Company Registration No. 01788823

Glencore Commodities Ltd

Annual Report and Financial Statements

31 December 2020

Glencore Commodities Ltd

Annual report and financial statements 2020

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Glencore Commodities Ltd

Officers and professional advisers

Director

W Blount

Secretary

N Reid

Registered office

50 Berkeley Street
London
W1J 8HD

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

Glencore Commodities Ltd

Strategic report

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

Organisation and principal activity

Glencore Commodities Ltd ('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 the purchase and sale of oil derivatives. The director is not aware, at the date of this report, of any likely major change in the activity of the Company in the next year.

The Company is authorised and regulated by the Financial Conduct Authority to conduct oil market investment business as an Oil Market Participant under the Financial Services and Markets Act 2000.

Business review

As shown in the statement of profit or loss on page 9, the profit for the year, was $15,284,000 (2019: $15,554,000). Gross profit on trading activities has increased by 32% (2019: increased by 10%) in the year, whilst service fees have increased by 111% (2019: increased by 14%) and administrative expenses have increased by 39% (2019: increased by 20%) respectively.

The statement of financial position on page 10 shows that the Company's financial position as at 31 December 2020 for net assets has increased compared with the prior year by 4%. 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 are represented on the Company's statement of financial position and the positions are recorded and monitored in separate trading books as appropriate.

The Company uses mark-to-market accounting for positions where there is an observable market, in accordance with the measurement requirements of EU-endorsed IFRS. Where no active market exists for a derivative financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument, which is substantially the same.

Strategic report (continued)

Principal risks and risk governance (continued)

Credit and performance risk

The Company's business is concentrated in the global oil and oil products sector, consequently, its trade receivables and market exposure are predominantly with international oil companies, financial institutions 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. The Company has not suffered any significant credit loss during the current or previous period.

The Company also trades under standard industry agreements such as International Swaps and Derivatives Association (ISDA) agreements for swap transactions. Whilst these industry agreements and terms normally include netting and default provisions, the Company establishes cross commodity netting terms for its major counterparts, which as well as providing netting benefits, also standardises material adverse change and default provisions. The Company also obtains collateral against exposures where appropriate, including the execution of margining agreements.

Capital risk

The Company's objectives in managing its capital attributable to equity holders include preserving its overall financial health and strength for the benefit of all the stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long term profitability.

Value at risk

One of the tools used by the Oil division, which includes the Company, to monitor and limit its primary market risk exposure, principally commodity price risk, is the use of a value at risk ("VaR") computation. VaR is a risk measurement technique, which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, profitability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets.

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. 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 relevant 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. As disclosed in note 31 of the Financial statements included in the Glencore plc 2020 Annual Report, the Glencore group is subject to a number of investigations by government and enforcement authorities in respect of which the outcome is not possible to predict and estimate.

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, given the Company purchases and sells oil and gas derivatives to support global physical oil flows across the Group. However, certain minor administrative changes have occurred to ensure the Company is fully compliant with the changes in legislations and tariffs.

Strategic report (continued)

Principal risks and risk governance (continued)

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. 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.

Interest rate and foreign exchange risk

The Company monitors its interest rate risk, considering any material exposures.

The Company is exposed to the risks of changes in foreign currency exchange rates with regard to its trading activities. The US dollar is the functional currency of the Company, as the majority of transactions are denominated in US dollars. The Company is not exposed to significant non US Dollar exposure and these positions are monitored regularly to assess the need for hedging. Trading activities transacted in currencies other than US dollars (principally euros and pounds sterling) are hedged through forward foreign exchange contracts.

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.

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. The Company was able to respond to volatility in the oil derivatives market, meet all cash margin calls, and continue hedging and managing its positions effectively, using the aforementioned VaR methodology and risk management principles and policies. However, a high level of uncertainty remains regarding the next recovery stages, both for the commodity industry, and the wider global economy.

Strategic report (continued)

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 director considers 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): global exchanges, clearing houses, OTC counterparties, floor brokers, banks and financial institutions, government organisations and regulators, including the Financial Conduct Authority. 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. As an Oil Market Participant, the Financial Conduct Authority is a key stakeholder of the Company, with whom it engages through meetings and telephone calls in relation to its activities, outlook and regulatory matters.

