Registration number: 06287014

RIO TINTO FINANCE (USA) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

RIO TINTO FINANCE (USA) PLC

CONTENTS

RIO TINTO FINANCE (USA) PLC

COMPANY INFORMATION

Directors	S Allen M Cox J Kiddle
Company secretary	Rio Tinto Secretariat Limited
Registration number	06287014
Registered office	6 St James's Square London United Kingdom SW1Y 4AD
Independent auditors	KPMG LLP Chartered Accountants and Statutory Auditor 15 Canada Square London United Kingdom E14 5GL

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic report on Rio Tinto Finance (USA) plc (the "Company") for the year ended 31 December 2020.

Introduction

The Company was incorporated, domiciled and registered in the United Kingdom under the Companies Act 2006 and is a public limited company. 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").

The Company's debt issuance is guaranteed by Rio Tinto plc and Rio Tinto Limited.

Business review

The result for the financial year amounted to US$nil (2019: US$nil). The Company earned interest income from a related party of US$55.50 million (2019: US$55.47 million) in relation to intra-group bonds and incurred interest and finance charges of US$55.50 million (2019: US$55.47 million) in relation to external US dollar bonds held.

During 2020, the Company did not issue new bonds, invest in new intra-group bonds or redeem any bonds.

Principal risks and uncertainties

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

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

Section 172(1) statement

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

The views of and the impact of the Company’s activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 122 to 123 of the Rio Tinto 2020 Annual Report.

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.

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

Steve Allen

....
S Allen
Director

Date: 27-04-21

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The principal activity of the Company is to play a major role in raising external funding for the Group.

Results and dividends

The result for the financial year, after taxation, amounted to US$nil (2019: US$nil).

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

Directors

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

S Allen

J Kiddle

P Cunningham (resigned 15 January 2021)

A Martins Alexandre (resigned 17 March 2021)

The following director was appointed after the year end:

M Cox (appointed 15 January 2021)

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

Statement of directors' responsibilities in respect of the 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.

Corporate governance

The Company is a wholly-owned subsidiary of the Group, therefore, there is no further disclosure required under paragraph 13(2)(c) and (d) of Schedule 7 to the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (“Schedule 7”), nor are there any restrictions on the voting rights of the shares held (“Schedule 7", 13(2)(f)).

Subject to the provisions of the Companies Act 2006 and the Company's Articles of Association, the directors may issue, offer, allot or grant rights to subscribe for, or convert any security into, shares in the Company and the Company may also purchase, or may enter into a contract under which it will or may purchase, its own shares.

The directors of Rio Tinto plc and Rio Tinto Limited are responsible for the Group’s system of internal controls and for reviewing annually the effectiveness of the internal control system. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for 2020.

Matters subsequent to the end of the financial year

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

Future developments

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

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Notwithstanding external borrowings (bonds) of $1,219.90 million and net current assets of $79,000 as at 31 December 2020 and a result for the year then ended of $0, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto plc and Rio Tinto Limited. The directors have also assessed the ability of these guarantors to re-pay the external borrowings as well as meet the service terms for at least 12 months from the date of approval of these financial statements. The directors’ analysis has indicated that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its guaranteed funding from Rio Tinto plc and Rio Tinto Limited, to meet its liabilities as they fall due for that period.

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.

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.

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

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.

Independent auditors

KPMG LLP has been appointed as the Company’s auditor for the year ended 31 December 2020 in accordance with section 489 of the Companies Act 2006. PricewaterhouseCoopers LLP resigned as the Company’s auditor in 2020 following completion of its procedures on the financial statements for the financial year ending 31 December 2019.

