in the table below.

	Note	Charge/(credit) recognised for the year		Liability at the end of the year	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Equity settled plans		10,651	21,479	-	-
Cash settled plans	18	(688)	(10,887)	-	722
		9,963	10,592	-	722

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

UK Share Plan

The fair values of Matching and Free Shares made by Rio Tinto plc are taken to be the market value of the shares on the date of purchase. These awards are settled in equity.

Performance Share Awards

Participants are generally assigned shares in settlement of their PSA on vesting and therefore the awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions, including the dividends accumulated from date of award to vesting.

For the parts of awards with Total Shareholder Return (TSR) performance conditions, the fair value of the awards is calculated using a Monte Carlo simulation model taking into account the TSR performance conditions. One third of the awards granted up to 2017 (inclusive) are subject to an earnings margin performance target relative to ten global mining comparators. As this is a non-market related performance condition, under IFRS 2, the fair value recognised is reviewed at each accounting date based on the directors' expectations for the proportion vesting. Forfeitures prior to vesting are assumed at 5% per annum of outstanding awards (2020: 5% per annum).

For grants made from 2018, the earnings margin performance target applying to the PSA was removed and instead all of the awards are subject to the TSR performance conditions.

Management Share Awards

The vesting of these awards is dependent on service conditions being met; no performance conditions apply. In general, the awards will be settled in equity, including the dividends accumulated from date of award to vesting and therefore 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. Forfeitures prior to vesting are assumed at 7% per annum of outstanding awards (2020: 7% per annum).

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

7 Share-based payments (continued)**Bonus Deferral Awards**

Bonus Deferral Awards (BDA) provide for the mandatory deferral of 50% of the bonuses for executive directors and Executive Committee members and 25% 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 and therefore 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. Forfeitures prior to vesting are assumed at 3% per annum of outstanding awards (2020: 3% per annum).

Global Employee Share Plan

The Global Employee Share Plans were introduced in 2012. Under these Plans, the companies provide a matching share award for each investment share purchased by a participant. The vesting of these matching awards is dependent on service conditions being met and the continued holding of investment shares by the participant until vesting. These awards are settled in equity including the dividends accumulated from date of award to vesting. The fair value of each matching share on the day of grant is equal to the share price on the date of purchase less a deduction of 15% for cancellations (caused by employees electing to withdraw their investment shares before vesting of their matching shares). Forfeitures prior to vesting are assumed at 5% per annum of outstanding awards (2020: 5% per annum).

7.1 Performance Share Plan - Rio Tinto plc awards

	2021	2020
Weighted average exercise price (£)	26.8	24.58
Number of share options outstanding	2,191,309	2,589,791
Expected weighted average remaining life (years)	1.64	2.20

7.2 Performance Share Plan - Rio Tinto Limited awards

	2021	2020
Weighted average exercise price (A\$)	26.22	35.85
Number of share options outstanding	20,437	53,252
Expected weighted average remaining life (years)	1.16	1.10

7.3 Management Share Awards, Bonus Deferral Awards, Global Employee Share Plan and UK Share Plan (Combined) - Rio Tinto plc awards

	2021	2020
Weighted average exercise price (£)	41.87	39.03
Number of share options outstanding	390,386	468,549
Expected weighted average remaining life (years)	0.85	1.11

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

7 Share-based payments (continued)**7.3 Management Share Awards, Bonus Deferral Awards, Global Employee Share Plan and UK Share Plan (Combined) - Rio Tinto plc awards (continued)**

The above awards outstanding at the end of the year as broken down as follows:

	2021	2021	2020	2020
		Weighted average FV		Weighted average FV
	Number	£	Number	£
Management Share Awards	173,755	44.00	212,644	38.29
Bonus Deferral Awards	195,145	40.32	237,830	38.58
Global Employee Share Plan	7,503	48.19	7,078	42.53
UK Share Plan	13,983	33.74	10,997	36.72
	<u>390,386</u>		<u>468,549</u>	

7.4 Management Share Awards, Bonus Deferral Awards and Global Employee Share Plan (Combined) - Rio Tinto Limited awards

	2021	2020
Weighted average exercise price (A\$)	53.23	84.98
Number of share options outstanding	12,082	14,541
Expected weighted average remaining life (years)	0.96	1.02

The above awards outstanding at the end of the year as broken down as follows:

	2021	2021	2020	2020
		Weighted average FV		Weighted average FV
	Number	A\$	Number	A\$
Management Share Awards	9,573	51.30	11,620	84.54
Bonus Deferral Awards	1,878	47.45	2,524	85.00
Global Employee Share Plan	631	99.69	397	85.40
	<u>12,082</u>		<u>14,541</u>	

In addition to the equity-settled awards shown above, there were nil Rio Tinto Limited cash-settled awards outstanding at 31 December 2021 (2020: 15,164). The total liability for these awards at 31 December 2021 was £nil (2020: £722,320).