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 monitoring and revision of VaR limits during market volatility in the first half of the year. Regular reports are provided to the Glencore Group chief executive officer and chief financial officer which ensures alignment between the Company and Group in relation to operational and strategic decision making by the director. Further information is provided in the Director's report.

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

Nick Reid

N Reid
Secretary
29 April 2021

Glencore Commodities Ltd

Director's report

The director presents the annual report and the audited financial statements for the year ended 31 December 2020. The Company is incorporated in England and Wales and operates a branch located in Singapore.

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 period 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, 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 directors apply 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 directors 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.

Dividends

The director recommends that no equity 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

Nick Reid

N Reid
Secretary
29 April 2021

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 Commodities Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Glencore Commodities Ltd (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 other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 17.

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 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 Commodities Ltd (continued)

Responsibilities of directors

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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend 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. 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 Commodities Ltd (continued)

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 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.

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

Glencore Commodities Ltd

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

Continuing operations	Note	2020 $'000	2019 $'000
Revenue			
Net trading income	2	32,469	24,507
Gross profit on trading activities		32,469	24,507
Service fees charged by group companies	1	(14,483)	(6,880)
Cost of service activities		(14,483)	(6,880)
Administrative expenses		(638)	(460)
Other operating expense		(85)	(126)
Operating profit	3	17,263	17,041
Interest income	5	323	145
Interest expense	6	(4)	(49)
Profit before tax		17,582	17,137
Tax charge on profit	7	(2,219)	(1,583)
Profit for the year		15,363	15,554

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

Statement of other comprehensive income

	Note	2020 $'000	2019 $'000
Profit for the year		15,363	15,554
Items which will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain on financial liabilities designated as at fair value through profit and loss attributable to changes in credit risk	14	(133)	76
(Loss)/gain on equity investments accounted for at fair value through other comprehensive income	8	(373)	252
Total other comprehensive (loss)/income		(506)	328
Total comprehensive income		14,857	15,882

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

Glencore Commodities Ltd

Company Registration Number: 01788823

Statement of financial position
As at 31 December 2020

Assets	Note	2020 $'000	2019 $'000
Non-current assets			
Investments	8	3,838	4,363
Current assets			
Trade and other receivables	9	1,545,804	1,486,046
Cash and cash equivalents		464	466
Total assets		1,550,106	1,490,875
Liabilities			
Current liabilities			
Trade and other payables	10	(1,175,051)	(1,130,677)
Total liabilities		(1,175,051)	(1,130,677)
Net assets		375,055	360,198
Equity			
Share capital	12	949	949
Revaluation reserve	13	718	1,225
Retained earnings	13	373,387	358,024
Total equity		375,055	360,198

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

W Blount

Director

Glencore Commodities Ltd

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

	Share capital $'000 (note 12)	Revaluation reserve $'000 (note 13)	Retained earnings $'000 (note 13)	Total $'000
As at 1 January 2019	949	897	342,470	344,316
Profit for the year	-	-	15,554	15,554
Other comprehensive income for the year	-	328	-	328
Total comprehensive income for the year	-	328	15,554	15,882
As at 31 December 2019	949	1,225	358,024	360,198
As at 1 January 2020	949	1,225	358,024	360,198
Profit for the year	-	-	15,363	15,363
Other comprehensive income for the year	-	(506)	-	(506)
Total comprehensive income for the year	-	(506)	15,363	14,857
As at 31 December 2020	949	718	373,387	375,055

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

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

1. Accounting policies

Glencore Commodities Ltd 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 disclosing the impact of standards in issue but not yet adopted; and
- the exemption from disclosing transactions with other wholly-owned members of the group.

The consolidated financial statements of Glencore plc, which include the results of Glencore Commodities Ltd, 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.

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting, as modified by the inclusion of financial instruments at fair value.

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 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.

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.

1. Accounting policies (continued)

Revenue

Revenue comprises net trading income, which primarily consists of recognised gains and losses from trading in oil derivatives. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for derivative transactions in the normal course of business, net of discounts, VAT and other related taxes.

All other charges for purchases, including delivery and hedging on terminal markets and all credits for sales and other charges to customers (with the exception of foreign exchange gains and losses, which are dealt with in accordance with the policy on foreign currencies below) are recognised when the performance obligations have been satisfied, which is once control of the goods and / or services has transferred from the Company to the buyer.