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

Andy Hodges

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

Date: 27-04-21

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

Independent auditor's report

to the members of Rio Tinto Finance (USA) plc

1. Our opinion is unmodified

We have audited the financial statements of Rio Tinto Finance (USA) plc ("the Company") for the year ended 31 December 2020 which comprise the Balance sheet as at 31 December 2020, and the Statement of comprehensive income and the Statement of changes in equity for the year then ended and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its financial performance for the year then ended;

— have been properly prepared in accordance with UK accounting standards, including *FRS 101 Reduced Disclosure Framework*; and applicable law; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: financial statements as a whole	$9 million 0.75% of total assets
Key audit matters	Appropriateness of the presentation of borrowings as non-current
	Assessing the recoverability of non-current assets – receivables

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Non-current liabilities - borrowings $1,219,897,000 *Refer to note 8 in the financial statements.*	**Appropriateness of the presentation of borrowings as non-current** The Company issues external borrowings in the form of two bonds listed on the New York Stock Exchange. The issuance of debt securities to external investors is the Company's principal activity. The bonds in issue at 31 December 2020 represent 99% of the total liabilities of the Company. The presentation of borrowings as non-current is a Key Audit Matter due to their materiality to Total liabilities and the overall financial statements.	Our procedures included: — Assessing the Company's accounting policy for the presentation of borrowings for consistency with accounting standards; — Considering the maturity dates of the bonds relative to the year-end date and assessing the appropriateness of their classification as 'non-current'. Maturity dates were checked to the original prospectus document; — Obtaining external confirmations to verify the existence of each bond that comprised borrowings as at 31 December 2020.
Non-current assets - receivables $1,219,897,000 *Refer to note 6 in the financial statements*	**Assessing the recoverability of non-current assets - receivables** The Company on-lends funds raised through the issuance of bonds to related parties within the Rio Tinto Group. Non-current assets - receivables consist of two bonds invested with Rio Tinto Finance plc, mirroring the two external bonds listed on the New York Stock Exchange and represent 99% of the total assets of the Company at 31 December 2020. The recoverability of non-current assets – receivables is a Key Audit Matter due to their materiality to total assets, and the overall financial statements, and the judgement associated with assessing their recoverability.	Our procedures included: — Agreeing the non-current assets- receivables balance to the accounting records of Rio Tinto Finance plc; — Considering the compliance of Rio Tinto Finance plc with the terms of the bonds; — Considering the recoverability of the non-current assets – receivables by understanding the financial position of Rio Tinto Finance plc at 31 December 2020 and its forecast future cash flows.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at $9 million, determined with reference to a benchmark of total assets, of which it represents 0.75%.

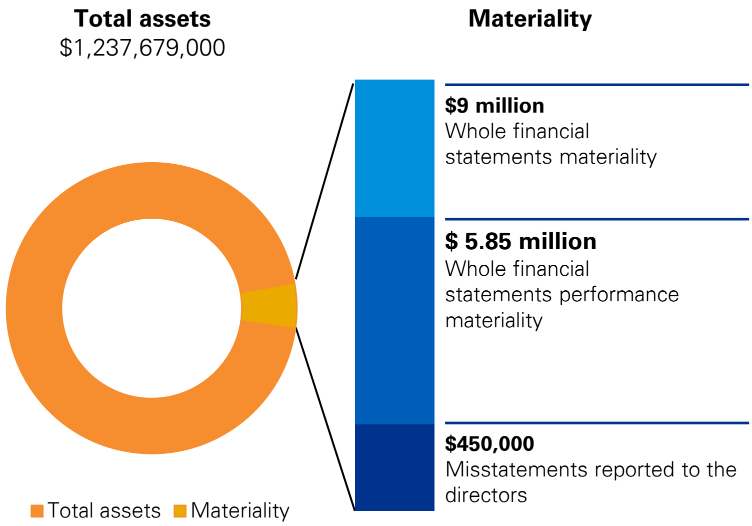
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to $5.85 million. We applied this percentage in our determination of performance materiality based on:

— The level of audit differences (adjusted and unadjusted) identified during previous audits by PwC; and

— Our view of the strength and robustness of the control environment, including the tone at the top and culture of the organisation as well as control deficiencies identified in previous audits.

We agreed to report to the directors any corrected or uncorrected identified misstatements exceeding $450,000 in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operating over the going concern period.

The risk we consider as most relevant is the Company's ability to re-pay external borrowings, which is ultimately dependent on the financial performance of the Rio Tinto Group.

Since the Company's ability to continue as a going concern is dependent on the financial performance of the Rio Tinto Group, and the guarantee of its debt by Rio Tinto plc and Rio Tinto Limited, we assessed the risk that this support would not be available. We inspected the agreement of guarantee from Rio Tinto plc and Rio Tinto Limited and examined the financial statements of these entities to assess their ability to re-pay the external borrowings.

