Registration number: 11576814

IOC SALES LIMITED

AUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 19 SEPTEMBER 2018 TO 31 DECEMBER 2019

IOC SALES LIMITED

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COMPANY INFORMATION

Directors	S R Downes A W Hodges C Walker
Company secretary	Rio Tinto Secretariat Limited
Registration number	11576814
Registered office	6 St James's Square London United Kingdom SW1Y 4AD
Independent auditors	PricewaterhouseCoopers LLP Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

STRATEGIC REPORT
FOR THE PERIOD FROM 19 SEPTEMBER 2018 TO 31 DECEMBER 2019

The directors present their Strategic report on IOC Sales Limited (the "Company") for the period from 19 September 2018 to 31 December 2019.

Introduction

The Company was incorporated, domiciled and registered in England and Wales under the Companies Act 2006 and is a private company limited by shares. The Company's ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group (the "Group").

Business review

The Company was incorporated 19 September 2018. Effective November 1, 2018, the Company entered into a sales and distribution agreement with Iron Ore Company of Canada (IOC) under which the Company purchases iron ore products from IOC and resells the products to end customers based on pricing agreed upon within the respective sales agreements. *During the period $34,220,000 of commission income was earnt and net profit of $18,492,000 was recorded.* The Company has total equity of $18,492,000 at the end of its first financial period.

Principal risks and uncertainties

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

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2019 Annual Report which does not form part of this report.

Since the issuance of the Group 2019 Annual Report, the spread and impact of the COVID-19 virus has significantly increased. It is uncertain to what extent the COVID-19 health crisis will impact the operations and financial position of the Company, however, management is closely monitoring the development of the COVID-19 outbreak and its related impact on the Company.

Key performance indicators

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

Section 172(1) statement

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

The views of and the impact of the Company's activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 92 to 93 of the Rio Tinto plc 2019 Annual Report.

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

Andy Hodges
....
A W Hodges
Director

Date: 18/09/2020

DIRECTORS' REPORT
FOR THE PERIOD FROM 19 SEPTEMBER 2018 TO 31 DECEMBER 2019

The directors present their report and the audited financial statements for the period from 19 September 2018 to 31 December 2019.

Results and dividends

The profit for the financial period, after taxation, amounted to $18,429,000.

No interim dividend was paid during the period. The directors do not recommend the payment of a final dividend.

Directors

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

S R Downes (appointed 19 September 2018)

A W Hodges (appointed 19 September 2018)

C Walker (appointed 19 September 2018)

R B Bellhouse (appointed 19 September 2018 and resigned 30 November 2018)

The directors had no material interest in any contract or arrangement during the period to which the Company or any subsidiary is, or was, a party.

Statement of directors' responsibilities in respect of the Financial statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Indemnities and insurance

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

Principal activities

The principal activity of the Company is acting as a sales and marketing agent for IOC's iron ore products.

Post balance sheet events

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, the United Kingdom together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce and job losses. It is widely expected that global GDP will be negative in the second half of 2020. The extent and duration of the health crisis and recessionary business activity is unknown, although a number of leading health organisations and economists expect significant impacts on the economy to last at least 18 months.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Specifically, this may impact the expected credit losses on amounts due from fellow group undertakings and receivables due from third parties, and in turn the Company's ability to meet its financial obligations. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance sheet events and will accordingly be reflected in the periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact. Due to the Group's strong balance sheet, the directors continue to believe that the Company can continue its operations in line with its going concern statement as set out in Note 1.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2019 Annual report, which does not form part of this report.

Financial risk management

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

Disclosure of information to auditors

Each of the persons who were directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

PricewaterhouseCoopers LLP acted as auditor of the Company for the period ended 31 December 2019 and will resign in 2020. It is the intention of the directors to appoint KPMG LLP as the Company's auditor for the year ended 31 December 2020 in accordance with section 485 of the Companies Act 2006.

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

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

Date: 18/09/2020

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

Independent auditors' report to the members of IOC Sales Limited

Report on the audit of the financial statements

Opinion

In our opinion, IOC Sales Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period from 19 September 2018 to 31 December 2019 (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the period then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Matthews (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 September 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 19 SEPTEMBER 2018 TO 31 DECEMBER 2019

	Note	Period ending 31 December 2019 $ 000
Revenue	3	34,220
Other operating expenses	4	(12,641)
Finance income	5	850
Profit before taxation		**22,429**
Taxation	6	(4,000)
Profit for the financial period		**18,429**
Other comprehensive income		-
Total comprehensive income for the financial period		**18,429**

The notes on pages 13 to 22 form an integral part of these financial statements.