All traded instruments are evaluated with reference to market prices prevailing at the statement of financial position date. Within net trading income, unrealised gains and losses on valuation of traded instruments are recognised in the statement of profit or loss.

Service fees and other recharges

Service fees and other recharges to and from group companies are accounted for on an accruals basis according to agreements with other group companies.

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 on 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.

Fixed asset investments

Equity investments are recorded at fair value. The Company designated these investments that are not held for trading as at fair value through other comprehensive income. As a result, changes in fair value are recorded in the statement of other comprehensive income. Dividends from these investments are recognised in the statement of profit or loss, unless the dividend represents a recovery of part of the cost of the equity investment.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All assets and liabilities have been disclosed gross unless the Company currently has both a legally enforceable right of offset and intention to do so.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, other investments, provisionally priced trade and other receivables and derivatives are carried at fair value and trade and other receivables that do not contain provisional price features, loans and other trade and other receivables are carried at amortised cost adjusted for any loss allowance.

1. **Accounting policies (continued)**

Trade and other payables, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Trade and other payables that contain provisional pricing features and derivatives are carried at FVTPL.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, 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. 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.

For all other financial assets at amortised cost, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- a review of overdue amounts;
- comparing the risk of default at the reporting date and at the date of initial recognition; and
- an assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue, it is presumed to be an indicative indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Company considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Company without taking into account any collateral held by the Company or if the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or have expired. All assets and liabilities have been disclosed gross unless the Company currently has both a legally enforceable right of offset and intention to do so.

1. **Accounting policies (continued)**

Derivative financial instruments

The Company enters into derivative financial instruments, such as commodity futures and options and commodity swaps, for trading purposes. All derivative instruments are measured at fair value upon initial recognition and are re-measured to fair value at each subsequent reporting date. Movements in fair value of derivative instruments are recognised in the statement of profit or loss.

Derivative financial instruments, receivables and payables (including amounts owed by and to group companies) are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the receivable and settle the payable simultaneously.

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 taxes are 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 statement of profit or loss, except when they relate to items that are recognised outside the statement of profit or loss (whether in other comprehensive income or directly in equity).

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 adjustments to the carrying amount of assets or liabilities affected in future periods.

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

2. Revenue

Revenue includes net trading income from the Company's main business activity, buying and selling oil derivatives.

3. Operating profit

	2020 $'000	2019 $'000
Operating profit is stated after charging:		
Net foreign exchange loss	85	126
Auditor's remuneration – auditing of the financial statements	380	339
– tax compliance services	17	17

4. Directors' and employees' remuneration

The Company has no employees (2019: none). The director received no remuneration from the Company during the year (2019: $nil). Director 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 are performed by employees of the immediate parent company, for which a service charge is made.

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).

5. Interest income

	2020 $'000	2019 $'000
Interest income from other loans and receivables	147	35
Income from investments	176	110
	323	145

6. Interest expense

	2020 $'000	2019 $'000
Interest expense on bank loans and overdrafts repayable within one year	4	49
	4	49

7. 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	2,882	-
Foreign tax for current year	593	327
Prior year adjustments relating to UK corporation tax	(1,256)	1,256
Current tax charge/(credit) for the year	2,219	1,583
Deferred income tax for current year	-	-
Total tax charge/(credit) for the year	2,219	1,583

(b) Factors affecting tax charge for the current year

The tax assessed for the period is lower (2019: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 $'000	2019 $'000
Profit before tax	17,582	17,137
Tax at 19% thereon (2019: 19%)	3,341	3,256
Effects of:		
Expenses not deductible	251	-
Income not taxable	(33)	(20)
Deferred income tax written off	-	-
Difference in tax rates on overseas earnings	(84)	(61)
Prior year adjustment to current tax due to losses	(1,256)	1,256
Group relief claimed for nil consideration	-	(2,848)
Total tax charge/(credit) for the year	2,219	1,583

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%.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences to which they relate unwind based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Prior year adjustments relate to retrospective loss relief for eligible tax losses in fellow UK Group entities.

