Company registration number

124626

Glencore Finance (Europe) Limited

REPORT AND
FINANCIAL STATEMENTS
2020

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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 2020 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 hold investments in some of the Group's largest mining and industrial assets and to raise funding in capital markets whose proceeds are lent to or invested in other group entities. Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company's liabilities to external bond holders.

No changes in the above business model are anticipated in the coming year, although the nature of the Company's investments may change as a result of Group reorganisations.

Business review

As shown in the statement of income on page 17, the loss for the year after taxation was USD 5,456 million (2019: USD 2,125 million profit) primarily from the increase in impairment of the Company's investment in Glencore Services (UK) Ltd amounting to USD 5,165 million (2019: USD 3,100 million)). The balance sheet on page 18 shows that the Company's net assets have decreased significantly compared with the prior year by USD 5,488 million to USD 14,163 million primarily from the increase in impairment of investment in Glencore Services (UK) Ltd noted above. The Company's borrowings decreased by USD 2,003 million from redemption of bonds. The Directors recommend that no dividend be paid (2019: USD nil).

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 the supply, demand and prices of commodities which have a significant impact on the valuation of the Company's investment in Glencore Services (UK) Ltd and the Company's ability to generate dividend income to service its debt obligations. Other principal risks include foreign exchange and interest rate risks resulting from capital market debt issuances.

The Company relies on the Group's risk management activities in mitigating against possible negative impacts of supply and demand fundamentals on commodity prices which focuses on cost discipline, operational efficiency and tracking the shifts in demand to maximise capital allocation. As a result of the volatility in commodity prices and the impact it could have on the Company's investment in Glencore Services (UK) Ltd, users of the financial statements are referred to the sensitivity disclosures provided in note 10 to the financial statements.

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 Company has determined the impact from Brexit risks to be limited. The Company is evaluating the control weaknesses noted by our auditor on page 10 and is considering appropriate remediation actions.

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

Louise Bullen

Louise Bullen Warren Blount

Directors' report

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

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 an investment company that also supports the Group's financing activities. The Company intends to be able to generate sufficient dividend income from its investments to meet its liabilities as they fall due.

As noted in the Strategic report, Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company's external bond liabilities. The Group has updated its going concern assessment for the year ended 31 December 2020 considering the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties (being primarily commodity prices and foreign currency exchange rates), as well as access to undrawn credit facilities and monitoring of debt maturities. 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

Each of the persons who is a Director at the date of approval of these financial statements confirms that:

a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
b) the Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

Louise Bullen Warren Blount

07 April 2021

Directors' responsibilities statement

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.

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 *Reduced Disclosure Framework*.

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 2020 and of the company’s loss 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 income;
- the statement of other 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: • Valuation of investment in Glencore Services (UK) Ltd, and • Completeness and valuation of Capital Market Notes. The audit risks related to these key audit matters have not changed from the prior year.
Materiality	We determined materiality for the financial statements to be USD450 million based on total assets. In 2019 materiality was USD125 million based on total liabilities. The change is reflective of the change in the Company's operating model from being primarily a financing vehicle for external bonds to being an investment holding company.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	• We do not consider Going concern to be a key audit matter this year, as the global COVID-19 pandemic has progressed and the uncertainty has reduced for the Company compared to the previous year. • There were no significant changes in our audit approach compared to the prior year, except for the changes to the key audit matters and the change in our determination of materiality described above.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Company's structure was changed in Q4 of 2019 to that of an investment company and consequently it has a limited track record of generating sufficient dividend income to settle its liabilities. No dividend income was received during the 2020 financial year. Our evaluation of the Company's ability to continue to adopt the going concern basis of accounting has therefore focused on the Glencore plc Group's (the "Group's") ability to settle the Company's liabilities as they fall due, as the ultimate guarantor of the Company's liability to external bondholders.

As part of this assessment we:

- considered the effect of key risks on the Group's business model as part of our risk assessment and analysed how these risks might affect the Group's liquidity position, including access to capital, and thus its ability to continue to operate as a going concern. The risks we consider to have the greatest impact are supply, demand and prices of commodities over the forecast period;
- assessed the basis for the assumptions used in the forecast information including operational profitability, the Group's debt repayment obligations and capital expenditure requirements as well as undrawn facilities;
- challenged the downside stress scenarios applied by the directors in their analysis, in particular whether the downside scenarios represented an appropriately robust sensitivity; we evaluated the effect of these scenarios on key metrics such as liquidity headroom, net debt and net debt to EBITDA over the going concern period and performed additional sensitivities to further challenge the Group's forecast position; and challenged whether contingent liabilities could have a material effect on the Group's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Valuation of investment in Glencore Services (UK) Ltd

