Company registration number

124626

Glencore Finance (Europe)

Limited

REPORT AND
FINANCIAL STATEMENTS
2019

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Officers and professional advisers

Directors

Warren Blount
Louise Bullen
Ann Nash
Ian Wall

Registered office

Esplanade 13-14,
St Helier, Jersey,
JE1 1EE

Auditor

Deloitte LLP
London, England

Company registration number

124626

Strategic report

The Directors present their Strategic report for Glencore Finance (Europe) Limited (the "Company") for the year ended 31 December 2019 to provide a review of the Company's business, principal risks and uncertainties, performance and position. The Company is a wholly owned subsidiary of Glencore UK Ltd and is ultimately wholly owned by Glencore plc ("Glencore" or "the Group").

Organisation

The Company's primary objective is to raise funding in capital markets and to lend the proceeds on to or invest in other group entities.

The Company issued 1 ordinary share to Glencore UK Ltd for a consideration of USD 12.6 billion in exchange for 5 ordinary shares in Glencore Services (UK) Ltd. Following this share exchange, Glencore Services (UK) Ltd became a wholly owned subsidiary of the Company.

During the year, the Company converted its preference shares investment of USD 15.2 billion in Glencore Services (UK) Ltd into ordinary shares amounting to GBP 11.6 billion (USD 15.2 billion). The Company also subscribed for an additional share in Glencore Services (UK) Ltd for USD 24.2 million in settlement of the 2018 preference dividend.

In 2019 no preference dividend was accrued as, in terms of the preference share agreement, the preference dividend only accrues on the final day of the Company's financial year. As the preference shares were converted to ordinary shares on 19 December 2019, no preference dividend was accrued.

Business review

As shown in the statement of comprehensive income on page 17, the profit for the year after taxation was USD 2.1 billion (2018: USD 18.5 million loss) primarily from receipt of a dividend in specie of USD 5.7 billion from Glencore Services (UK) Ltd offset by an impairment in the investment holding in Glencore Services (UK) Ltd of USD 3.1 billion. The balance sheet on page 18 shows that the Company's net assets have increased significantly compared with the prior year by USD 14,712 million to USD 19,651 million primarily from an increase in its investment in and receipt of dividends from Glencore Services (UK) Ltd. The Company's borrowings increased by USD 1,035 million net from issuance of new bonds and redemption of bonds on maturity. The Directors recommend that no dividend be paid (2018: USD nil).

COVID-19

The rapid spread of the COVID-19 pandemic across the globe has forced governments from China to the US to significantly limit the movement and physical interaction of people which has significantly reduced industrial activities and consumer spending across the globe. The unprecedented response from governments to close borders, suspend certain sectors of the economy and confine entire populations to their homes has left many industries in disarray and has already had a significant effect on the macro economic environment that Glencore is exposed to. Glencore group management is carefully monitoring the situation on a country-by-country basis, also guided by local regulations, and has taken various actions to minimise the risk of infection amongst the workforce, while at the same time be able to continue operations (to the extent permitted by governmental restrictions) on a going concern basis.

Management has done and will continue to do an analysis on a country level to address the following risks and uncertainties:

- Fall in commodity demand and commodity prices
- Breakdown in sales channels including physical distribution
- Breakdown in supply chains (e.g. raw materials, equipment, infrastructure)
- Increased risks on credit and counterparties / open positions
- Inability to retain and or attract financing
- Government enforced temporary shut down in operations

For specific risk areas in each country, action plans are being developed and implemented to minimise and mitigate the risks and uncertainties.

There have been no other significant events since the balance sheet date that require disclosure or would cause any of the assets or liabilities reported in these financial statements to be restated (refer note 17 to the financial statements).

Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company’s debts.

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.

The Company's principal risks are foreign exchange and interest rate risks resulting from capital market debt issuances, and the valuation of its investment in Glencore Services (UK) Ltd. The Company manages its foreign exchange and interest rate risks by hedging predominantly with another group entity as well as third parties and by matching assets and liabilities. The valuation of the Company's investment in Glencore Services (UK) Ltd could be impacted by the developments around the COVID-19 pandemic referred to above and users of the financial statements are referred to the sensitivity disclosures provided in note 10 to the financial statements.

The Directors continue to monitor major decisions in Government concerning Brexit. The Company has determined the impact from Brexit risks to be limited.

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

Louise Bullen   Warren Blount

6 April 2020

Directors' report

The Strategic report starting on page 4 contains details of the principal activities of the Company and provides information on the Company's business during the year and indications of likely future developments.

Reference is made to the Strategic report which details the increase in its share capital by USD 12.6 billion by issuance of 1 equity share of GBP 1 nominal to Glencore UK Ltd in exchange for 5 ordinary shares of GBP 1 nominal each in Glencore Services (UK) Ltd following which, the Company became the sole owner of Glencore Services (UK) Ltd. Furthermore, the Company converted its USD 15.2 billion preference shares investment in Glencore Services (UK) Ltd into ordinary shares denominated in GBP. The Company also subscribed for an additional share in Glencore Services (UK) Ltd for USD 24.2 million.