Glencore Commodities Ltd

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

8. Investments

	Listed investments $'000	Guarantee fund $'000	Exchange seats $'000	Total investments $'000
At 1 January 2019	3,762	152	197	4,111
Additions	-	-	-	-
Reductions	-	-	-	-
Revaluations	252	-	-	252
At 31 December 2019	4,014	152	197	4,363
Additions	-	-	-	-
Reductions	-	(152)	-	(152)
Revaluations	(373)	-	-	(373)
At 31 December 2020	3,641	-	197	3,838

Investments are stated at fair value.

9. Trade and other receivables

	2020 $'000	2019 $'000
Amounts due within one year:		
Financial assets at fair value through profit and loss		
Trade and other receivables	902,162	761,249
Amounts owed by fellow group undertakings	247,082	445,471
Derivative financial instruments – third parties (note 11)	178,779	116,315
Derivative financial instruments – fellow group undertakings (note 11)	217,675	161,294
Non-financial assets		
Current income tax	-	1,292
Other receivables	106	425
	1,545,804	1,486,046

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

10. Trade and other payables

	2020 $'000	2019 $'000
Amounts falling due within one year:		
Financial liabilities at fair value through profit and loss		
Short-term loans and overdrafts	202,143	287,044
Trade and other payables	22,894	288,410
Amounts owed to fellow group undertakings	167,042	14,986
Derivative financial instruments – third parties (note 11)	757,170	475,254
Derivative financial instruments – fellow group undertakings (note 11)	24,585	64,567
Non-financial liabilities		
Current income tax	10	61
Foreign income tax	752	-
Accruals	455	355
	1,175,051	1,130,677

11. Financial instruments

Derivative financial instruments
The Company trades derivative financial instruments including commodity futures and options and commodity swaps. The fair value of the derivative financial instruments at the statement of financial position date is as follows:

	2020 $'000	2019 $'000
Financial assets		
Commodity futures and options	6,888	9,528
Commodity swaps	171,891	106,787
Derivative financial instruments owed by fellow group undertakings	217,675	161,294
	396,454	277,609

	2020 $'000	2019 $'000
Financial liabilities		
Commodity futures and options	547,201	301,470
Commodity swaps	209,969	173,784
Derivative financial instruments owed to fellow group undertakings	24,585	64,567
	781,755	539,821

Liquidity and credit risk

In the normal course of trading activities, derivative financial instruments are often settled before maturity date and therefore classified as current assets or current liabilities. However, if held to maturity, of the $396,454,000 financial assets above, $12,471,000 is due to mature within one year (2019: $44,425,000), with the remaining $383,983,000 maturing in more than one year (2019: $233,184,000).

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

11. Financial instruments (continued)

Of the $781,754,000 financial liabilities above, $294,515,000 is due to mature within one year (2019: $190,907,000), with the remaining $487,239,000 maturing in more than one year (2019: $348,914,000). All other financial assets and financial liabilities are due within one year.

Further information on relevant risks and how they are managed is provided in the Strategic Report on pages 2 to 4.

Credit risk disclosures have not been provided as these are not considered material. There is no concentration of financial exposure to counterparties.

The following changes in the fair value of derivative financial instruments, including commodity trading contracts and forward foreign exchange contracts have been charged to profit and loss in the year:

	2020 $'000	2019 $'000
(Loss)/profit		
Commodity futures and options	(248,371)	(772,003)
Commodity swaps	28,919	(261,744)
Derivative financial instruments with fellow group undertakings	96,363	346,527

Other financial assets and liabilities

Other financial assets and liabilities comprise cash at bank, trade and other receivables, and trade and other payables. The carrying value of these is approximately equal to the fair value.

Fair value of financial instruments

There is no difference between fair value and the value at which the Company could have settled their financial assets and liabilities at the year end.

Fair value measurement

Quoted bid prices in an active market, have been used to determine the fair value of all types of financial instruments at the statement of financial position date treated as level 1 in the IFRS 13 fair value hierarchy.

Where no active market exists for a financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument which is substantially the same and are treated as level 2 in the IFRS 13 fair value hierarchy.

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

11. Financial instruments (continued)

The following tables show the fair values of the derivative financial instruments including commodity futures, options and swaps by type of contract as at 31 December 2020 and 31 December 2019.

