

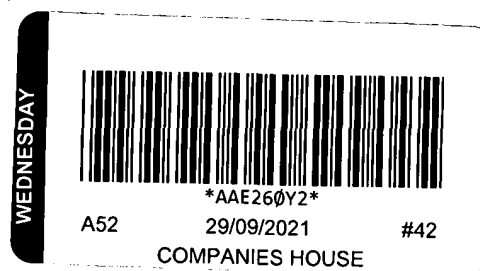
Registration number: 03075230

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**RIO TINTO MARKETING SERVICES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**





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**RIO TINTO MARKETING SERVICES LIMITED**

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**RIO TINTO MARKETING SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A W Hodges J P Kiddle
<b>Company secretary</b>	Rio Tinto Secretariat Limited
<b>Registration number</b>	03075230
<b>Registered office</b>	6 St James's Square London United Kingdom SW1Y 4AD
<b>Independent auditor</b>	KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square London, E14 5GL



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## RIO TINTO MARKETING SERVICES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their Strategic report on Rio Tinto Marketing Services Limited (the "Company") for the year ended 31 December 2020.

#### 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

During the year, the Company continued to receive commission from Kennecott Molybdenum Company, a Group entity, and incur costs largely in relation to staff and administrative costs. Commission earned is governed by a sales agency agreement between the Company and Kennecott Molybdenum Company.

During 2019 the Group commenced a review of its commercial operating model. Due to changes identified in the Molybdenum sales and marketing cost structure the commission percentage earned by the Company in 2020 changed and the sales agency agreement in the United Kingdom the Company was a party to was terminated as at 31 December 2020. Management intends to commence winding up the Company in 2021.

#### Principal risks and uncertainties

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2020 Annual Report which does not form part of this report.

#### Key performance indicators

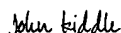
The Company's directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

#### 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 122 to 123 of the Rio Tinto 2020 Annual Report.

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



.....  
J P Kiddle  
Director

Date: 28-09-21



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## RIO TINTO MARKETING SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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*The directors present their report and the audited financial statements for the year ended 31 December 2020.*

#### **Principal activities**

The principal activity of the Company is to provide marketing services to other members of the Group.

#### **Results and dividends**

The profit for the financial year, after taxation, amounted to £4,158,000 (2019: £3,361,000).

No interim dividend was paid during the year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £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:

A W Hodges

J P Kiddle

A K Chirgwin (resigned 11 September 2020)

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.

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.



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## RIO TINTO MARKETING SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

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#### Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2020 Annual Report, which does not form part of this report.

#### Financial risk management

Please refer to the Strategic report, principal risks and uncertainties section.

#### Going concern

During 2019, the Group commenced a review of its commercial operating model and the sales agency agreement in the United Kingdom that the Company was a party to was terminated as at 31 December 2020. Management intends to commence winding up the Company in 2021.

Activities to liquidate the Company are planned to commence in 2021. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements for the year ended 31 December 2020 have been prepared on a basis other than going concern. The comparative financial statements prepared on a basis other than going concern.

No adjustments were necessary in the financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### Matters subsequent to the end of the financial year

As noted above management intends to commence activities to wind up the Company in 2021.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

#### 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 122 to 123 of the Rio Tinto 2020 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.



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**RIO TINTO MARKETING SERVICES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**Independent auditor**

KPMG LLP has been appointed as the Company's auditor for the year ended 31 December 2020 in accordance with section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP resigned as the Company's auditor in 2020 following completion of its procedures on the financial statements for the financial year ending 31 December 2019.

This report was approved by the board and signed by order of the board.

*Hayley Clifton*

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

Date: 28-09-21

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO MARKETING SERVICES LIMITED

### Opinion

We have audited the financial statements of Rio Tinto Marketing Services Limited ("the Company") for the year ended 31 December 2020 which comprise the Balance sheet as at 31 December 2020 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 2020 and of its profit 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.

### Emphasis of matter – financial statements prepared on basis of preparation other than going concern

We draw attention to the disclosure made in note 1.4 to the financial statements which explains that the financial statements have not been prepared on a going concern basis for the reasons set out in the note. Our opinion is not modified in respect of this matter.