Directors
The Directors who held office during the year are shown on page 3.

Going concern
The Company is expected to continue its activities as a financing entity in the future. As noted in the strategic report, Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company's debts. The Group has updated its going concern assessment to take into account the expected impact of the worldwide COVID-19 pandemic and consequent reasonably possible changes in performance of the Group's underlying investments and the impact of the risks and uncertainties outlined earlier in the strategic report. Based on the Group's updated liquidity forecasts and projections, the directors believe they have a reasonable basis to conclude that the Group and Company will be able to meet their liabilities as they fall due for at least the next 12 months. Accordingly, it is appropriate for the Company to adopt the going concern basis in preparing these financial statements.

Auditor
Pursuant to Article 113 of the Companies (Jersey) Law 1991, Deloitte LLP were re-appointed during the year and will therefore continue in office.

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 its financial statements comply with the Companies (Jersey) Law 1991. 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.

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

Louise Bullen Warren Blount

6 April 2020

Directors' responsibilities statement

The Directors are responsible for:

- preparing the Strategic report;
- the Directors' report;
- the financial statements in accordance with applicable laws and regulations;
- 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 (Jersey) Law 1991;
- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Applicable Company law requires the Directors to prepare financial statements for each financial year and accordingly the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101.

By making this election, 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 United Kingdom Generally Accepted Accounting Practice, including 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENCORE FINANCE (EUROPE) LIMITED

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

2. Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Completeness and valuation of Capital Market Notes; • Accounting for and valuation of investment in Glencore Services (UK) Ltd; and • Impact of the COVID-19 pandemic on the Company's ability to continue as a going concern.

Within this report key audit matters are identified as follows:

Newly identified

Similar level of risk compared to prior year

Materiality	We determined materiality for the financial statements to be USD 125 million (2018: USD 100 million) based on total liabilities.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year we did not consider accounting for investment in preference shares as a key audit matter because the preference shares were converted to ordinary shares in December 2019 during a group-wide reorganisation. We consider the accounting for and valuation of the investment in Glencore Services (UK) Limited to be a new key audit matter in the current year, due to the complexity of the reorganisation and subsequent valuation of the investment. We consider the impact of the COVID-19 pandemic on the Company's ability to continue as a going concern to be a key audit matter this year. There were no other significant changes in our approach compared to the prior year.

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

5.1. Completeness and valuation of Capital Market Notes

Key audit matter description	The Company has listed debt in the form of capital market notes of USD 10.7 billion as at 31 December 2019 (2018: USD 9.7 billion). These notes are denominated in Great British Pounds, Euro, Japanese Yen, Swiss Francs and United States Dollars. The capital market notes are significant for the Company as they account for 68% (2018: 63%) of the total liabilities. The primary risks for the capital market notes have been identified as the following: • Completeness is considered a relevant assertion due to the significant amount of debt in the Company and the risk that certain capital market notes have been omitted from the Company's financial statements. • Valuation is considered a relevant assertion due to the variety of foreign currencies used by the Company and the respective translations of the amortised cost carrying value to the functional currency (see note 2 for the accounting policies relating to foreign currency transactions). As confirmed by the directors in the strategic report on page 4, the Company's primary objective is to raise funding in capital markets and to lend the proceeds on to or invest in other group entities. As such, the capital market notes are considered to be a key balance in the Company's financial statements. Refer to note 14 to the financial statements and the strategic report on page 4.
How the scope of our audit responded to the key audit matter	We requested an independent confirmation from the Company's European Medium Term Notes ("EMTN") programme administrative bank to confirm the total capital market notes outstanding as at 31 December 2019, in order to test the completeness of the capital market notes. Additionally, we reviewed all of the Directors' meeting minutes for the year to identify any new issuances. We recalculated the carrying amounts of the capital market notes as at 31 December 2019 using the terms set out in the respective contract of each bond and the foreign exchange rate for each respective bond to test the carrying amounts of the capital market notes. We evaluated the adequacy of the disclosure made in note 14 to the financial statements in respect of the capital market notes and strategic report on page 4.
Key observations	Based on the work performed we have concluded that the completeness and valuation of the capital market notes are appropriate. We are satisfied that the capital market notes are appropriately disclosed.