(REGISTRATION NUMBER: 11576814)
BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 $ 000
ASSETS		
Current assets		
Trade and other receivables	7	37,192
Cash and cash equivalents	8	36,130
		73,322
Total assets		**73,322**
LIABILITIES		
Current liabilities		
Trade and other payables	9	(54,893)
Total liabilities		**(54,893)**
Net assets		**18,429**
EQUITY		
Share capital	10	-
Retained earnings		18,429
Total equity		**18,429**

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

Andy Hodges

....

A W Hodges
Director

Date: 18/09/2020

The notes on pages 13 to 22 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 19 SEPTEMBER 2018 TO 31 DECEMBER 2019

	Share capital $ 000	Retained earnings $ 000	Total equity $ 000
At 19 September 2018	-	-	-
Comprehensive income:			
Profit for the financial period	-	18,429	18,429
Total comprehensive income for the financial period	**-**	**18,429**	**18,429**
At 31 December 2019	**-**	**18,429**	**18,429**

The notes on pages 13 to 22 form an integral part of these financial statements.

1 Accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to the period presented.

1.1 Basis of preparation of the financial statements

The financial statements have been prepared using the historical cost convention, and in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are presented in US Dollars ($) and all amounts are rounded to the nearest thousand ('000) unless otherwise stated.

1.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e)of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e)of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:
  - paragraph 10(d) (Statement of Cash Flows);
  - paragraph 16 (statement of compliance with all IFRS);
  - paragraph 38A (requirement for minimum of two primary statements, including cash flow statements);
  - paragraph 38B-D (additional comparative information);
  - paragraph 111 (statement of cash flows information); and
  - paragraph 134-136 (capital management disclosures).
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- 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.

1 Accounting policies (continued)

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

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

1.3 Changes in accounting policy

The Company has applied the following interpretations, standards and amendments for the first time in their annual reporting period commencing 19 September 2018:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS 2015-2017 Cycle; and
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

1.4 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The directors have considered the implications and potential risks of COVID-19 to the Company's operations. *The directors have also taken into consideration the timing of liabilities falling due and the credit rating* of the entities from which the receivables are due. The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least twelve months from the issuance of the financial statements.

1.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in US Dollars ($), which is the Company's functional and presentation currency.

1 Accounting policies (continued)

1.5 Foreign currency translation (continued)

(b) Transactions and balances

Transactions denominated in other currencies are converted to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at period-end exchange rates. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

1.6 Revenue

The Company is an agent, and earns commission income, on the sale of iron ore products it purchases from IOC and resells to end customers based on pricing agreed upon within the respective sales agreements. In these arrangements, the Company does not recognise the gross amount as revenue but only the fee consideration it expects to be entitled to. Commission income is recognised at the point the sale when the performance obligation which gives rise to the commission income is satisfied.

1.7 Finance income

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

1.8 Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Until 31 December 2018, the Company established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. From 1 January 2019, where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgment of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

Except as otherwise required by IAS 12 ("Income Taxes"), deferred tax is provided in full on temporary differences at the balance sheet date.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the projected future taxable income of the entity and the wider UK group, after taking account of specific risk factors that are expected to affect the recovery of these assets.

1.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1 Accounting policies (continued)

1.10 Trade and other receivables

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

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid.

The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

1.12 Financial assets

Classification and measurement

The Company classifies its financial assets in the following categories:

• financial assets at amortised cost;

• financial assets at fair value through other comprehensive income ("FVOCI"); or

• financial assets at fair value through the profit or loss ("FVPL").

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

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

Financial assets at amortised cost

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

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

Impairment

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

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

1.13 Financial liabilities

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

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Principal-versus-agent
In preparing these financial statements, management has to determine whether the nature of the Company's promise to its customers is to provide the specified product (principal) or to arrange for it to be provided to the customer by IOC (in which case the Company is an agent). Management must assess if the Company controls the products before they are transferred to the customer, this determination requires considerable judgment.