Key audit matter description	The Company holds 100% of Glencore Services (UK) Ltd ('GSUK'). The investment is valued at USD19 554 million (including an accumulated impairment provision of USD8 265 million). GSUK holds various indirect investments in some of the 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 aggregated net 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, nickel and ferroalloys), production levels, operating costs and discount rates. In determining the long-term coal prices, management considers the impact of climate change (all assumptions together "the impairment assumptions"). Following the impairment reviews, an impairment charge of USD5 165 million was recorded by management in the current financial year. As a result of the level of estimation uncertainty in estimating the recoverable value of GSUK and the related sensitivity disclosure requirements, we identified the valuation of the investment in GSUK as a key audit matter. Refer to the 'business review' paragraph of the Strategic Report and notes 3 (Key estimation uncertainty) and 10 (Investment in subsidiary companies) of the financial statements for details of the impairment recorded and associated sensitivity analysis.

How the scope of our audit responded to the key audit matter	• We obtained an understanding of the relevant controls over the valuation of the investment in GSUK. • We obtained a schedule from management listing each of the investments in operating assets ultimately owned by GSUK, and the recoverable amounts of those investments. • We obtained an understanding of the methodology applied by management in developing its impairment assessments at the underlying operational level and how value from those operations affects the Company's investment valuation. • We evaluated management's assessment of impairment risk and their assessment of the indicators of impairment and challenged the significant assumptions used and the data sources on which these assumptions were based. We evaluated the risk of management bias in forecast assumptions and estimates by comparing management's inputs to third party forecast and macroeconomic data, our independent assessment of discount rates, and reconciliations to latest internal budget information. • To challenge management's impairment assessment, we reconciled the 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 historical performance, as well as approved budgets and life of mine plans where applicable, and mineable tonnes assumptions were assessed against reserves and resources estimates. • We evaluated the impact of climate-related risks relating particularly to the Company's investment in 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 performed a recalculation of 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 consider the impairment charge of USD5 165 million on the investment in Glencore Services (UK) Ltd for the year ended 31 December 2020 to be appropriate, although subject to high levels of estimation uncertainty. Consequently we consider the Company's valuation of its investment in GSUK to be reasonable. In the course of auditing management's impairment models, we identified certain methodology errors which were subsequently corrected by management. These errors were not detected by management's review process, and therefore they constituted significant control deficiencies. We considered management's disclosures on key assumptions and impairment sensitivities (refer notes 3 and 10) and found them to be appropriate and in compliance with IFRS requirements.

5.2 Completeness and valuation of Capital Market Notes

Key audit matter description	The Company has listed debt in the form of capital market notes of USD8 699 million as at 31 December 2020 (2019: USD10 702 million). 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 60% (2019: 68%) of the total liabilities. The primary risks for the capital market notes have been identified as the following: • We identified completeness of capital market notes to be an audit risk due to the significant amount of debt held by the Company and the risk that any omissions are likely to be material. • We identified the year end valuation of capital market notes as a risk 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, one of the Company's primary objectives 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 obtained and inspected an independent confirmation from the Company's European Medium Term Notes ("EMTN") programme administrative bank to corroborate the total capital market notes outstanding as at 31 December 2020, 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 2020 using the terms set out in the respective contract of each bond and externally sourced foreign exchange rates. We evaluated the adequacy of the disclosures made in notes 2 and 14 to the financial statements in respect of the capital market notes.
Key observations	Based on the work performed we have concluded that the completeness and valuation of the capital market notes are appropriate.