5.2. Accounting for and valuation of investment in Glencore Services (UK) Ltd

Key audit matter description	In December 2019, Glencore plc executed a group re-organisation (the "re-organisation"). Refer to the Strategic report on page 4. Under this re-organisation, the Company acquired 100% of Glencore Services (UK) Ltd ('GSUK') valued at USD 27.8 billion through the acquisition of the existing ordinary shares of the Company (via a "share exchange transaction") and the conversion of the existing preference shares the Company held in GSUK to ordinary shares (the "share conversion transaction" valued at USD 15.2 billion). As part of this re-organisation GSUK paid a dividend in-specie of USD 5.7 billion to the Company. Post the re-organisation but pre-impairment, the carrying value of the investment in GSUK makes up approximately 72% of the Company's total assets. GSUK holds various indirect investments in some of the Glencore plc group's largest operating industrial assets. Management completes an impairment review on all of the significant industrial assets as part of the annual budgeting process. The recoverability of the investment in GSUK is supported by the recoverable values of the underlying industrial assets. In performing the impairment reviews as noted above, various factors influence the recoverability of these industrial assets, such as long-term commodity prices (particularly coal, copper, zinc, and ferroalloys), production levels, operating costs and discount rates. In determining the long-term coal prices, management considers the impact of climate change. Following the impairment reviews, an impairment charge of USD 3.1 billion was recorded by management. We identified the following audit risks: • The appropriateness of the accounting treatment of the share conversion and exchange transactions under IAS 27 *Separate Financial Statements*. • The valuation of the investment in GSUK, the accuracy of the impairment charge of USD 3.1 billion recorded and the adequacy of the related disclosures. Refer to note 10 of the financial statements.

How the scope of our audit responded to the key audit matter	<u>Share conversion and exchange transactions</u> • We obtained and reviewed relevant legal documents and minutes of shareholders' and directors' meetings to understand the structure and detail of the share conversion and exchange transactions. • We challenged the accounting entries posted by management with reference to IAS 27.13 to assess whether the transaction value used in accounting for the share conversion and exchange transactions was appropriate. <u>Impairment risk of the investment in GSUK</u> • We obtained a schedule from management outlining each of the investments in operating assets ultimately owned by GSUK, the recoverable amounts of those investments and the estimated headroom ("management's impairment assessment"). • To challenge management's impairment assessment, we reconciled the carrying values and recoverable values in the schedule to appropriate accounting records and impairment models. • We performed detailed testing on management's underlying impairment models which in aggregate supported the recoverable amount of the investment in GSUK and where appropriate based on our risk assessment, we utilised Deloitte valuation and / or mining specialists to assess the appropriateness of management's underlying model inputs and key assumptions and the integrity of technical mining inputs (e.g. production parameters, recovery rates and resource conversion rates). Production assumptions were cross checked against life of mine plans, where applicable, as well as reserves and resources estimates. Where possible, benchmarking across similar assets in the same commodity was performed. • We considered the impact of climate-related risks relating particularly to the Company's Colombian and South African thermal coal assets by comparing management's impact assessment with reputable public industry projections of demand into the future, such as the International Energy Agency's (the "IEA") Stated - and Sustainable Development - Policy Scenarios and using management's impairment models to perform sensitivities on long-term price assumptions based on external broker consensus price projections and IEA projections. • We recalculated the recoverable amount based on the aggregate estimated recoverable amounts of management's impairment models of GSUK's indirectly held industrial assets, less the value of other net liabilities of the GSUK subgroup. • We reconciled the impairment charge to our independent re-calculation. • We performed independent sensitivity analyses to assess the appropriateness of the valuation and disclosure of the GSUK investment.
Key observations	Based on the work performed we have concluded that the accounting for the share conversion and exchange transactions was appropriate. We further concurred with management that the impairment charge of USD 3.1 billion on the investment in Glencore Services (UK) Ltd as at 31 December 2019 is appropriate and the disclosure in note 10 to the financial statements is appropriate.

5.3. Impact of the COVID-19 pandemic on the Company's ability to continue as a going concern

Key audit matter description	As a financing and holding company, the Company's ability to repay its debts as it falls due (USD 1.3 billion due over 2020 and USD 2.1 billion due in March/April 2021) ultimately depends on the support of the Glencore plc Group (the "Group") which has irrevocably guaranteed the Company's debts. Group management has updated the Group's going concern assessment to take into account the known and possible impacts of the COVID-19 pandemic on the Group's forecast cash flows and consequent impacts on the Group's liquidity. The most significant assumptions that affect the Group's liquidity are commodity prices, exchange rates and the nature and extent of operational shut downs of its various industrial assets. In addition to modelling for events known at the end of March 2020, the Group's assessment also considers more extreme scenarios where commodity prices are reduced by a further 20% and some larger cash generating operations are suspended for a period of time. The Group has further mitigating actions that it has adopted and can be further extended to maintain sufficient levels of liquidity. The Group extended its banking facilities during its recent annual facilities renewal in March 2020. In all scenarios, the Group has sufficient liquidity headroom over the period of assessment. Refer to strategic report on page 4 and note 17 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the impact of COVID-19 on the Glencore Group including any current and potential future disruption to operations, forced closures by government and impact on demand. We challenged management's revised going concern assumptions, forecast cash flows including the assumptions impacting the Group's liquidity and headroom analysis (commodity prices, exchange rates, operational shut downs, etc.) by reference to underlying supporting information, management's past and current actions and externally available information. We challenged management's assessment of more extreme scenarios where commodity prices were further reduced beyond current spot prices and where certain larger cash generating operations were suspended for a period of time by reference to underlying supporting information and historical externally available information. We evaluated Glencore's relationship with its banks and whether the Group had any difficulty renewing or extending its available facilities. We evaluated further mitigating actions that management has adopted and could extend further to maintain sufficient levels of liquidity.
Key observations	Based on the work performed, we concur with the Group management's assessment of the Group's ability to continue as a going concern and consequently the Company directors' assessment that the going concern basis is appropriate for the Company.