### 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, including obtaining and reviewing supporting documentation concerning the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience.
- 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.

#### *Procedures to address fraud risks*

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls

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 senior finance management or 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:



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO MARKETING SERVICES LIMITED (continued)**

### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)**

#### *Risk assessment (continued)*

- 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.

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.

### **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.

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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO MARKETING SERVICES LIMITED (continued)**

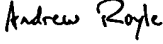
### **Auditor's responsibilities**

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](http://www.frc.org.uk/auditorsresponsibilities).

### **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.

DocuSigned by:  
  
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**Andrew Royle (Senior Statutory Auditor)**  
**for and on behalf of**  
**KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*15 Canada Square*  
*London, E14 5GL*  
*28 September 2021*



**RIO TINTO MARKETING SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Revenue	3	4,076	5,288
Employee benefits expense	4	(10)	(47)
Other operating income/(expense)	5	37	(430)
Net exchange (losses)/gains		(6)	29
Finance income	6	61	88
<b>Profit before taxation</b>		<b>4,158</b>	<b>4,928</b>
Taxation	7	-	(1,567)
<b>Profit for the financial year</b>		<b>4,158</b>	<b>3,361</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<b>4,158</b>	<b>3,361</b>

The notes on pages 12 to 20 form an integral part of these financial statements.



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**RIO TINTO MARKETING SERVICES LIMITED**


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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**


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	Note	2020 £'000	2019 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	8	<u>20,099</u>	<u>17,812</u>
<b>Total assets</b>		<u><b>20,099</b></u>	<u><b>17,812</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	<u>(92)</u>	<u>(1,963)</u>
<b>Total liabilities</b>		<u><b>(92)</b></u>	<u><b>(1,963)</b></u>
<b>Net assets</b>		<u><b>20,007</b></u>	<u><b>15,849</b></u>
<b>EQUITY</b>			
Share capital	10	-	-
Retained earnings		<u>20,007</u>	<u>15,849</u>
<b>Total equity</b>		<u><b>20,007</b></u>	<u><b>15,849</b></u>

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

*John Kiddle*

.....  
J P Kiddle  
Director

Date: 28-09-21

Company registered number: 03075230

The notes on pages 12 to 20 form an integral part of these financial statements.



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**RIO TINTO MARKETING SERVICES LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	-	15,849	15,849
<b>Comprehensive income for the year:</b>			
Profit for the financial year	-	4,158	4,158
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>4,158</b>	<b>4,158</b>
<b>At 31 December 2020</b>	<b>-</b>	<b>20,007</b>	<b>20,007</b>

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2019	-	12,488	12,488
<b>Comprehensive income for the year:</b>			
Profit for the financial year	-	3,361	3,361
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>3,361</b>	<b>3,361</b>
<b>At 31 December 2019</b>	<b>-</b>	<b>15,849</b>	<b>15,849</b>

The notes on pages 12 to 20 form an integral part of these financial statements.



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## RIO TINTO MARKETING SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 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.

##### 1.1 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 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 2.

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

Comparative information is reclassified where appropriate to enhance comparability.

##### 1.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

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

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Rio Tinto plc which can be obtained as set out in note 12.



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**RIO TINTO MARKETING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**1 Accounting policies (continued)**

**1.3 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 2020:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Definition of a Business – amendments to IFRS 3;
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The impact of IBOR reform has been assessed at the Group level and a working group has been established to manage the transition plan for the Group as a whole. See page 207 of the 2020 Rio Tinto Group Annual Report where details regarding the Group's approach to IBOR reform have been disclosed.

**1.4 Going concern**

During 2019, the Group commenced a review of its commercial operating model and the sales agency agreement in the United Kingdom that the Company was a party to was terminated as at 31 December 2020. Management intends to commence winding up the Company in 2021.

Activities to liquidate the Company are planned to commence in 2021. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements for the year ended 31 December 2020 have been prepared on a basis other than going concern. The comparative financial statements prepared on a basis other than going concern.