We considered whether the going concern disclosure in note 1.3 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and

— we found the going concern disclosure in note 1.3 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

KPMG

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

Risk assessment

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures include:

- Enquiries of management, and directors including obtaining and reviewing supporting documentation concerning the Company's policies and procedures relating to detecting and responding to the risks of fraud and internal controls established to mitigate risks related to fraud;
- Enquiries of management, internal audit and the directors as to whether they had knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience. The discussions also involved our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Company and participated in the initial fraud risk assessment discussions.

Fraud risks

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition given the lack of complexity and ability to manipulate revenue, as the only source of revenue is in relation to interest income generated on intercompany loans.

We did not identify any additional fraud risks.

Communication of fraud risks

We communicated and identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Procedures to address fraud risks

Our audit procedures included evaluating the design and implementation, and operating effectiveness of internal controls relevant to mitigate these risks.

We also performed substantive audit procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included, for example, those posted by senior finance management, those posted to unusual accounts or those containing unusual journal descriptions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

Risk assessment

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements through the following:

- Our general commercial and sector experience;
- Through discussion with the directors and other management (as required by auditing standards);
- From inspection of the Company's regulatory and legal correspondence;
- Discussions with the directors and other management about the policies and procedures regarding compliance with laws and regulations.

Direct laws context and link to audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), and taxation legislation (direct and indirect). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Most significant indirect law/ regulation areas

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, fraud and corruption and general data protection regulation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evidence from relevant correspondence, an audit will not detect that breach.

Communication of identified laws and regulations

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer

Jonathan Downer
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London, United Kingdom
27 April 2021

KPMG

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $ 000	2019 $ 000
Finance income	3	**55,500**	55,465
Finance expense	4	**(55,500)**	(55,465)
Result before taxation	5	**-**	-
Taxation		**-**	-
Result for the financial year		**-**	-
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**-**	-

The notes on pages 15 to 20 form an integral part of these financial statements.

RIO TINTO FINANCE (USA) PLC

(REGISTRATION NUMBER: 06287014)
BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	31 December 2020 $ 000	31 December 2019 $ 000
ASSETS			
Current assets			
Receivables	6	**17,782**	17,782
Non-current assets			
Receivables	6	**1,219,897**	1,219,084
Total assets		**1,237,679**	1,236,866
LIABILITIES			
Current liabilities			
Other financial liabilities	7	**17,703**	17,703
Non-current liabilities			
Borrowings	8	**1,219,897**	1,219,084
Total liabilities		**1,237,600**	1,236,787
Net assets		**79**	79
EQUITY			
Share capital	9	**99**	99
Other reserves	10	**(20)**	(20)
Total equity		**79**	79

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

Steve Allen

....
S Allen
Director

Date: 27-04-21

The notes on pages 15 to 20 form an integral part of these financial statements.

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

	Share capital $ 000	Other reserves $ 000	Total equity $ 000
At 1 January 2020	**99**	**(20)**	**79**
At 31 December 2020	**99**	**(20)**	**79**

	Share capital $ 000	Other reserves $ 000	Total equity $ 000
At 1 January 2019	99	(20)	79
At 31 December 2019	99	(20)	79

The notes on pages 15 to 20 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 all the years presented, unless otherwise stated.

1.1 Basis of preparation of the financial statements

These financial statements have been prepared using the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 [("Adopted IFRSs")], but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

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

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

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

1 Accounting policies (continued)

1.3 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Notwithstanding external borrowings (bonds) of $1,219.90 million and net current assets of $79,000 as at 31 December 2020 and a result for the year then ended of $0, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto plc and Rio Tinto Limited. The directors have also assessed the ability of these guarantors to re-pay the external borrowings as well as meet the service terms for at least 12 months from the date of approval of these financial statements. The directors' analysis has indicated that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its guaranteed funding from Rio Tinto plc and Rio Tinto Limited, to meet its liabilities as they fall due for that period.

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.