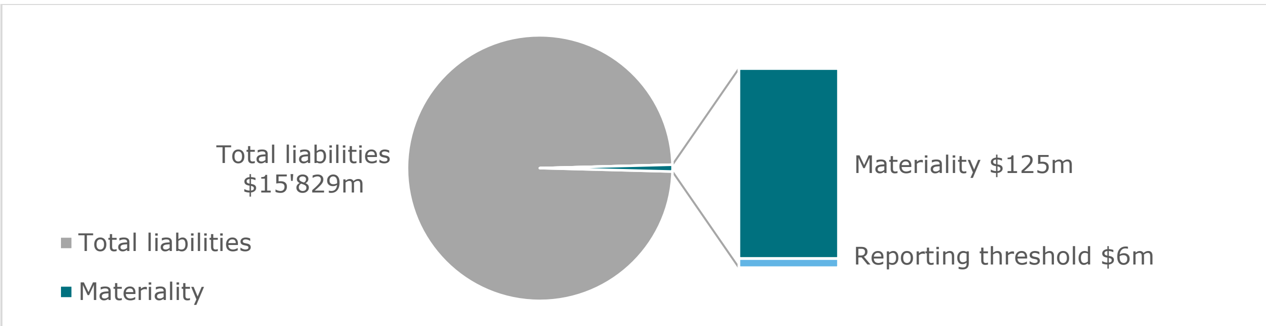
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	USD 125 million (2018: USD 100 million).
Basis for determining materiality	Materiality equates to 0.8% of total liabilities (2018: 0.7% of total liabilities).
Rationale for the benchmark applied	We determined materiality based on total liabilities as this is the driver of the Company given its purpose to raise funding in capital markets and to lend the proceeds on to or invest in other group entities.



6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit, based on our past audit experience, which has indicated a low number of uncorrected misstatements identified in prior years.

6.3. Error reporting threshold
We agreed with the directors that we would report all audit differences in excess of $6m (2018: $5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of directors

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

In preparing the financial statements, the 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.

10. Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

11. Matters on which we are required to report by exception

11.1. Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 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
- proper accounting records have not been kept, or proper 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.

We have nothing to report in respect of these matters.

12. Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. 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.

Geoffrey Pinnock CA(SA)

For and on behalf of Deloitte LLP

Recognised Auditor

London, England

6 April 2020

Financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

USD '000

	Notes	2019	2018
Operating expenses	4	(624)	(493)
Operating loss		**(624)**	**(493)**
Finance income	6	5,956,171	465,368
Finance expenses	7	(708,481)	(467,022)
Impairment of investment in related party	10	(3,100,000)	-
Profit / (loss) before taxation		**2,147,066**	**(2,147)**
Tax	8	(22,253)	(16,379)
Profit / (loss) for the financial year attributable to owners of the Company		**2,124,813**	**(18,526)**
Net items to be reclassified to the statement of income in subsequent periods			
Cash flow hedge reserve		(8,102)	-
Other comprehensive loss		(8,102)	-
Total comprehensive income / (loss)		**2,116,711**	**(18,526)**

All activities derive from continuing operations.

COMPANY REGISTRATION NUMBER 124626
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

USD '000

	Notes	2019	2018
Non - current assets			
Loans to related parties	9	4,823,485	4,638,367
Investment in related party, net	10	24,719,447	15,200,000
Total non - current assets		**29,542,932**	**19,838,367**
Current assets			
Loans to related parties	9	5,826,610	-
Other debtors	11	5,970	307,569
Derivative financial instruments	12	104,304	92,591
Cash and bank balances		11	11
Total current assets		**5,936,895**	**400,171**
Total assets		**35,479,827**	**20,238,538**
Current liabilities			
Borrowings	14	1,316,443	1,007,711
Other creditors	13	166,280	650,606
Derivative financial instruments	12	87,178	326,676
Total current liabilities		**1,569,901**	**1,984,993**
Net current assets /(liabilities)		**4,366,994**	**(1,584,822)**
Total assets less current liabilities		**33,909,926**	**18,253,545**
Non - current liabilities			
Borrowings	14	9,386,187	8,659,115
Loans from related parties	15	4,872,717	4,655,401
Total non - current liabilities		**14,258,904**	**13,314,516**
Total liabilities		**15,828,805**	**15,299,509**
Total Net assets		**19,651,022**	**4,939,029**
Equity			
Share capital	16	34	34
Share premium	16	17,598,036	5,002,754
Cash flow hedge reserve		(8,102)	-
Accumulated profit/(deficit)		2,061,054	(63,759)
Total shareholders' equity		**19,651,022**	**4,939,029**

These financial statements were approved by the Board of Directors on 6 April 2020.