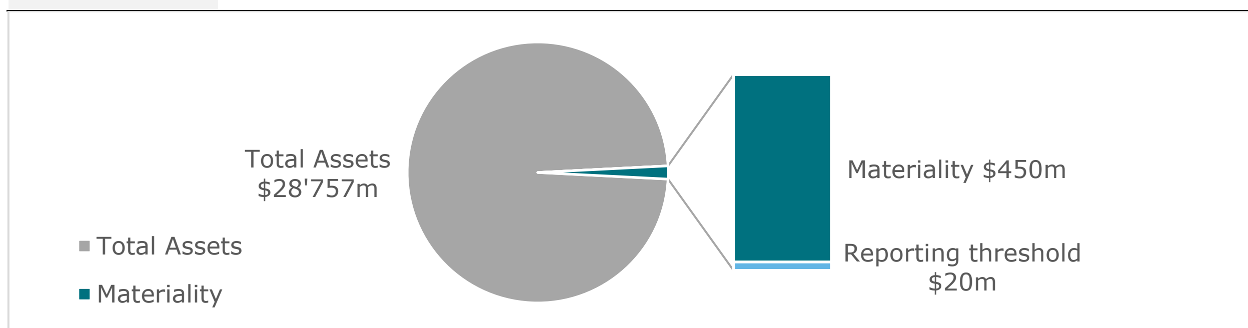
6. Our application of materiality

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	USD450 million (2019: USD125 million).
Basis for determining materiality	1.6% of total assets (2019: 0.8% of total liabilities)
Rationale for the benchmark applied	As the nature of GFE's activities changed in late Q4 of 2019 to that of an investment company, we have amended our approach to determining materiality using an asset focused benchmark rather than a liability focused benchmark as was the case in 2019. Cash flows from the underlying investments and loans are applied to settling the Company's liabilities as they fall due. We consider total assets to therefore be of primary importance to both the Company's sole shareholder and the external bond holders.



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 65% (2019:70%) of materiality for the 2020 audit, based on our past audit experience, which has indicated a low number of uncorrected misstatements identified in prior years. The basis for determining performance materiality decreased to take into account the potential effect of the COVID-19 pandemic on the Company's control environment.

6.3. Error reporting threshold

We agreed with the directors that we would report all audit differences in excess of USD20 million (2019: USD6 million), 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 Company 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.

7.2. Our consideration of the control environment

The Company relies on the effectiveness of a number of IT systems and applications to ensure that financial transactions are recorded completely and accurately. The main financial accounting and treasury systems were identified as key IT systems relevant to our audit. We tested General IT Controls ("GITCs") as part of our audit.

The IT systems which are managed from the centralised IT function in Switzerland were evaluated by IT specialists who were part of the Group audit team. IT control deficiencies relating to the review of user access rights and the management of privileged access accounts were identified by the Group auditor.

In the course of auditing the GSUK investment during the year, certain errors were identified in the modelling process, which were subsequently corrected by management (refer to key audit matter 5.1 above). Management has discussed the internal control deficiencies, and their actions to address them, on page 4 of the Strategic Report.

8. Other information

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

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the company as an intermediate holding company within the Group with listed external bonds;
- the Company's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of senior management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of its policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether management was aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether management have knowledge of any actual, suspected or alleged fraud, and
  - reviewing internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the engagement team and internal forensic specialists and relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area:

- the impairment assumptions selected by management at the operating mine level that is used in the testing of impairment of the GSUK investment.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included Companies (Jersey) Law 1991 and related guidance and relevant tax laws.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the UK Bribery Act 2010 and the Group's operating licences and environmental regulations in the jurisdictions in which it operates.

11.2 Audit response to risks identified

As a result of performing the above, we identified "Valuation of the GSUK investment" as a key audit matter related to the potential risk of fraud. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition, our procedures to respond to risks identified included the following:

- enquiring of management and the General Counsel concerning actual and potential litigation and claims;
- enquiring of management and the General Counsel regarding whether the Company is in compliance with laws and regulations relating to fraud, money laundering, bribery and corruption;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory and taxation authorities, where applicable;
- obtaining an understanding of the Group's compliance policies, procedures and controls, including the procedures to mitigate the risk of and response to allegations of fraud, bribery and corruption;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; and
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made by management in making accounting estimates indicate a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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

12.1. 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.

13. 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, UK

Financial statements

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

USD '000

	NOTES	2020	2019
Operating expenses	4	(891)	(624)
Operating loss		**(891)**	**(624)**
Finance income	6	214 329	219 226
Finance expenses	7	(489 522)	(708 481)
Dividend income		-	5 736 945
Impairment of investment in subsidiary	10	(5 165 000)	(3 100 000)
(Loss) / profit before taxation		**(5 441 084)**	**2 147 066**
Taxation	8	(14 682)	(22 253)
(Loss) / profit for the financial year attributable to owners of the Company		**(5 455 766)**	**2 124 813**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

USD '000

	NOTES	2020	2019
(Loss) / profit for the financial year		(5 455 766)	2 124 813
Net items to be reclassified to the statement of income in subsequent periods			
Cash flow hedge reserve		(32 014)	(8 102)
Other comprehensive loss		**(32 014)**	**(8 102)**
Total comprehensive (loss) / income		**(5 487 780)**	**2 116 711**

All activities derive from continuing operations.