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

8 Finance income

	2021	2020
	£'000	£'000
Interest income from lease investments	1,378	1,605
Interest on Pension Assets, net	5,604	13,000
Interest income from group undertakings	278	546
	<u>7,260</u>	<u>15,151</u>

9 Finance costs

	2021	2020
	£'000	£'000
Interest expense on leases - Land & buildings	6,792	7,297
Other finance costs	64	27
	<u>6,856</u>	<u>7,324</u>

10 Profit/(loss) before taxation

Profit/(loss) before income tax includes the following specific expenses:

	2021	2020
	£'000	£'000
Depreciation and amortisation expense		
Depreciation expense	2,785	2,212
Amortisation expense	26	429
Depreciation on right of use assets - Vehicles	64	56
Depreciation on right of use assets - Land and buildings	7,752	3,202
	<u>10,627</u>	<u>5,899</u>
Other expenses		
Audit and other accounting fees	7,932	8,771
Donations and Scholarships	2,456	23
Travel expenses	2,554	2,095
Other expenses	13,105	10,708
Professional costs	6,544	5,141
	<u>32,591</u>	<u>26,738</u>

- (a) The Company paid £56,254 (2020: £55,097) to its auditors in respect of the audit of these financial statements.
- (b) Audit and other accounting fees include £7,685,834 (2020: £8,079,000) paid to KPMG LLP in respect of the audit of other group companies.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

11 Taxation

	2021 £'000	2020 £'000
Current tax		
Current tax for the year	9,055	(4,674)
Current tax adjustment in respect of prior periods	6,714	(1,576)
Total current tax	15,769	(6,250)
Deferred tax		
Origination and reversal of temporary differences	536	1,446
Impact of change in tax rate	(4,119)	(691)
Deferred tax adjustment in respect of prior periods	(853)	1,557
Total deferred taxation	(4,436)	2,312
Tax charge/(benefit) in statement of comprehensive income	11,333	(3,938)

Tax included in other comprehensive expense

	2021			2020		
	Before tax £'000	Tax expense £'000	Net of tax £'000	Before tax £'000	Tax benefit £'000	Net of tax £'000
Remeasurements of post employment benefit obligations	<u>149,001</u>	<u>(58,779)</u>	<u>90,222</u>	<u>(178,254)</u>	<u>30,517</u>	<u>(147,737)</u>

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020: 19%).

The differences are reconciled below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	9,245	(25,028)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,757	(4,755)
Increase/(decrease) in current tax from adjustment for prior periods	6,714	(1,576)
Increase from effect of expenses not deductible in determining taxable profit	9,039	3,202
Tax decrease from utilisation of tax losses	(1,562)	-
Decrease from effect of exercise employee share options	-	(2,157)
Increase arising from group relief tax reconciliation	357	482
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(853)	1,557
Deferred tax credit relating to changes in tax rates or laws	(4,119)	(691)
Total tax charge/(benefit) for the financial year	11,333	(3,938)

RIO TINTO LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11 Taxation (continued)

An increase to the main rate of UK corporation tax to 25% (from 19%) with effect from 1 April 2023 was substantively enacted on 24 May 2021 (and received Royal Assent on 10 June 2021). Any deferred tax balances have been calculated at 25%.

12 Deferred taxation

	2021 £'000	2020 £'000
Deferred tax assets	26,319	22,427
Deferred tax liabilities	(203,182)	(144,020)
	(176,863)	(121,593)

Deferred tax movement during the year:

	At 1 January 2021 £'000	Recognised in the income statement £'000	Recognised in OCI £'000	Recognised in equity £'000	At 31 December 2021 £'000
Tax losses carry-forwards	-	-	-	-	-
Pension benefit obligations	(144,020)	(383)	(58,779)	-	(203,182)
Share-based payment	18,472	3,254	-	(927)	20,799
Other post-employment benefits	-	-	-	-	-
Other items	3,216	589	-	-	3,805
Accelerated tax depreciation	739	976	-	-	1,715
Net tax assets/(liabilities)	(121,593)	4,436	(58,779)	(927)	(176,863)