No adjustments were necessary in the financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

**1.5 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.



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**RIO TINTO MARKETING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**1 Accounting policies (continued)**

**1.6 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.

**1.7 Finance income**

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

**1.8 Taxation**

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.

**1.9 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.



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**RIO TINTO MARKETING SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**1 Accounting policies (continued)**

**1.10 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.

***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.

**1.11 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.

Financial liabilities not measured at amortised cost are classified and measured at fair value through profit or loss. This classification includes derivative liabilities.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**1 Accounting policies (continued)**

**1.12 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.

**1.13 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.

**2 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.

**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.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**3 Revenue**

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

	2020 £'000	2019 £'000
Commission fees	4,076	5,288

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

	2020 £'000	2019 £'000
North America	4,076	5,288

Commission fees include £1,815,000 compensation received for the termination of services and management agreements.

**4 Employee benefits expense**

The aggregate employee benefits expense (including directors' remuneration) were as follows:

	2020 £'000	2019 £'000
Wages and salaries	10	-
Social security costs	-	10
Other benefits	-	37
	10	47

- (a) The average number of persons employed during the year, excluding directors, was nil (2019: nil).
- (b) For the years ended 31 December 2020 and 31 December 2019, no remuneration was paid by the Company to the directors. All directors are remunerated by other Group companies in respect of their services to the Group as a whole. The directors holding office during the year consider their services to the Company to be incidental to their duties within the Group and accordingly no remuneration has been apportioned to the Company.
- (c) Employees who are involved in the management and operation of the Company have contracts of service with other Group entities and therefore their remuneration is included within those entities' financial statements.



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**RIO TINTO MARKETING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**


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**5 Other operating (income)/expenses**

	2020 £'000	2019 £'000
Internal services	64	425
Travel, accommodation and entertainment	-	3
Auditors remuneration	10	-
Other expenses	1	2
Other income	(112)	-
	<u>(37)</u>	<u>430</u>

- (a) During 2020, audit fee of £9,839 is payable to KPMG. In 2019, the audit fee of £5,641 was borne by a fellow group undertaking and was payable to PwC LLP, who were the Company's statutory auditor for the previous financial year.
- (b) Other income in 2020 relates to the release of an accrual.

**6 Finance income**

	2020 £'000	2019 £'000
Interest income from group undertakings	<u>61</u>	<u>88</u>

**7 Taxation**

	2020 £'000	2019 £'000
<b>Current tax</b>		
Current tax for the year	<u>-</u>	<u>1,567</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2019: higher than the standard rate of corporation tax in the UK) of 19% for the year ended 31 December 2020 (2019: 19%).

The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before taxation	<u>4,158</u>	<u>4,928</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	790	936
Increase from effect of expenses not deductible in determining taxable profit	-	8
(Decrease)/increase arising from group relief tax reconciliation	(790)	229
Increase from transfer pricing adjustments	<u>-</u>	<u>394</u>
<b>Total tax charge for the financial year</b>	<u>-</u>	<u>1,567</u>

Legislation to maintain the main rate of UK corporation tax at 19% from 1 April 2020 received Royal Assent on 22 July 2020.

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.



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**RIO TINTO MARKETING SERVICES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**


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**8 Trade and other receivables**

	2020 £'000	2019 £'000
Amounts owed by group undertakings	<u>20,099</u>	<u>17,812</u>

Of the amounts owed by group undertakings, £20,099,000 (2019: £17,812,000) receives interest based on LIBOR plus a margin and is repayable on demand.

**9 Trade and other payables**

	2020 £'000	2019 £'000
<b>Current</b>		
Amounts due to group undertakings	81	395
Taxation due to group undertakings	-	1,567
Other payables and accruals	<u>11</u>	<u>1</u>
	<u>92</u>	<u>1,963</u>

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

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

	2020		2019	
	No.	£	No.	£
Ordinary share capital of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**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.

**11 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.

**12 Parent and ultimate parent undertaking**

The Company's immediate parent undertaking is Rio Tinto London 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](http://www.riotinto.com).



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

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**13 Post balance sheet events**

As noted above management intends to commence activities to wind up the Company in 2021.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.