Signed on behalf of the Board of Directors

Louise Bullen Warren Blount

6 April 2020

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

USD '000

	Share Capital	Share Premium (note 16)	Accumulated (deficit)/profit	Cash flow hedge reserve	Total
As at 1 January 2018	**33**	**2,755**	**(45,233)**	**-**	**(42,445)**
Issue of 1 share of EUR 1000 nominal	1	4,999,999			5,000,000
Loss on ordinary activities after taxation	-	-	(18,526)		(18,526)
As at 31 December 2018	**34**	**5,002,754**	**(63,759)**	**-**	**4,939,029**
Issue of 1 share of GBP 1 nominal	-	12,595,282			12,595,282
Profit on ordinary activities after taxation			2,124,813		2,124,813
Other comprehensive loss				(8,102)	(8,102)
As at 31 December 2019	**34**	**17,598,036**	**2,061,054**	**(8,102)**	**19,651,022**

Notes to the financial statements

1. GENERAL INFORMATION

Glencore Finance (Europe) Limited is a public limited company registered in Jersey with registered number 124626 and registered office at 13-14 Esplanade, St Helier, Jersey, JE1 1EE. The Company is tax resident in the United Kingdom.

The Company is a wholly owned subsidiary of Glencore UK Ltd and is ultimately wholly owned by Glencore plc.

The Company's functional currency is the US Dollar (USD) as this is assessed to be the principal currency of the economic environment in which it operates.

The group accounts of Glencore plc are available to the public and can be obtained as set out in note 18 as is the registered office address of the parent company preparing consolidated accounts.

2. ACCOUNTING POLICIES

Basis of accounting

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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 FRS 101.

Exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair values, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Glencore plc.

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has adopted the following principal accounting policies:

Adoption of new and revised standards

Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019) - Interest Rate Benchmark Reform

The Company has chosen to early adopt the amendments to IFRS 9 and IFRS 7, which are mandatory for annual reporting periods beginning on or after 1 January 2020. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The Company has issued foreign currency denominated fixed rate debt which it fair value hedges or where applicable cash flow hedges using floating or fixed to USD LIBOR cross currency interest rate swaps. The amendments permit continuation of hedge accounting even if in the future USD LIBOR may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measureable, the hedging relationship is discontinued.

The amendments are applied retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies the amendments or that were designated thereafter.

The Company will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Company is exposed ends. The Company has assumed that this uncertainty will not end until the Company's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment. This will, in part, be dependent on the introduction of fall back clauses which have yet to be added to the Company's contracts and the negotiation with counterparties. Following adoption of the amendments to IFRS 9 there is no impact upon the financial statements and existing hedge relationships.

IFRIC 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The judgements and estimates made to separately recognise and measure the effect of uncertain tax treatments (where applicable) are re-assessed whenever circumstances change or when there is new information that affects those judgements. The Company has re-assessed its tax exposure and the key estimates taken in determining the positions recorded for adopting IFRIC 23. The adoption of the interpretation had no material impact on the Company.

Going concern

The Company is expected to continue its activities as a financing entity in the future. As noted in the strategic report, Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company's debts. The Group has updated its going concern assessment to take into account the expected impact of the worldwide COVID-19 pandemic and consequent reasonably possible changes in performance of the Group's underlying investments and the impact of the risks and uncertainties outlined earlier in the strategic report. Based on the Group's updated liquidity forecasts and projections, the directors believe they have a reasonable basis to conclude that the Group and Company will be able to meet their liabilities as they fall due for at least the next 12 months. Accordingly, it is appropriate for the Company to adopt the going concern basis in preparing these financial statements.

Revenue recognition

Financial income

Interest income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the right to receive the payment has been established, it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year end closing rates. The resulting exchange differences are recorded in the statement of comprehensive income. Currency and interest rate risks are suitably hedged mostly with another group entity. Non-monetary assets and liabilities are converted at the historical foreign exchange rate at the time of the transaction.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Investments

Investments in subsidiaries are recorded at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL) and financial assets 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including due from related parties, other financial assets, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets
A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. For financial assets at amortised cost, the entity recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of comprehensive income. On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised is recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in statement of comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivatives and hedging activities

Derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

At the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements. The Company discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met.

2. ACCOUNTING POLICIES (CONTINUED)

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the statement of income when the committed or forecast transaction is ultimately settled or extinguished. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the statement of income.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

3. CRITICAL ACCOUNTING JUDGEMENTS OR KEY ESTIMATION UNCERTAINTIES

The preparation of 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 liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period. At 31 December 2019 there were no critical accounting judgements made in the application of the Company's accounting policies. As described further in note 10, there is key estimation uncertainty in relation to the carrying value of the Company's investment in GSUK.

4. OPERATING EXPENSES

Operating expenses mainly include various professional and consulting fees along with the audit fee. The audit fee accrued for the year is USD 57,500 (2018: USD 57,500).

Employees
The average monthly number of employees was nil (2018: nil).