Deferred tax movement during the prior year:

	At 1 January 2020 £'000	Recognised in the income statement £'000	Recognised in OCI £'000	Recognised in equity £'000	At 31 December 2020 £'000
Tax losses carry-forwards	214	(214)	-	-	-
Pension benefit obligations	(172,475)	(2,062)	30,517	-	(144,020)
Share-based payment	12,103	4,001	-	2,368	18,472
Other post-employment benefits	2,173	(2,173)	-	-	-
Other items	4,021	(1,496)	-	691	3,216
Accelerated tax depreciation	1,106	(368)	-	-	739
Net tax assets/(liabilities)	(152,858)	(2,312)	30,517	3,059	(121,593)

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

13 Trade and other receivables

	2021 £'000	2020 £'000
Current		
Trade receivables	1,917	611
Receivables from related parties (a)	436,744	344,318
Taxation owed by group undertakings	-	4,674
Prepayments	5,367	1,627
Other receivables	3,763	1,018
Lease investments (b)	6,405	5,159
	<u>454,196</u>	<u>357,407</u>
Non-current		
Lease investments (b)	2,369	15,485
	<u>2,369</u>	<u>15,485</u>

(a) Of the amounts due from group undertakings, £346,470,000 (2020: £257,673,000) receives interest based on SONIA plus a margin and is repayable on demand. As a result of Interbank Offered Rate (IBOR) reform, interest calculations on amounts receivable from Group undertakings have transitioned from the 1-month LIBOR rate to SONIA (for GBP denominated in-house bank accounts) as at 31 December 2021. All other amounts are non-interest bearing and repayable on demand.

(b) An expected credit loss of £7,845,000 (2020: £16,040,000) was recognized on lease investments during the current year. At 31 December 2021, the lease investments are stated net of allowances for expected credit losses of £29,169,000 (2020: £21,324,000).

14 Investments in employee share trusts

	2021 £'000	2020 £'000
At 1 January	6,341	37,545
Additions to employee share option trust	85,432	16,186
Disposals from employee share option trust	(87,059)	(47,390)
At 31 December	<u>4,714</u>	<u>6,341</u>

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 2021, the employee share trust held 67,420 (2020: 108,937) ordinary shares of Rio Tinto plc.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

15 Property, plant and equipment

	Land and buildings £'000	Furniture, fittings and equipment £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2021	11,371	23,519	484	35,374
Additions	-	-	89	89
Disposals	-	(34)	-	(34)
Transfers	-	-	(211)	(211)
At 31 December 2021	11,371	23,485	362	35,218
Accumulated depreciation				
At 1 January 2021	(1,076)	(8,925)	-	(10,001)
Charge for the year	(976)	(1,809)	-	(2,785)
Disposals	-	34	-	34
At 31 December 2021	(2,052)	(10,700)	-	(12,752)
Net book value				
At 31 December 2021	9,319	12,785	362	22,466
At 31 December 2020	10,295	14,594	484	25,373

16 Intangible assets

	Software £'000	Total £'000
Cost		
At 1 January 2021	9,083	9,083
Additions	68	68
Transfer from asset under construction	211	211
At 31 December 2021	9,362	9,362
Accumulated amortisation		
At 1 January 2021	(9,070)	(9,070)
Amortisation charge	(26)	(26)
At 31 December 2021	(9,096)	(9,096)
Net book value		
At 31 December 2021	266	266
At 31 December 2020	13	13

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

17 Leases**(a) Amounts recognised in the balance sheet**

Right-of-use assets	Land and buildings £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2021	82,649	181	82,830
Additions	2,238	56	2,294
Disposals	-	(66)	(66)
Impairment reversal (a)	30,226	-	30,226
At 31 December 2021	115,113	171	115,284
Depreciation			
At 1 January 2021	(32,005)	(71)	(32,076)
Charge for the year	(7,752)	(64)	(7,816)
Disposals	-	66	66
At 31 December 2021	(39,757)	(69)	(39,826)
Net book value			
At 31 December 2021	75,356	102	75,458
At 31 December 2020	53,130	110	53,240

a) The impairment reversal of £30,226,000 (2020: Impairment charge £14,302,000) is related to ROU of 6 St. James's Square mainly due to self occupation and sublease of vacant floors in March 2022.

