

**Company Registration No. 06417061**

**Glencore Shipping Limited**

**Annual Report and Financial Statements**

**31 December 2020**



# **Glencore Shipping Limited**

## **Annual Report and Financial Statements 2020**

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## **Glencore Shipping Limited**

### **Officers and professional advisers**

#### **Directors**

L Bullen

#### **Secretary**

N Reid

#### **Registered office**

50 Berkeley Street  
London  
W1J 8HD

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London, United Kingdom

# Glencore Shipping Limited

## Strategic report

The director presents the strategic report for the year ended 31 December 2020.

### Organisation and principal activity

Glencore Shipping Limited ('the Company') is a wholly-owned subsidiary of Glencore UK Ltd. The ultimate parent company is Glencore plc, a company incorporated in Jersey. The Company is a member of the Glencore plc Group (the 'Group').

The principal activity of the Company is ship chartering and transport related activities. The director is not aware, at the date of this report, of any likely major changes in the activities of the Company in the next year.

### Business review

As shown in the statement of profit or loss on page 9, the profit for the year was \$187,000 (2019: \$319,000), a decrease of 41%. Revenue also decreased by 43% to \$21,686,000 (2019: \$38,284,000). A comprehensive analysis of the consolidated Oil division's results, which includes the Company, is included in the Glencore plc annual report, consolidating all entities in the division in addition to the Company. The results are reported within the Marketing activities segment, under the Energy products category.

There have been no significant events after the reporting period that require disclosure.

### Key performance indicators

The directors of the Group manage its operations on a segmental basis, therefore the Company's director is of the opinion that analysis using key performance indicators for the Company is not considered necessary or meaningful for an understanding of the development, performance or position of the Company's business.

### Principal risks and risk governance

The Board of Directors are responsible for approving risk management principles and policies, and ensuring that the Company's management maintains an effective system of internal controls. They are responsible for the management of risk within the framework of risk management principles and policies approved by the Board.

#### *Risk management organisation*

Compliance with all limits and control procedures is monitored by the Risk Management and Credit Management departments, which report directly to the Group's senior management team. The Risk Management and Credit Management departments are responsible for reviewing and approving pricing and risk management models, and for reporting market and credit risk exposures.

#### *Market risks*

All market risks have been considered and any applicable positions are recorded and monitored as appropriate.

#### *Credit and performance risk*

The Company's business is concentrated in the global oil transport sector. Consequently, its trade and other receivables and market exposure are predominantly with international oil companies and other trading companies. The Company has implemented robust credit risk management policies overseen by the Board of Directors, with the portfolio being assessed on an ongoing basis for credit quality. Exposures are minimised through the use of letters of credit, credit insurance, bank payment guarantees and cash collateral. During the current or previous period, the Company has not suffered any significant credit loss.

#### *Operational and other risks*

Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations, and from inadequate internal processes and systems. The Company assesses the level of operational risk in its various business processes and has implemented a series of checks and backup systems based on the risk assessment. Our procedures are designed to prevent the occurrence of operational errors and, should an error occur, quickly detect its occurrence in order to minimise its impact.

## **Glencore Shipping Limited**

### **Strategic report (continued)**

#### **Principal risks and risk governance (continued)**

##### *Operational and other risks (continued)*

Any failure in business process results in a revised risk assessment and review of relevant procedures. Operational risk is considered by the Board of Directors when approving new activities and business ventures. Our legal advisers provide essential advice and guidance to senior management on all business issues to ensure that our business is conducted in a manner that complies with all legal and regulatory requirements. Further information is provided in the Glencore plc 2020 Annual Report.

Following a trade agreement with the European Union, a variety of legislative changes have been introduced resulting in changes to the tariffs applied to sales and purchases for goods imported and exported to and from the UK. Overall the impact of Brexit on the Company or the nature of the Company's business is limited, as the director envisages no change in demand for global ship chartering and transport related services provided by the Company for the foreseeable future. However, certain minor administrative changes have occurred to ensure the Company is fully compliant with the changes in legislations and tariffs.