5. DIRECTORS' REMUNERATION

None of the Directors received any fees or remuneration for their services as a director of the Company during the financial year (2018: USD nil) either from the Company or any other entity within the Glencore Group.

6. FINANCE INCOME

USD '000

	2019	2018
Interest income - related parties	217,209	458,678
Interest income - third parties	2,017	6,690
Dividend income - related parties	5,736,945	-
Total	**5,956,171**	**465,368**

7. FINANCE EXPENSES

USD '000

	2019	2018
Interest expense - related parties	(216,447)	(158,056)
Interest expense - third parties	(281,691)	(319,896)
Foreign exchange and other finance expenses	(204,028)	-
Expected credit (loss)/reversal	(6,315)	10,930
Total	**(708,481)**	**(467,022)**

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

ANALYSIS OF TAX CHARGE ON ORDINARY ACTIVITIES

USD '000

	2019	2018
United Kingdom corporation tax at 19% (2018: 19%) based on the profit/(loss) for the year	-	-
Foreign withholding tax paid	(21,270)	(15,025)
Adjustment in respect of prior years	(983)	(1,354)
Tax charge for the year	**(22,253)**	**(16,379)**

FACTORS AFFECTING TAX CHARGE FOR THE CURRENT YEAR

The tax assessed for the year is lower (2018: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%).

TAX RATE RECONCILIATION

USD '000

	2019	2018
Profit/(loss) on ordinary activities before taxation	**2,147,066**	**(2,147)**
Tax at 19% thereon (2018: 19%)	**(407,943)**	**408**
Effects of:		
Expenses not deductible	(589,000)	-
Income not taxable	1,090,020	-
Interest restricted under Corporate Interest Restriction rules	(11,868)	-
Group relief surrendered for nil consideration	(17,083)	(408)
Deferred tax on losses not recognised	(64,126)	-
Foreign withholding tax paid	(21,270)	(15,025)
Prior year adjustment - current tax	(983)	(1,354)
Tax charge for the year	**(22,253)**	**(16,379)**

Deferred tax assets of USD 365.6 million (2018: USD 28.1 million) have not been recognised in respect of deductible temporary differences and tax losses because it is not probable that future taxable profits will be available against which the Company will be able to utilise the same.

9. LOANS TO RELATED PARTIES

USD ‘000

	2019	2018
Non current loans to related parties	4,823,485	4,638,367
Current loans to related parties	5,826,610	-

All related parties are wholly owned Glencore plc affiliates.

10. INVESTMENT IN RELATED PARTY

USD ‘000

	Country of incorporation	Ownership interest	2019	2018
Glencore Services (UK) Ltd - ordinary shares	Great Britain	100%	27,819,447	-
Less: Impairment provision			(3,100,000)	-
Glencore Services (UK) Ltd - preference shares			-	15,200,000
Total			**24,719,447**	**15,200,000**

Share conversion and exchange transactions

In December 2019, as part of the reorganisation with Glencore Services (UK) Ltd ('GSUK') (refer to the strategic report), the Company issued 1 ordinary share to Glencore UK Ltd for USD 12.6 billion in exchange for 5 ordinary shares in GSUK. Following this share exchange, GSUK became a wholly owned subsidiary of the Company. In addition, the Company converted its preference shares investment of USD 15.2 billion in GSUK into ordinary shares amounting to GBP 11.6 billion (USD 15.2 billion). In determining the cost of investment in ordinary shares of GSUK, the Company has considered applicable guidance under IAS 27.13 and measured the cost of its ordinary share investment in GSUK at the carrying amount of its previous investment in GSUK preference shares. The Company also subscribed to an additional share issued by GSUK for USD 24.2 million.

Impairment of the investment in GSUK

The dividend in-specie paid by GSUK to the Company (as detailed in the Strategic report) and impairments recognised by the Glencore plc group at 31 December 2019 in certain of the industrial assets within the GSUK subgroup were impairment indicators, requiring an impairment test of the Company's investment in GSUK at 31 December 2019. Following this impairment test, the carrying amount exceeded the estimated recoverable amount of the GSUK subgroup by USD 3.1 billion, and therefore an impairment of USD 3.1 billion has been recognised in the Statement of Comprehensive Income.

The recoverable amount was estimated based on the aggregate estimated recoverable amounts of GSUK's indirectly held mining and industrial assets of approximately USD 42.7 billion, less the value of other net liabilities of the GSUK subgroup of approximately USD 18.0 billion. The estimates of the recoverable amounts of GSUK's indirectly held mining and industrial assets were measured based on fair value less costs of disposal (FVLCD), determined using discounted cash flow techniques based on the most recent approved financial budgets and three-year business plans, which are underpinned and supported by life of mine plans of the respective operations. The valuation models use the most recent reserve and resource estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific real discount rates ranging from 6.9% to 9.7%. The valuations remain sensitive to price, and a deterioration in the pricing outlook may result in additional impairments of the underlying mining and or industrial assets, which would affect the recoverable value of the investment in GSUK. Similarly, as changes in risk-free interest rates and other input assumptions to the discount rate have a reasonably possible chance of occurring within the next financial period, changes in discount rates would also affect the recoverable value of the investment in GSUK.