Lease liabilities

	2021 £'000	2020 £'000
Lease liabilities - current	10,958	10,447
Lease liabilities - non current	116,276	127,189
	127,234	137,636

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

17 Leases (continued)**Lease liabilities maturity analysis**

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021	2020
	£'000	£'000
Less than one year	17,165	17,220
Between 2-5 years	68,321	69,144
Between 6-10 years	52,712	58,589
Greater than 10 years	28,939	39,463
	167,137	184,416

Lease investments

	2021	2020
	£'000	£'000
Lease investments - current	6,405	5,159
Lease investments- non current	2,369	15,485
	8,774	20,644

The Company has sub-leased right-of-use assets in cases where the assets are no longer required for the Company's use. The lease investment amount above relates to the discounted value of cash expected to be received from assets leased out.

During the year, the Company recognised sub-lease income of £1,378,000. This represents the income received in the year relating to assets subject to operating leases.

Rio Tinto Group Property has been engaged since 2016 to manage the sub-leased assets and any risk associated with these assets. An international real estate consultant firm has been appointed to help manage the risks, with their key responsibilities including (i) lease management (including rent collection and rent payment); (ii) frequent sub-tenant liaison and communication and (iii) regular inspections to ensure sublease compliance. They also regularly engage with landlords to ensure alignment, and additionally they communicate with landlords on an annual basis to identify opportunities for Rio Tinto to exit these legacy assets.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

17 Leases (continued)**Lease investments maturity analysis**

A maturity analysis of the net investment in leases based on undiscounted gross cash flow is reported in the table below:

	2021 £'000	2020 £'000
Within one year	7,623	7,623
Between 2-5 years	29,106	30,324
Greater than 5 years	1,500	7,129
	<u>38,229</u>	<u>45,076</u>

(b) Amounts recognised in the statement of comprehensive income

	2021 £'000	2020 £'000
Payments		
Interest	<u>6,792</u>	<u>7,297</u>

The total cash outflow for leases in 2021 was £17,644,000.

Depreciation charge

Depreciation on right of use assets - Land and buildings	7,752	3,202
Depreciation on right of use assets - Vehicles	64	56
	<u>7,816</u>	<u>3,258</u>

Impairment (reversal)/charge

Impairment (reversal)/charge on right-of-use assets	(30,226)	14,302
Allowance for expected credit losses on lease investments	7,845	16,040
	<u>(22,381)</u>	<u>30,342</u>

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

18 Trade and other payables

	2021 £'000	2020 £'000
Current		
Trade payables	16,961	13,016
Accruals and deferred income	16,387	5,508
Amounts due to group undertakings (a)	95,331	7,396
Other payables	57,616	58,596
Taxation due to group undertakings	11,984	-
Deferred compensation (b)	-	722
	<u>198,279</u>	<u>85,238</u>

(a) Amounts due to group undertakings are interest free and payable on demand.

(b) As disclosed in the Group Annual report from 2016 to 2020, a deed of deferral was entered into between a former Group chief executive (former CEO) and the Company. This was in connection to the investigations concerning the Simandou project. Following an independent confidential and binding dispute resolution process, a determination was made that the first-stage deferral, which would have been payable on 31 December 2018 together with associated dividends and interest, should be paid to the former CEO. In accordance with this decision, the first-stage deferral was paid to him on 13 March 2020.

In light of the decision taken under the binding dispute resolution, combined with no further material information having emerged, the Board concluded that the former CEO should receive the second-stage deferral, payable on 31 December 2020 together with associated dividends and interest. Accordingly, he received the payment for second stage deferral on 31 December 2020.

The third and final stage of the deferral, together with associated dividends and interest, was paid to the former CEO on 31 May 2021.

19 Provisions

	Dilapidations provisions £'000	N.I. on share schemes £'000	Total £'000
At 1 January 2021	5,608	23,687	29,295
Provisions used	(186)	-	(186)
Unused provision reversed	-	(6,340)	(6,340)
At 31 December 2021	<u>5,422</u>	<u>17,347</u>	<u>22,769</u>

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

19 Provisions (continued)

	2021 £ 000	2020 £ 000
Provisions - Non-current	11,612	18,466
Provisions - Current	11,157	10,829
	<u>22,769</u>	<u>29,295</u>

Dilapidations provision

The operating lease contracts held by the Company for office space requires the occupied space to be restored to its original condition at the end of the lease term. The Company therefore has recognised a make good provision on the balance sheet relating to the estimated costs of removing leasehold improvements.

National Insurance on share schemes

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved schemes, a provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance.

20 Pension commitments**Defined benefit pension schemes**

The Company operates a number of pension schemes for its employees.

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

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

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

The Company also operates an unfunded unapproved pension arrangement.