##### *Climate change*

The impact of climate change and the transition to a low-carbon economy are addressed by the Glencore plc Group, which includes the Company, and detailed information is disclosed in the Glencore plc annual report available at [www.glencore.com](http://www.glencore.com). Further information regarding climate change and Glencore's commitment to the transition to a low-carbon economy is available within both the Sustainability and Media sections of the website.

##### *Liquidity risk management*

Liquidity management within the Group has two principal purposes. Firstly, to ensure that sufficient cash is available to meet all contractual commitments as they fall due and, secondly, to ensure that we have sufficient funding to withstand stressed market conditions or an extreme event.

Liquidity is assessed by the Treasury Department based on criteria approved by the Board of Directors. The Company maintains adequate funding lines with banks and its parent company to ensure sufficient liquidity to meet all financial requirements on a timely basis..

##### *Going concern*

The Group's forecasts and projections, which include the Company, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties outlined above, and the impact of Covid-19, indicate it is appropriate for the Company to adopt the going concern basis in preparing these financial statements.

As is customary with commodity trade finance, many bank facilities are uncommitted in nature and, consistent with prior years, are expected to continue uninterrupted for the foreseeable future, and we continue to enjoy a strong relationship with the banking community.

##### *Interest rate and foreign exchange risk*

The Company monitors its interest rate risk, considering any material exposures. The Company is rarely exposed to the risks of changes in foreign currency exchange rates with regard to its trading activities since the majority of transactions are denominated in US dollars. The US dollar is the functional currency of the Company.

# Glencore Shipping Limited

## Strategic report (continued)

### Principal risks and risk governance (continued)

#### *Impact of COVID-19*

The Covid-19 pandemic is an extraordinary challenge, impacting our families, local communities and society at large. During 2020, both financial and commodity markets were extremely volatile in the face of Covid uncertainty. The Company's adaptable and resilient business model allowed it to quickly adjust to the challenges of Covid-19. In the first half of 2020, freight rates were resilient and there was strong demand for vessels, particularly VLCCs for floating storage. However, the second half of 2020 presented challenges for the wider freight industry due to reduced rates and oversupply in certain oil tanker markets. A high level of uncertainty remains regarding the next recovery stages, both for the freight industry, and the wider global economy.

#### **Section 172(1) statement**

During the financial year the director has complied with their duty to have regard to the matters in section 172(1) (a)-(f) of the Companies Act 2006. The director believes that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

#### *Stakeholder engagement*

The directors consider that the key stakeholders of the Company are those impacted by the inputs and outputs of the Company, specifically these are (in no particular order): shipowners, charterers, brokers, bunker suppliers, port agents, customers, suppliers, banks and financial institutions, government organisations and regulators. The Company, through the director, engages with each stakeholder at the appropriate level of detail and frequency depending on their specific requirements and level of influence and interest. The director uses a variety of methods to do this, as described in the Director's report. The Company engages with its key stakeholders through meetings and telephone calls in relation to its activities and outlook

#### *Principal decisions*

Principal decisions are those that are material to the Company and also to the above stakeholder groups. During the financial year, the Company has taken a number of operational and strategic decisions (taking into account Covid-19 related matters), which the director considers are for the benefit of the Company, with a view to promoting its long term success and sustainability. An example of a principal decision is the mixture of vessel categories within the fleet and the impact of differing freight rates based on voyage length and destination.

Glencore plc has included in its annual report for the year a statement in respect of section 172(1) matters concerning the Group as a whole.

Approved by the Board of Directors  
and signed on behalf of the Board



N Reid  
Secretary  
29 April 2021

# Glencore Shipping Limited

## Director's report

The director presents the annual report and the audited financial statements for the year ended 31 December 2020.

The strategic report starting on page 2 contains details of the principal activity of the Company and provides information on the development of the Company's business during the year, details of exposure to risks and uncertainties and indications of likely future developments, going concern, and any significant events after the reporting period.