10.INVESTMENT IN RELATED PARTY (CONTINUED)

A change in discount rates can either result in an additional impairment, a reversal of impairment, or offset the impact of a price deterioration. The determination of FVLCD uses Level 3 valuation techniques.

Impairment sensitivities inherent in the investment in GSUK

In addition to the general uncertainty around future commodity prices and discount rates, the impact of the COVID-19 pandemic has also negatively impacted spot commodity markets subsequent to period end. There exists a reasonable possibility that both existing and evolving market conditions could drive a significant deterioration in key assumptions. If such a deterioration were to occur, it could result in a material adjustment to the carrying amount of the Company's investment in GSUK within the next financial year.

Management considers that reasonably possible changes in the key assumptions within the next financial year are as follows:

For base metals, ferroalloys and coal

- For commodity prices, a range decreasing from 10% to 30% over the life of mine, depending on the commodity type and scenario, and

For all underlying industrial assets

- A plus or minus 1% change in discount rate assumptions

A summary of the reasonably possible change in discount rates, two reasonably possible commodity pricing assumption scenarios, and a third combined commodity price and discount rate offsetting scenario, and their respective potential negative impacts are as follows:

A 1% increase or decrease in discount rate assumptions, all else held equal, would result in a (decrease) / increase in recoverable value of (US$ 2,779 million) / US$ 4,179 million, respectively.

Pricing scenario as at 31 December 2019 – a 10% decline in commodity price assumptions across the curve[1]

Key commodity	Key pricing assumptions and impact		
	Base assumption	Percentage variation to base assumption	Financial impact of variation (in USD million)
Copper	Short to Long-term price: $6,250/mt – $6,500/mt	Short to Long-term price: -10%	(4,668)
Zinc	Short to Long-term price: $2,425/mt – $2,500/mt	Short to Long-term price: -10%	(1,513)
Nickel	Short to Long-term price: $14,600/mt – $15,432/mt	Short to Long-term price: -10%	(765)
Ferrochrome	Short to Long-term price: $0.79/lb – $0.85/lb	Short to Long-term price: -10%	(1,022)
Thermal coal	Short to Long-term price: $70/t – $90/t	Short to Long-term price: -10%	(5,336)
Coking coal[2]	Various[2]	Short to Long-term price: -10%	(511)

Note 1: Short-term represents 2020, Medium-term represents 2021 – 2024, and Long-term represents 2025 and beyond.

Note 2: Coking coal comprises various different classes of bituminous coal across a spectrum of soft to hard coking coal with various different base assumptions and are consequently not presented separately in this analysis. Coking coal pricing assumptions are contained within the same discounted cash flow model and thus a combined financial impact is presented in the above table.

Pricing scenario including impact of Covid-19 – a prolonged spot commodity price decline in commodity price assumptions through 2020 and a 10% decline in commodity price assumptions across the remainder of the curve, and a combined impact of the this scenario and a 1% decrease in discount rates[1]

Key commodity	Key pricing assumptions and impact			Combined financial impact of Covid-19 pricing scenario and 1% decrease in discount rates
	Base assumption	Percentage variation to base assumption	Financial impact of variation (in USD million)	
Copper	Short-term price: $6,250/mt; Medium to Long-term price: $6,360 – $6,500/mt	Short-term price: -23% Medium to Long-term price: -10%	(5,117)	(3,751)
Zinc	Short-term price: $2,447/mt; Medium to Long-term price: $2,425 – $2,500/mt	Short-term price: -24% Medium to Long-term price: -10%	(1,561)	(1,269)
Nickel	Short-term price: $14,600/mt; Medium to Long-term price: $15,432/mt	Short-term price: -23% Medium to Long-term price: -10%	(822)	(593)
Ferrochrome	Short-term price: $0.79/lb; Medium to Long-term price: $0.85/lb	Short-term price: -11% Medium to Long-term price: -10%	(1,042)	(893)
Thermal coal	Short-term price: $70/t – $79/t; Medium to Long-term price: $80/t – $90/t	Short-term price: -30% to -15% Medium to Long-term price: -10%	(5,330)	(3,917)
Coking coal[2]	Various[2]	Short-term price: -25% to 0% Medium to Long-term price: -10%	(657)	(101)

Note 1: Short-term represents 2020, Medium-term represents 2021 – 2024, and Long-term represents 2025 and beyond.

Note 2: Coking coal comprises various different classes of bituminous coal across a spectrum of soft to hard coking coal with various different base assumptions and are consequently not presented separately in this analysis. Coking coal pricing assumptions are contained within the same discounted cash flow model and thus a combined financial impact is presented in the above table.

In 2018, the Company had classified the preference shares investment in GSUK as a debt instrument measured at fair value through profit or loss (FVTPL) as the contractual cash flows did not meet the IFRS 9 definition of "solely payments of principal and interest.

