

**Company Registration No. 6417061**

**Glencore Shipping Limited**

**Reports and Financial Statements**

**31 December 2014**

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# **Glencore Shipping Limited**

## **Reports and financial statements 2014**

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# **Glencore Shipping Limited**

## **Officers and professional advisers**

### **Directors**

A Gibson  
A F Beard

### **Secretary**

M Hinks

### **Registered office**

50 Berkeley Street  
London  
W1J 8HD

### **Auditor**

Deloitte LLP  
Chartered Accountants  
London, England

# Glencore Shipping Limited

## Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014

### 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 (formerly Glencore Xstrata plc), a company incorporated in Jersey

The principal activity of the Company is ship chartering and transport related activities. The directors are 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 profit and loss account and statement of other comprehensive income on page 7, the profit for the year after taxation was \$633,000 (2013: \$412,000)

The balance sheet on page 8 shows that the Company's financial position at year-end has, for net assets, increased compared with the prior year

The directors recommend that no dividend be paid (2013: \$nil) and that the profit be transferred to reserves

There have been no significant events since the balance sheet date that would cause any of the assets or liabilities reported in these financial statements to be restated

### 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 Board. 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 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 which exceed authorised levels are minimised through the use of letters of credit, credit insurance, bank payment guarantees and cash collateral. To date, 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. 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

# Glencore Shipping Limited

## Strategic report (continued)

### Principal risks and risk governance (continued)

#### *Liquidity risk management*

Liquidity management within Glencore 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 Company's forecasts and projections, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties outlined above, indicate it is appropriate to adopt the going concern basis in preparing these financial statements.

#### *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.

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



M Hinks  
Secretary

24 April 2015

# Glencore Shipping Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014

The Strategic Report starting on page 2 contains details of the principal activity of the Company and provides detailed information on the development of the Group's business during the year and details of exposure to risks and uncertainties and indications of likely future developments

### Directors

The directors who held office during the period and subsequently are shown on page 1

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year which remain in force at the date of this report

### Auditor

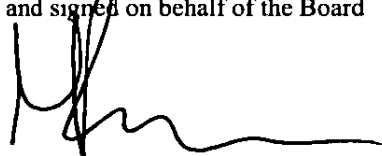
Each of the persons who is a director at the date of approval of this report confirms that

- 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/she ought to have taken as a director in order to make himself/herself 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 auditors in the absence of an Annual General Meeting

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



M Hinks  
Secretary

24 April 2015

# **Glencore Shipping Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Glencore Shipping Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

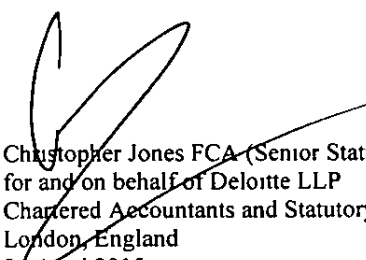
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Christopher Jones FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, England  
24 April 2015



## Glencore Shipping Limited

### Profit and loss account and statement of other comprehensive income Year ended 31 December 2014

	Notes	2014 \$'000	2013 \$'000
Chartering income	2	88,175	59,509
Chartering expense		(87,334)	(58,927)
<b>Gross profit on trading activities</b>		<u>841</u>	<u>582</u>
Other operating expense		(41)	(51)
<b>Operating profit</b>	2	<u>800</u>	<u>531</u>
<b>Profit on ordinary activities before taxation</b>		<u>800</u>	<u>531</u>
Tax on profit on ordinary activities	4	(167)	(119)
<b>Profit on ordinary activities after taxation and total other comprehensive income</b>		<u><u>633</u></u>	<u><u>412</u></u>

# Glencore Shipping Limited

Company Registration Number 6417061

## Balance sheet 31 December 2014

	Notes	2014 \$'000	2013 \$'000	2012 \$'000
<b>Current assets</b>				
Debtors	5	10,831	10,329	30,356
Cash at bank and in hand		2	3	2
		<u>10,833</u>	<u>10,332</u>	<u>30,358</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(9,315)</u>	<u>(9,447)</u>	<u>(29,885)</u>
<b>Net current assets and total assets less current liabilities</b>		<u>1,518</u>	<u>885</u>	<u>473</u>
<b>Capital and reserves</b>				
Called up share capital	7	-	-	-
Retained earnings	8	<u>1,518</u>	<u>885</u>	<u>473</u>
<b>Total shareholders' funds</b>		<u>1,518</u>	<u>885</u>	<u>473</u>

These financial statements were approved by the Board of Directors on 24 April 2015

Signed on behalf of the Board of Directors



A Gibson

Director

## Glencore Shipping Limited

### Statement of changes in equity Year ended 31 December 2014

	Share capital \$'000	Profit and loss account \$'000	Total \$'000
As at 1 January 2013	-	473	473
Profit and total other comprehensive income for the year	-	412	412
As at 31 December 2013	-	885	885
Profit and total other comprehensive income for the year	-	633	633
As at 31 December 2014	-	1,518	1,518

# Glencore Shipping Limited

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies

Glencore Shipping Limited is a private limited company 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. Accordingly, in the year ended 31 December 2014 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1 6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The company has adopted FRS 101 before the application date of 1 January 2015 as permitted by that standard. The first date at which FRS 101 was applied was 1 January 2013. In accordance with FRS 101 the company has

- provided comparative information,
- applied the same accounting policies throughout all periods presented,
- retrospectively applied FRS 101 as required, and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 101.