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 2020 and subsequent years cannot be determined precisely in advance. Contributions to defined benefit pension plans for 2021 are estimated to be around £3,000,000 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 2020.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

20 Pension commitments (continued)

Post-retirement healthcare schemes

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.

Monitoring of the Company's exposure to risks associated with the defined benefit pension and post-retirement healthcare plans is performed at a Group level and not managed separately.

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 Group monitors its exposure to changes in interest rates and equity markets and also measures its balance sheet pension risk using a value at risk approach. These measures are considered when deciding whether significant changes in investment strategy are required. Asset-liability studies are conducted on a periodic basis for the main pension plans to determine the optimal investment mix bearing in mind the Group's tolerance for risk, the risk tolerance of the local sponsor companies and the views of the Pension Committees and trustee boards who are legally responsible for the investments of the plans.

The defined benefit sections of the UK arrangements are linked to final pay. New employees are admitted to defined contribution sections. The plans 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 regulation. The trustee board governing the main UK plans has a number of directors appointed by the sponsor, a number appointed by the plan participants and an independent trustee director.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20 Pension commitments (continued)***Reconciliation of surplus shown on the balance sheet***

	2021	2020
	£'000	£'000
Fair value of scheme assets	3,855,004	4,042,633
Present value of scheme liabilities	<u>(3,238,666)</u>	<u>(3,575,857)</u>
Defined benefit pension scheme surplus	<u>616,338</u>	<u>466,776</u>

Pension obligations

Changes in the present value of pension scheme obligations are as follows:

	2021	2020
	£'000	£'000
Present value at start of year	(3,575,857)	(3,357,984)
Current service cost	(2,131)	(2,009)
Past service cost	-	(777)
Actuarial gains and losses arising from changes in demographic assumptions	6,700	100,885
Actuarial gains and losses arising from changes in financial assumptions	159,625	(421,385)
Actuarial gains and losses arising from experience adjustments	51,138	12,855
Interest cost	(41,926)	(66,870)
Benefits paid	163,840	159,444
Contributions by scheme participants	<u>(55)</u>	<u>(16)</u>
Present value of obligation at end of the year	<u>(3,238,666)</u>	<u>(3,575,857)</u>

Plan assets

Changes in the fair value of pension scheme assets are as follows:

	2021	2020
	£'000	£'000
Fair value at start of the year	4,042,633	3,996,069
Interest income on assets	47,530	79,870
Contributions by the Company	65	(259)
Contributions by plan participants	55	16
Non-investment expenses	(2,977)	(3,010)
Benefits paid	(163,840)	(159,444)
Return on plan assets (net of interest on assets) gain	<u>(68,462)</u>	<u>129,391</u>
Fair value of plan assets at end of the year	<u>3,855,004</u>	<u>4,042,633</u>

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

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

20 Pension commitments (continued)**Analysis of assets**

The major categories of pension scheme assets are as follows:

	2021	2020
	%	%
Bonds - government fixed income	14	14
Bonds - government inflation linked	27	25
Bonds - corporate and other quoted	25	26
Bonds - private	5	5
Property - quoted funds	1	4
Property	4	-
Cash and other	3	4
Qualifying insurance policies	21	22
	<u>100</u>	<u>100</u>

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 £100,000 (2020: £100,000).

Amounts recognised in the income statement

	2021	2020
	£'000	£'000
Current service cost	(2,131)	(2,009)
Past service cost	-	(777)
Net interest on obligation/asset	5,604	13,000
Non-investment expenses paid from the plans	(2,977)	(3,010)
Total recognised in the income statement	<u>496</u>	<u>7,204</u>

Amounts recognised in Other comprehensive expense before tax

	2021	2020
	£'000	£'000
Actuarial gains/(losses)	166,325	(320,500)
Return on plan assets and experience (loss)/gain obligation	(17,324)	142,246
Total recognised in other comprehensive expense before tax	<u>149,001</u>	<u>(178,254)</u>

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

20 Pension commitments (continued)

<i>Change in the net defined benefit asset</i>	2021 £'000	2020 £'000
Net defined benefit asset at the start of the year	466,776	638,085
Amounts recognised in profit or loss	496	7,204
Amounts recognised in other comprehensive income	149,001	(178,254)
Contributions by the Company	65	(259)
Net defined benefit asset at the end of the year	616,338	466,776

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

	2021 %	2020 %
Discount rate	1.90	1.20
Future salary increases	4.20	3.60
Future pension increases	3.30	2.50
Inflation rate	3.20	2.90