1.4 Changes in accounting policy

The Company has applied the following interpretations, standards and amendments for the first time in their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Definition of a Business – amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting;

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

1.5 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'). The principal currency affecting the Company's operations is the US Dollar, and the majority of the financing provided to and by the Company is denominated in US Dollars. Accordingly, the directors regard the US Dollar as the principal currency affecting the Company's own cash flows. These financial statements are presented in US Dollars ($), which is the Company's functional and presentation currency. The year-end exchange rate was US$1.36:£1 (31 December 2019: US$1.31:£1).

1.6 Finance income and expense

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

Finance expense includes interest expense and similar charges. Interest expense is recognised on a time proportionate basis using the effective interest method.

1 Accounting policies (continued)

1.7 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.

1.8 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, 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.

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attritutable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Management is not aware of any estimates and assumptions concerning the future and has not applied any critical judgements in applying the Company's accounting policies that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

3 Finance income

	2020 **$ 000**	**2019** **$ 000**
Interest income from group undertakings	**55,500**	55,465

4 Finance expense

	2020 **$ 000**	**2019** **$ 000**
Interest payable on external borrowings	**55,500**	55,465

5 Result before taxation

(a) The audit fees for the Company are borne by Rio Tinto Finance plc. The fee for the audit of the financial statements was US$26,767 (2019: US$32,326). In 2020, the audit fee is payable to KPMG LLP, and in 2019 the audit fee was payable to PwC LLP, who were the Company's statutory auditor for the previous financial year.

Non-audit fees in relation to the Group's EMTN and US Shelf programmes (under which the Company is an issuer of debt) are borne by other Group companies and totalled US$62,196 in the year ended 31 December 2020 (2019: US$39,419). In both the current year and prior year, the non-audit fees incurred are payable to PwC LLP.

(b) No emoluments were paid or payable to directors during the year in respect of their services to the Company (2019: $nil).

(c) The average number of persons employed during the year, excluding directors, was nil (2019: nil).

(d) 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.

6 Receivables

	2020 $ 000	2019 $ 000
Current		
Amounts owed by fellow group undertakings	**79**	79
Interest owed by fellow group undertakings	**17,703**	17,703
	17,782	17,782
Non-current		
Amounts owed by fellow group undertakings	**1,219,897**	1,219,084
Total receivables	**1,237,679**	**1,236,866**

Non-current amounts owed by group undertakings consist of two bonds invested with Rio Tinto Finance plc, consisting of US$500.00 million 4.75% bond due 2042 and US$750.00 million 4.125% bond due 2042 (2019: two bonds invested with Rio Tinto Finance plc, a Group company, consisting of US$500.00 million 4.75% bond due in 2042, US$750.00 million 4.125% bond due 2042).

The Company did not invest in new bonds in 2020.

These bonds have been classified as financial assets held at amortised cost.

7 Other financial liabilities

	2020 $ 000	2019 $ 000
Current		
Interest payable	**17,703**	17,703

8 Borrowings

	2020 $ 000	2019 $ 000
Non-current		
Borrowings	**1,219,897**	1,219,084

The Company did not issue any new bonds in 2020. The Company has issued two bonds consisting of a US$500.00 million 4.75% bond due 2042 and US$750.00 million 4.125% bond due 2042 (2019: two bonds consisting of a US$500.00 million 4.75% bond due 2042 and US$750.00 million 4.125% bond due 2042).

Borrowings with a carrying value of US$1,219.90 million (2019: US$1,219.08 million) relate to listed bonds with a fair value of US$1,683.69 million (2019: US$1,474.86 million) and are categorised as level 1 in the fair value hierarchy.

These bonds are classified as financial liabilities at amortised cost and are guaranteed by Rio Tinto plc and Rio Tinto Limited.

The Company has invested in internal bonds with Rio Tinto Finance plc under similar terms as the bonds issued with external counterparties and, therefore, the Company is not exposed to interest rate risk.

9 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	$ 000	No. 000	$ 000
Ordinary share capital of £1 each	50	99	50	99

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

10 Reserves

Other reserves
In 2012, the Company's share capital was translated into US dollars at the exchange rate in force when the US Dollar became the functional currency. The resulting currency translation has been included in other reserves.

11 Related party transactions

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

12 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Rio Tinto 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 or from the Rio Tinto website at www.riotinto.com.

13 Events occurring after the reporting period

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