The company reported previously under United Kingdom Generally Accepted Accounting Practice (UK GAAP). The transition from UK GAAP to FRS 101 has not affected its previously reported financial position or financial performance. It has resulted in some changes in presentation and disclosure.

#### 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, and
- the exemption from disclosing transactions with other wholly-owned members of the group.

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 required by IFRS 13 where these are not required by regulations
- reduced disclosures for share based payments

The accounts 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 accounting

The financial statements are prepared on 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 Company's forecasts and projections, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties, indicate it is appropriate to adopt the going concern basis in preparing these financial statements.

# Glencore Shipping Limited

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies (continued)

#### Currency of financial statements

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

#### Adoption of new and revised Standards

In the current year, the Company has applied Financial Reporting Standard 101, a number of new and revised IFRS standards and interpretations which were adopted as of 1 January 2013

#### *Amendments to IAS 32 –Offsetting Financial Assets and Financial Liabilities (“Amendments to IAS 32”)*

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable services provided in the normal course of business. Revenue, together with the related cost of sales, is recognised with reference to the stage of completion of the transaction

All assets and liabilities have been disclosed gross unless the Company currently has a legally enforceable right of offset

#### 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 balance sheet date. Exchange adjustments are dealt with in the profit and loss account 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. Deferred 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 tax assets and unused tax losses are only recognised to the extent that their recoverability is probable

Deferred 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 tax asset not previously recognised but which subsequently fulfils the criteria for recognition, an asset is then recognised. Deferred 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 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 receivables and trade payables

Trade receivables and trade payables (including amounts owed by and to Group companies) are measured at fair value. Appropriate allowances for estimated irrecoverable receivable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired

# Glencore Shipping Limited

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies (continued)

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

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.

#### Key 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 receivables are recoverable and if contracted product deliveries will be received. Judgements about recoverability and contractual performance may materially impact both assets as recognised on the balance sheet.

#### Key sources of estimation uncertainty

##### *Revenue recognition*

Revenue is recognised for contracts undertaken based on estimates of the stage of completion of the contract activity. The company's policies for the recognition of revenue are set out above.

### 2. Operating income and operating profit

Chartering income 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 directors, disclosure of such information would be seriously prejudicial to the interests of the Company.

	2014 \$'000	2013 \$'000
Operating profit is stated after charging		
Auditor's remuneration – audit fees	33	19
– other services	5	9

### 3. Directors' and employees' remuneration

The Company has no employees (2013: none). Services are performed by employees of the immediate parent company, which bears the costs of the employees.

One director of the Company is a member of the parent company's defined benefit pension scheme (2013: two).

# Glencore Shipping Limited

## Notes to the financial statements Year ended 31 December 2014

### 4. Tax on profit on ordinary activities

#### (a) Analysis of tax charge on ordinary activities

	2014 \$'000	2013 \$'000
United Kingdom corporation tax based on the profit for the year	167	119
Current and total tax charge for the year	167	119

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

The 2012 Budget (delivered on 21 March 2012) reduced the main rate of UK corporation tax from 26% to 24%, with effect from 1 April 2012. A further reduction in the corporation tax rate to 23%, effective from 1 April 2013, was substantively enacted on 3 July 2012. Further reductions in the main tax rate to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015 have also been substantively enacted at the balance sheet date.

There are no other factors that affect the tax payable for the year.

	2014 \$'000	2013 \$'000
Profit on ordinary activities before tax	800	531
Tax at 23%/21% thereon (2013: 24%/23%)	172	123
Permanent differences	(5)	(4)
Total tax charge for the year	167	119

### 5 Debtors

	2014 \$'000	2013 \$'000	2012 \$'000
Trade debtors	2,778	2,198	1,661
Amounts owed by group companies	839	3,735	25,959
Prepayments and accrued income	7,214	4,396	2,737
	10,831	10,329	30,356

# Glencore Shipping Limited

## Notes to the financial statements Year ended 31 December 2014

### 6. Creditors: amounts falling due within one year

	2014 \$'000	2013 \$'000	2012 \$'000
Trade creditors	704	53	152
Amounts owed to group companies	1,904	5,104	25,747
UK corporation tax	418	260	137
Accruals and deferred income	6,289	4,030	3,849
	<u>9,315</u>	<u>9,447</u>	<u>29,885</u>

All payables are due for repayment within 1 year

### 7. Called up share capital

	2014 \$	2013 \$	2012 \$
<b>Authorised</b>			
1 ordinary share of GBP £1	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>
<b>Called up, allotted and fully paid</b>			
1 ordinary share of GBP £1	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>

### 8. Reserves

A description of each reserve is set out below

#### Profit and loss account

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

### 9. Ultimate parent company

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. The lowest level of publicly available consolidated financial statements are produced by Glencore plc.

The immediate parent company is Glencore UK Ltd, a company incorporated in Great Britain and registered in England and Wales, and a wholly-owned subsidiary of Glencore International AG, a company incorporated in Switzerland.

### 10. Related party balances and transactions

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