Post retirement mortality assumptions

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

	2021	2020
- For a man aged 60 now	27.00	27.00
- At 60 for a man aged 40 now	28.00	28.00

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2021 + 0.5% £'000	2021 - 0.5% £'000	2020 + 0.5% £'000	2020 - 0.5% £'000
Discount rate	219,696	(235,680)	257,241	(277,172)
Inflation	(209,525)	196,722	(246,073)	230,186
Demographic – allowance for future improvements in longevity	149,671	(31,656)	167,271	(167,271)

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

20 Pension commitments (continued)***Maturity analysis of benefit payments***

	2021	2021	2021	2020
	Pensions	Other benefits	Total	Total
Proportion relating to current employees	1%	0%	1%	2%
Proportion relating to former employees not yet retired	27%	0%	27%	27%
Proportion relating to retirees	71%	100%	71%	71%
			100%	100%
Average duration of obligation (years)			14.32	15.12

21 Share capital**Allotted, called up and fully paid shares**

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	4,800	4,800	4,800	4,800

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

22 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Rio Tinto European Holdings Limited. The 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. Copies of the Rio Tinto Group 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.

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

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.

Expenditure with and payables to other related parties

	2021		2020	
	£'000		£'000	
Rendering of services	(199)		(177)	
Amounts payable to related parties	(11)		(144)	
	Transactions	Balance	Transactions	Balance
Expenses / payables	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Energy Resources of Australia Ltd	-	-	(18)	-
Oyu Tolgoi LLC	(100)	-	-	-
QIT Madagascar Minerals SA	(84)	(11)	(138)	(138)
Richards Bay Titanium (Proprietary) Limited	(15)	-	(3)	(3)
Richards Bay Mining (Proprietary) Limited	-	-	(3)	(3)
Simfer S.A.	-	-	(15)	-
	(199)	(11)	(177)	(144)

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

23 Related party transactions (continued)**Income and receivables from other related parties**

	2021		2020	
	£'000		£'000	
Receipt of services	6,459		5,713	
Amounts receivable from related parties	3,440		2,103	
	Transactions	Balance	Transactions	Balance
Income / receivables	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Energy Resources Australia Ltd	-	-	13	-
Dampier Salt Ltd	1	-	11	-
Chlor Alkali Unit Pte Ltd	10	-	11	-
Resolution Copper Mining LLC	124	-	112	95
Oyu Tolgoi LLC	1,559	203	1,042	89
QIT Madagascar Minerals SA	877	670	856	936
Richards Bay Titanium (Proprietary) Limited	1,251	1,251	580	298
Richards Bay Mining (Proprietary) Limited	1,249	1,250	627	462
Iron Ore Company of Canada	1,299	62	1,419	10
Sohar Aluminium Co. LLC	7	1	2	33
New Zealand Aluminium Smelters Ltd	82	-	-	-
Diavik Joint Venture	-	-	887	177
Aluminium & Chemie Rotterdam B.V.	-	3	-	3
CanPacific Potash Inc.	-	-	153	-
	6,459	3,440	5,713	2,103

RIO TINTO LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

24 Related undertakings

In accordance with section 409 of the Companies Act 2006, disclosed below is a full list of related undertakings of the Company. Related undertakings include "subsidiaries", "associated undertakings" and "significant holdings in undertakings other than subsidiary companies". The registered office address, country of incorporation, classes of shares and the effective percentage of equity owned by the Company calculated by reference to voting rights, is disclosed as at 31 December 2021.

Details of the related undertakings as at 31 December 2021 are as follows:

Name of undertaking	Country	Registered office	Share class	Direct holding %	Indirect holding %
Rio Tinto Marketing Services Limited	United Kingdom	6 St James's Square, London, SW1Y 4AD, United Kingdom	£1.00 Ordinary shares	100	-
Rio Tinto Medical Plan Trustees 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, SW1Y 4AD, United Kingdom	£1.00 Ordinary shares	100	-
Jadar Free Zone Management Company DOO Beograd - Novi Beograd	Serbia	Bulevar Milutina Milankovica 1i, 5th Floor, Novi Beograd, 11070, Serbia	RSD1.00 Ordinary shares	-	100
Rio Sava Exploration DOO	Serbia	Bulevar Milutina Milankovića 1i, 11070 Novi Beograd, Serbia	US\$ Founder's shares	-	100

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

The investments in subsidiary undertakings have been fully impaired by the Company and have a carrying value of £nil (2020: £nil)

25 Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.