### Directors

The director who held office during the year and subsequently is shown on page 1.

### Director's insurance

The Company has maintained Directors' & Officers' liability insurance for the benefit of its director during the year which remains in force at the date of this report.

### Corporate governance

The Company does not apply a specific corporate governance code because its ultimate parent, Glencore plc, adheres to the principles and complies with the provisions of the UK Corporate Governance Code 2018, its main applicable governance rules. This code was applied throughout the Group and further information on how the Company has applied the code is described below.

Glencore plc and its subsidiaries, which includes the Company, apply the highest standards in corporate governance. On the Glencore plc website [www.glencore.com](http://www.glencore.com), the Group sets out policies on matters of corporate governance including our statement of values, our code of conduct, sustainability and global anti-corruption.

The director applies these Group policies to the Company. Decisions and policies affecting employees, the environment, suppliers and other stakeholders are made at a Group level with the directors. In so doing, the director and the Company meet their obligations and duties under various new legislation addressing matters of corporate governance. Further information meeting our reporting obligations is disclosed in the Glencore plc annual report available at [www.glencore.com](http://www.glencore.com).

### Dividends

The director recommends that no dividend be paid (2019: \$nil) and that the profit be transferred to reserves.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



N Reid  
Secretary  
29 April 2021

## **Glencore Shipping Limited**

### **Director's responsibilities statement**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the director 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 director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **Independent auditor's report to the members of Glencore Shipping Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Glencore Shipping Limited (the 'Company'):

- 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 United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

### **Other information**

The director is responsible for the other information. The other information comprises the information included in the Strategic Report and the Director's Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Glencore Shipping Limited**

### **Responsibilities of the director**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included environmental regulations,

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC.

## **Independent auditor's report to the members of Glencore Shipping Limited**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the director's report.

#### **Matters on which we are required to report by exception**

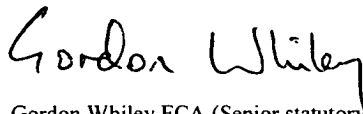
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

#### **Use of our report**

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.



Gordon Whiley FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
29 April 2021

## Glencore Shipping Limited

### Statement of profit or loss For the year ended 31 December 2020

		2020 \$'000	2019 \$'000
<b>Continuing operations</b>	<b>Note</b>		
Revenue	2	21,686	38,284
Chartering expense		(21,410)	(37,840)
<b>Gross profit on trading activities</b>		<u>276</u>	<u>444</u>
Other operating expense		(45)	(50)
<b>Operating profit</b>	2	<u>231</u>	<u>394</u>
<b>Profit before tax</b>		231	394
Income tax expense	4	(44)	(75)
<b>Profit for the year</b>		<u><u>187</u></u>	<u><u>319</u></u>

The accompanying notes are an integral part of the financial statements.

There are no gains or losses in either year other than the profit for the year, and accordingly no statement of comprehensive income is presented.

## Glencore Shipping Limited

Company Registration Number 06417061

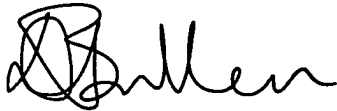
### Statement of financial position As at 31 December 2020

Assets	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Trade and other receivables	5	7,713	7,870
Cash and cash equivalents		-	1,365
<b>Total assets</b>		<u>7,713</u>	<u>9,235</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	(4,093)	(5,802)
<b>Total liabilities</b>		<u>(4,093)</u>	<u>(5,802)</u>
<b>Net assets</b>		<u>3,620</u>	<u>3,433</u>
<b>Equity</b>			
Share capital	7	-	-
Retained earnings	8	3,620	3,433
<b>Total equity</b>		<u>3,620</u>	<u>3,433</u>

The accompanying notes are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 29 April 2021.