The Company's performance obligation has been assessed as arranging for IOC to provide the specified product therefore, revenue is recognised on a net basis and reported as commission income. Commission income is the net amount of consideration that the entity retains after paying other parties for the product, sea freight and demurrage.

3 Revenue

	Period ending 31 December 2019 $ 000
Commission income	34,220
	34,220

The analysis of the Company's commission income for the period by market is as follows:

	Period ending 31 December 2019 $ 000
Asia / Pacific	14,783
Europe	8,472
Middle East	3,005
United Kingdom	3,212
North America	4,748
	34,220

3 Revenue (continued)

Performance obligations
The Company warrants that the products provided to third parties will meet certain specifications provided in its sales contracts with customers. IOC also warrants that the products purchased by the Company will conform to specifications included in the Sales and Distribution Agreement between IOC and the Company. To the extent that a purchaser claims that products don't meet the contract specifications, any adjustments made to the third party price will also be reflected in the purchase price paid by the Company to IOC.

4 Profit before taxation

(a) Other operating expenses many relates to service fees from other Group entities.

(b) The Company paid $51,690 to its auditors in respect of the audit of the financial statements.

(c) The remuneration of all directors are paid by another Group Company. The services provided are of a non-executive nature and remuneration is deemed to be wholly attributable to services to the Group Company by which their services are paid. Accordingly, no remuneration has been disclosed in respect of these directors.

(d) *The monthly average number of persons employed during the period, excluding directors, was nil.*

(e) Employees who are involved in the management and operation of the Company have contracts of service with other Group entities and therefore their remuneration is included within those entities' financial statements.

5 Finance income

	Period ending 31 December 2019 $ 000
Interest income on bank deposits	850
	850

6 Taxation

	Period ending 31 December 2019 $ 000
Corporation tax	4,000
Total current tax	**4,000**
Tax charge in statement of comprehensive income	**4,000**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% for the period ended 31 December 2019.

The differences are reconciled below:

	Period ending 31 December 2019 $ 000
Profit before taxation	22,429
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19%	4,262
Decrease arising from group relief tax reconciliation	(262)
Total tax charge for the financial period	**4,000**

Legislation to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020 was enacted on 15 September 2016.

A change to the main UK corporation tax rate was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

7 Trade and other receivables

	2019 $ 000
Current	
Trade receivables	29,943
Receivables from related parties	5,522
Other receivables	1,727
	37,192

Receivables from related parties include $5,522,000 due from the Iron Ore Company of Canada as disclosed in note 11.

8 Cash and cash equivalents

	2019 $ 000
Cash at bank and in hand	36,130
	36,130

9 Trade and other payables

	2019 $ 000
Current	
Trade payables	6,958
Amounts due to group undertakings	43,935
Taxation due to group undertakings	4,000
	54,893

Amounts due to group undertakings are interest free and payable on demand. Amounts due to group undertakings contain $24,147,000 due from Iron Ore Company of Canada, a non-wholly owned member of the Group as disclosed in note 11.

10 Share capital

Allotted, called up and fully paid shares

	2019 No.	2019 $
Ordinary shares of £1 each	1	1

11 Related party transactions

The Company has taken advantage of the exemption contained within paragraph 8(k) of FRS 101, and has not disclosed transactions entered into with wholly-owned group entities.

The Company has receivables of $5,522,000 and payables of $24,147,000 with the Iron Ore Company of Canada, a non-wholly owned member of the Group. The balances relate to purchases of Iron Ore products made during the period.

12 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Rio Tinto International Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Rio Tinto plc consolidated financial statements can be obtained from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

13 Post balance sheet events

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, the United Kingdom together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce and job losses. It is widely expected that global GDP will be negative in the second half of 2020. The extent and duration of the health crisis and recessionary business activity is unknown, although a number of leading health organisations and economists expect significant impacts on the economy to last at least 18 months.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Specifically, this may impact the expected credit losses on amounts due from fellow group undertakings and receivables due from third parties, and in turn the Company's ability to meet its financial obligations. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance sheet events and will accordingly be reflected in the periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact. Due to the Group's strong balance sheet, the directors continue to believe that the Company can continue its operations in line with its going concern statement as set out in Note 1.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.