COMPANY REGISTRATION NUMBER 124626
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

USD '000

	NOTES	2020	2019
Non - current assets			
Loans to related parties	9	4 229 825	4 823 485
Investment in subsidiary companies	10	19 554 447	24 719 447
Derivative financial instruments	12	617 008	-
Total non-current assets		**24 401 280**	**29 542 932**
Current assets			
Loans to related parties	9	4 130 507	5 826 610
Other debtors	11	7	5 970
Derivative financial instruments	12	225 134	104 304
Cash and bank balances		8	11
Total current assets		**4 355 656**	**5 936 895**
Total assets		**28 756 936**	**35 479 827**
Current liabilities			
Borrowings	14	1 002 534	1 316 443
Other creditors	13	890 393	166 280
Derivative financial instruments	12	-	87 178
Total current liabilities		**1 892 927**	**1 569 901**
Net current assets		**2 462 729**	**4 366 994**
Total assets less current liabilities		**26 864 009**	**33 909 926**
Non-current liabilities			
Borrowings	14	7 696 229	9 386 187
Loans from related parties	15	5 004 264	4 872 717
Derivative financial instruments	12	274	-
Total non-current liabilities		**12 700 767**	**14 258 904**
Total liabilities		**14 593 694**	**15 828 805**
Total net assets		**14 163 242**	**19 651 022**
Equity			
Share capital	16	34	34
Share premium	16	17 598 036	17 598 036
Cash flow hedge reserve		(40 116)	(8 102)
Accumulated (deficit) / profit		(3 394 712)	2 061 054
Total shareholders' equity		**14 163 242**	**19 651 022**

These financial statements were approved by the Board of Directors on 07 April 2021.

Signed on behalf of the Board of Directors

Louise Bullen

Louise Bullen Warren Blount

07 April 2021

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

USD '000

	Share Capital	Share Premium (note 16)	Accumulated (deficit)/profit	Cash flow hedge reserve	Total
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**
Loss on ordinary activities after taxation	-	-	(5 455 766)	-	(5 455 766)
Other comprehensive loss	-	-	-	(32 014)	(32 014)
As at 31 December 2020	**34**	**17 598 036**	**(3 394 712)**	**(40 116)**	**14 163 242**

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 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.

2. ACCOUNTING POLICIES (CONTINUED)

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 IAS 1 and IAS 8 – Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has been featured elsewhere in IFRS Standards, and ensures that the definition of material is consistent across all IFRS Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments did not have a material impact on the Company.

Revised standards not yet effective

At the date of the authorisation of these financial statements, the following revised IFRS standards, which are applicable to the Company, were issued but not yet effective:

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective for year ends beginning on or after 1 January 2021

The amendments introduce a practical expedient for modifications required by the reform, provide an exception that hedge accounting is not discontinued solely because of the IBOR reform, and introduces disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR's to alternative benchmark rates, and how the entity is managing this transition. The Company intends to adopt these amendments in future to ensure continuity of existing hedge relationships and does not anticipate the adoption to have a material impact to the financial statements.

Going concern

The Company is expected to continue its activities as an investment company that also supports the Group's financing activities. The Company intends to be able to generate sufficient dividend income from its investments to be meet its liabilities as they fall due.

Notwithstanding the above, Glencore plc together with other Group entities has unconditionally and irrevocably guaranteed the Company's external bond liabilities. The Group has updated its going concern assessment for the year ended 31 December 2020 considering the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties (being primarily commodity prices and foreign currency exchange rates), as well as access to undrawn credit facilities and monitoring of debt maturities. 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 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.

Investment in subsidiary companies

The investment in subsidiary companies is recorded at cost less accumulated impairments. The company assesses its investment in the subsidiary company for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in the Group's operating and economic assumptions, including those arising from changes in reserves or mine planning, updates to the Group's commodity supply, demand and price forecasts, or the possible impacts from emerging risks such as those related to climate change and the transition to a lower carbon economy. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount applying a value in use ("VIU") approach and an an impairment loss is recognised in the statement of income. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

The recoverable amount of the investment in subsidiary companies is determined by aggregating the discounted future cash flow estimates of the assets in the underlying sub-group of the subsidiary company. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level. These cashflow estimates are discounted using asset or CGU specific discount rates.

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 the statement of income.

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

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 subsequently 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 the statement of 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 the statement of 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 the statement of 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, other than derivatives, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost using the effective interest method. Derivatives are carried at FVTPL.

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

Derivative instruments are initially recognised at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk. 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 statement of income 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 2020 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 for the year is USD 124,000 (2019: USD 57,500).

Employees
The average monthly number of employees was nil (2019: 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 (2019: USD nil) either from the Company or any other entity within the Glencore Group.