Signed on behalf of the Board of Directors



L Bullen

Director

## Glencore Shipping Limited

### Statement of changes in equity For the year ended 31 December 2020

	Share capital \$'000 (note 7)	Retained earnings \$'000 (note 8)	Total \$'000
As at 1 January 2019	-	3,114	3,114
Profit and total comprehensive income for the year	-	319	319
As at 31 December 2019	-	3,433	3,433
Profit and total comprehensive income for the year	-	187	187
As at 31 December 2020	-	3,620	3,620

The accompanying notes are an integral part of the financial statements.

# Glencore Shipping Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. Accounting policies

Glencore Shipping Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is 50 Berkeley Street, London, W1J 8HD.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

#### Exemptions

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

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation;
- the exemption from providing certain comparative information;
- the exemption from providing capital management information;
- the exemption from disclosing the impact of standards in issue but not yet adopted;
- the exemption from disclosing transactions with other wholly-owned members of the group; and
- the exemption from disclosing the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts *with Customers*.

The Company has taken advantage of the following exemptions available under FRS 101 as equivalent disclosures have been given in the consolidated financial statements of Glencore plc which include the results of Glencore Shipping Limited:

- the exemption from the disclosures relating to fair value measurement where these are not required by regulations; and
- the exemption regarding financial instruments disclosures.

The financial statements of Glencore plc are available from the registered office at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES or from the Company's website at [www.glencore.com](http://www.glencore.com).

#### Basis of preparation

The financial statements are prepared under the historical cost basis of accounting.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review.

The Group's forecasts and projections, which include the Company, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties outlined in the Strategic Report and the impact of Covid-19, indicate it is appropriate for the Company to adopt the going concern basis in preparing these financial statements.

As is customary with commodity trade finance, many bank facilities are uncommitted in nature and, consistent with prior years, are expected to continue uninterrupted for the foreseeable future, and we continue to enjoy a strong relationship with the banking community.

#### Adoption of new and revised Standards

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. The key changes in the period include Amendments to References to the Conceptual Framework in IFRS Standards and Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Definition of material*. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

# Glencore Shipping Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### Currency of financial statements

As the Company undertakes the majority of its trading transactions in US dollars, which is its functional currency, these financial statements have been prepared in that currency.

#### Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when the performance obligations have been satisfied, which is when control of the service is transferred to the customer.

Revenue from contracts to provide shipping and transportation services and other related contractually agreed income is recognised over time as the service is rendered.

#### Foreign currencies

Transactions during the year in currencies other than US dollars are translated into US dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in currencies other than US dollars are translated into US dollars at the rates ruling at the statement of financial position date. Exchange adjustments are dealt with in the statement of profit or loss in the year in which they arise.

#### Taxation

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. The Company assesses its liabilities and contingencies for all years based upon the latest tax information available. The Company believes it has adequately provided for the outcome of all tax matters, but future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the final assessments are made. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities, although it is not considered to be appropriate to quantify any further potential exposure, and any potential materially different outcome is not expected to arise within the next financial year. Deferred income tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred income tax assets and unused tax losses are only recognised to the extent that their recoverability is probable.

Deferred income tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred income tax asset not previously recognised but which subsequently fulfils the criteria for recognition, an asset is then recognised. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same authority and the Company has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a manner that initially impacted accounting or taxable profit).

Current and deferred income tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity).

#### Trade and other receivables and Trade and other payables

Trade and other receivables and trade and other payables (including amounts owed by and to group companies) are initially recognised at fair value on the trade date. They are subsequently carried at amortised cost with trade and other receivables adjusted for any loss allowance at the end of each reporting period.

The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision at the end of each reporting period.



# Glencore Shipping Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### Trade and other receivables and Trade and other payables (continued)

The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Critical accounting judgements

##### *Performance and credit risk*

The Company's marketing operations expose it to performance and credit risks; these arise particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets and when global and/or regional macroeconomic conditions are weak.

Continuously, but particularly during such times, judgement is required to determine whether trade and other receivables are recoverable and if contracted product deliveries will be received. Judgements about recoverability and contractual performance may materially impact assets as recognised on the statement of financial position. Any estimation uncertainty related to these judgements is not anticipated to result in a material change to the carrying value of these assets within the next financial year.