11.OTHER DEBTORS

USD '000

	2019	2018
Income tax receivable	-	284
Collateral for derivative instruments	5,970	307,285
Total	**5,970**	**307,569**

All amounts are due for repayment within one year.

12. DERIVATIVE FINANCIAL INSTRUMENTS

USD '000

	2019	2018
Derivative assets - related parties	**104,304**	**92,591**
Derivative liabilities - related parties	4,280	14,255
Derivative liabilities	82,898	312,421
Total derivative liabilities	**87,178**	**326,676**

All related parties are wholly owned Glencore plc affiliates.

13. OTHER CREDITORS

USD '000

	2019	2018
Amounts owed to related parties	-	484,554
Capital market notes interest accruals	138,727	166,052
Collateral for derivative instruments	25,791	-
Other payables and accruals	1,762	-
Total	**166,280**	**650,606**

All amounts are due for repayment within one year.

All related parties are wholly owned Glencore plc affiliates.

14. BORROWINGS

Capital market notes

USD Million	Maturity	2019	2018
Euro 743 million 3.375% coupon bonds	Sep-20	-	847
Euro 1,232 million 1.250% coupon bonds	Mar-21	1,383	1,408
Euro 588 million 2.750% coupon bonds	Apr-21	659	673
Euro 700 million 1.625% coupon bonds	Jan-22	786	801
Euro 1,000 million 1.875% coupon bonds	Sep-23	1,081	1,124
Euro 400 million 3.700% coupon bonds	Oct-23	452	458
Euro 600 million 0.625% coupon bonds	Sep-24	672	-
Euro 750 million 1.750% coupon bonds	Mar-25	858	857
Euro 500 million 3.750% coupon bonds	Apr-26	574	573
Euro 500 million 1.500% coupon bonds	Oct-26	568	-
Eurobonds		**7,033**	**6,741**
JPY 10 billion 1.075% coupon bonds	May-22	**92**	**91**
GBP 500 million 6.000% coupon bonds	Apr-22	657	634
GBP 500 million 3.125% coupon bonds	Mar-26	672	-
Sterling bonds		**1,329**	**634**
CHF 500 million 1.250% coupon bonds	Dec-20	-	508
CHF 250 million 2.250% coupon bonds	May-21	240	255
CHF 175 million 1.25% coupon bonds	Oct-24	184	180
CHF 250 million 0.35% coupon bonds	Sep-25	258	-
Swiss Franc bonds		**682**	**943**
USD 250 million 3m Libor plus 1.650% coupon bonds	May-22	**250**	**250**
Total non-current bonds		**9,386**	**8,659**
EUR 743 million 3.375% coupon bonds	Sep-20	834	-
CHF 500 million 1.250% coupon bonds	Dec-20	482	-
CHF 175 million 2.125% coupon bonds	Dec-19	-	178
GBP 650 million 6.500% coupon bonds	Feb-19	-	830
Total current bonds		**1,316**	**1,008**
Amounts falling due after more than 5 years		**2,930**	**1,610**

15.LOANS FROM RELATED PARTIES

USD '000

	2019	2018
Non current loans from related parties	4,872,717	4,655,401
Total	**4,872,717**	**4,655,401**

All related parties are wholly owned Glencore plc affiliates.

16. EQUITY

USD '000

	2019	2018
Share capital (issued, called up and fully paid)		
32 ordinary shares of Euro 1,000 each (2018: 32 ordinary shares)	34	34
1 ordinary share of GBP 1 nominal	-	-
Share premium	17,598,036	5,002,754

In December 2019, the Company issued 1 ordinary share of GBP 1 nominal to Glencore UK Ltd for USD 12.6 billion. The Company is a wholly owned subsidiary of Glencore UK Ltd.

17. SUBSEQUENT EVENTS

COVID-19

The Group has taken prudent action to protect and strengthen its capital structure amid the current period of heightened uncertainty in order to enable it to more safely navigate this challenging environment by increasing its banking facility limits during the annual facility renewal process and deferring the payment of the 2020 distribution.

As a financing company, the impact of COVID-19 has not been material to the operations of the Company. However, as noted in the strategic report, Glencore plc together with other Group entities have unconditionally and irrevocably guaranteed the Company's debts. As a consequence, the Group has updated its going concern assessment to take into account the expected impact of the worldwide COVID-19 pandemic and consequent reasonably possible changes in performance of the Group's underlying investments and the impact of the risks and uncertainties outlined earlier in the strategic report. Based on the Group's updated liquidity forecasts and projections, the directors believe they have a reasonable basis to conclude that the Group and Company will be able to meet their liabilities as they fall due for at least the next 12 months. Also refer to the impairment sensitivity disclosures in respect of COVID-19 in note 10.

Other than the COVID-19 outbreak, no material subsequent events have occurred until the date these audited financial statements were authorised for issue.

18.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. This is the largest and smallest Company for which consolidated financial statements are prepared which includes the Company.

Copies of the consolidated financial statements of Glencore plc may be obtained from Queensway House or from www.glencore.com.