31 December 2020 **Financial assets – Commodity related contracts**	**Level 1** **$'000**	**Level 2** **$'000**	**Total** **$'000**
Futures	43,022	-	43,022
Options	6,901	-	6,901
Swaps	193,128	153,404	346,532
	243,051	153,404	396,455

31 December 2020 **Financial liabilities – Commodity related contracts**	**Level 1** **$'000**	**Level 2** **$'000**	**Total** **$'000**
Futures	539,459	-	539,459
Options	-	7,743	7,743
Swaps	153,262	81,291	234,553
	692,721	89,034	781,755

31 December 2019 **Financial assets – Commodity related contracts**	**Level 1** **$'000**	**Level 2** **$'000**	**Total** **$'000**
Futures	49,252	-	49,252
Options	70	-	70
Swaps	121,362	106,925	228,287
	170,684	106,925	277,609

31 December 2019 **Financial liabilities – Commodity related contracts**	**Level 1** **$'000**	**Level 2** **$'000**	**Total** **$'000**
Futures	232,201	-	232,201
Options	60,410	8,859	69,269
Swaps	150,559	87,792	238,351
	443,170	96,651	539,821

There have been no transfers between the levels during the current or prior years.

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

11. Financial instruments (continued)

Offsetting of financial assets and liabilities

In accordance with IAS 32, the Company reports financial assets and liabilities on a net basis in the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 December 2020 and 2019 were as follows:

2020	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements			Amounts not subject to netting agreements	Total as presented in the statement of financial position
S'000	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount		
Derivative assets	5,646,293	(5,467,262)	**179,031**	(20,062)	(1,501)	157,468	**217,423**	**396,454**
Derivative liabilities	(6,225,214)	5,467,262	**(757,952)**	20,062	677,789	(60,102)	**(23,803)**	**(781,755)**

2019	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements			Amounts not subject to netting agreements	Total as presented in the statement of financial position
S'000	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount		
Derivative assets	3,414,615	(3,298,150)	**116,465**	(39,030)	(25,101)	52,334	**161,144**	**277,609**
Derivative liabilities	(3,774,047)	3,298,150	**(475,897)**	39,030	371,265	(65,602)	**(63,924)**	**(539,821)**

It is the Company's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

Value at risk

One of the tools used by the Oil division, which includes the Company, to monitor and limit its primary market risk exposure, principally commodity price risk related to its principal activity, the purchase and sale of energy derivatives, including those with group companies, is the use of a value at risk ("VaR") computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value which is applied at a division not entity level, hence the VaR measure is not disclosed for the Company. The Company has set an Oil divisional VaR limit, which was not exceeded during the year. Further explanation of the VaR approach is provided in the financial statements of the ultimate parent, Glencore plc.

12. Share capital

	2020 $'000	2019 $'000
Authorised, allotted and fully paid		
500,000 ordinary shares of £1 each	949	949

13. Reserves

A description of each reserve is set out below.

Revaluation reserve

This reserve relates to the cumulative revaluation due to changes in credit risk under IFRS 9 on financial liabilities accounted for at fair value through profit or loss or amortised cost. This also includes the fair value movement under IFRS 9 on equity investments at fair value through other comprehensive income.

Statement of profit or loss

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

14. Guarantees, bonds and letters of credit

Guarantees, bonds and letters of credit are given in the normal course of business and outstanding at the statement of financial position date amounted to $nil (2019: $124,987,887). The balance outstanding at the statement of financial position date is dependent on trading activity.

15. 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 office 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.

16. Related party transactions and balances

Group balances disclosed in the financial statements include wholly owned subsidiaries, associates and joint ventures of Glencore plc. Transactions with related parties that are group companies which are not wholly owned are shown below.

Nature of transactions

All related party transactions were executed on normal commercial terms and conditions. The nature of the transactions with related parties was sales and purchases of derivative instruments.

Value of transactions

	2020 $'000	2019 $'000
Sales/(purchases) of derivative instruments	25,369	(15,525)

Notes to the financial statements
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16. Related party transactions and balances (continued)

Balances with related parties

The following were the balances with related parties at the end of the year. They are shown on an aggregate basis:

	2020 $'000	2019 $'000
Amounts owed by fellow group undertakings	11,619	1,401
Amounts owed to fellow group undertakings	(963)	(7,175)

17. Events after the reporting period

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