#### Key sources of estimation uncertainty

There are no sources of estimation uncertainty significant enough to warrant disclosure under IAS 1 – *Presentation of Financial Statements*.

### 2. Revenue and operating profit

Revenue represents the value of freight services rendered. The analysis of operating income by geographical market has not been given because, in the opinion of the director, disclosure of such information would be seriously prejudicial to the interests of the Company.

	2020 \$'000	2019 \$'000
Operating profit is stated after charging		
Auditor's remuneration		
- auditing of the financial statements	26	24
- taxation compliance services	2	2

## Glencore Shipping Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 3. Directors' and employees' remuneration

The Company has no employees (2019: none). The directors received no remuneration from the Company during the year (2019: \$nil). Directors' remuneration and costs for services performed in relation to the Company are paid by the immediate parent company and cannot be separately attributed to the Company from services to the parent and fellow subsidiaries. Services for the Company performed by employees of the immediate parent company are paid on the Company's behalf by the parent entity.

No director of the Company is a member of the parent company's defined benefit pension scheme (2019: none) and one director is a member of the defined contribution scheme (2019: one).

#### 4. Income tax expense

##### (a) Analysis of tax charge

	2020 \$'000	2019 \$'000
United Kingdom corporation tax at 19% (2019: 19%) based on the profit for the year	44	75
Prior year adjustment	-	-
Current and total tax charge for the year	<u>44</u>	<u>75</u>

##### (b) Factors affecting tax charge for the current year

The tax assessed for the year is the same (2019: the same) as that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 \$'000	2019 \$'000
Profit before tax	<u>231</u>	<u>394</u>
Tax at 19% thereon (2019: 19%)	44	75
Prior year adjustment	-	-
Total tax charge for the year	<u>44</u>	<u>75</u>

Legislation was originally introduced in the Finance Act 2016 and enacted at the statement of financial position date, to reduce the main rate of corporation tax to 17%, from 1 April 2020. Legislation was then introduced in the Finance Act 2020 stating that the main rate of corporation tax would instead remain at 19% for financial year 2021.

In the March 2021 Budget it was announced that legislation will be introduced in the Finance Act 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the statement of financial position date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

## Glencore Shipping Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 5. Trade and other receivables

	2020 \$'000	2019 \$'000
<b>Amounts due within one year:</b>		
Trade and other receivables	2,090	388
Amounts owed by fellow group undertakings	3,411	3,224
Accrued income	2,230	4,258
	<u>7,731</u>	<u>7,870</u>
Allowance for doubtful trade and other receivables	(18)	-
	<u>7,713</u>	<u>7,870</u>

#### 6. Trade and other payables

	2020 \$'000	2019 \$'000
<b>Amounts falling due within one year:</b>		
Trade and other payables	638	56
Amounts owed to fellow group undertakings	2,516	4,987
Income tax	587	526
Accruals	352	233
	<u>4,093</u>	<u>5,802</u>

#### 7. Share capital

	2020 \$	2019 \$
<b>Authorised</b>		
1 ordinary share of £1 each	<u>2</u>	<u>2</u>
<b>Share capital allotted and fully paid</b>		
1 ordinary share of £1 each	<u>2</u>	<u>2</u>

#### 8. Reserves

A description of each reserve is set out below.

##### Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

#### 9. Immediate and ultimate parent company

The immediate parent company is Glencore UK Ltd, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent and controlling company is Glencore plc, a company incorporated in Jersey with registered offices at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. Glencore plc is the smallest and largest group into which the Company is consolidated, and produces publicly available consolidated financial statements.

**Glencore Shipping Limited**

**Notes to the financial statements  
For the year ended 31 December 2020**

**10. Related party balances and transactions**

There were no transactions with related parties that are not wholly-owned group companies.

**11. Events after the reporting period**

There have been no significant events after the reporting period that require disclosure.