6. FINANCE INCOME

USD '000

	2020	2019
Interest income - related parties	214 252	217 209
Interest income - third parties	77	2 017
Total	**214 329**	**219 226**

7. FINANCE EXPENSES

USD '000

	2020	2019
Interest expense - related parties	(154 715)	(216 447)
Interest expense - third parties	(279 307)	(281 691)
Foreign exchange and other finance expenses	(58 022)	(204 028)
Expected credit reversal / (loss)	2 522	(6 315)
Total	**(489 522)**	**(708 481)**

8. TAXATION

ANALYSIS OF TAX CHARGE ON ORDINARY ACTIVITIES

Legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 was originally introduced in the Finance Bill 2016 and enacted at the Statement of financial position date. Legislation was then introduced in Finance Bill 2020 stating that the main rate of corporation tax would instead remain at 19% for the 2021 financial year.

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the statement of financial position date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. The Company is in the process of assessing the full impact of this announcement, but if the amended tax rate had been used, it is unlikely that there would be a material change to the deferred tax position.

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

USD '000

	2020	2019
United Kingdom corporation tax at 19% (2019: 19%) based on the (loss)/profit for the year	-	-
Foreign withholding tax paid	(14 682)	(21 270)
Adjustment in respect of prior years	-	(983)
Total	**(14 682)**	**(22 253)**

FACTORS AFFECTING TAX CHARGE FOR THE CURRENT YEAR

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

8. TAXATION (CONTINUED)

TAX RATE RECONCILIATION

USD ‘000

	2020	2019
(Loss) / profit on ordinary activities before taxation	**(5 441 084)**	**2 147 066**
Tax at 19% thereon (2019: 19%)	**1 033 806**	**(407 943)**
Effects of:		
Expenses not deductible	(981 350)	(589 000)
Income not taxable	-	1 090 020
Interest restricted under Corporate Interest Restriction rules	(22 360)	(11 868)
Group relief surrendered for nil consideration	(20 008)	(17 083)
Deferred tax on losses not recognized	(10 088)	(64 126)
Foreign withholding tax paid	(14 682)	(21 270)
Prior year adjustment - current tax	-	(983)
Tax charge for the year	**(14 682)**	**(22 253)**

Deferred tax assets of USD 136 million (2019: USD 97 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

	2020	2019
Non current loans to related parties	4 229 825	4 823 485
Current loans to related parties	4 130 507	5 826 610

All related parties are wholly owned Glencore plc affiliates.

10. INVESTMENT IN SUBSIDIARY COMPANIES

USD ‘000

Company name	Country of incorporation	Ownership interest	2020	2019
Glencore Capital Finance DAC	Ireland	100%	-*	
Glencore Services (UK) Ltd - ordinary shares	Great Britain	100%	27 819 447	27 819 447
Less: Impairments in the current period			(5 165 000)	(3 100 000)
Less: Accumulated impairments from prior periods			(3 100 000)	-
Total			**19 554 447**	**24 719 447**

*Less than USD 1,000

Impairment of the investment in Glencore Services (UK) Ltd ("GSUK")

As part of a regular portfolio review, the Group carries out an assessment of whether there are indicators of asset impairments or whether a previously recorded impairment may no longer be required. Any indicator of impairment or reversal of prior impairments identified by the Group is similarly an indicator of impairment or reversal for the Company's investment in GSUK. Additionally, GFE or the Group may undertake restructurings which can also lead to indicators of impairment of the investment in GSUK. Following a significant downturn in macroeconomic activities owing predominately to the impacts of Covid-19 on long-term coal and oil demand, as well as an internal reorganisation of certain of the Group's business in South America, an indicator of impairment of the investment in GSUK was identified.

10.INVESTMENT IN SUBSIDIARY (CONTINUED)

Impairment of the investment in Glencore Services (UK) Ltd ("GSUK") (continued)

The recoverable amount of the investment in GSUK was estimated applying a value in use ("VIU") basis using the aggregated estimated recoverable amounts of GSUK's indirectly held mining and industrial assets of approximately USD 29,785 million less other net liabilities of the GSUK subgroup of approximately USD 10,231 million. The estimates of the recoverable amounts of GSUK's indirectly held mining and industrial assets were measured using discounted cash flow techniques based on the most recent approved financial budgets and three-year business plans, underpinned and supported by the life of asset plans of the respective operations.

The valuation models use a combination of internal sources and those inputs available to a market participant, which comprise 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 post-tax real discount rates ranging from 6.1% to 10.9% (2019: 6.9% to 9.7%). The valuations generally remain most sensitive to price. A deterioration / improvement in the pricing outlook may result in additional impairments / reversal of impairments of the underlying mining and / or industrial assets, which would affect the recoverable amount of the investment in GSUK. For assets which have a business plan where the asset's overall valuation is dependent on short to medium term operational milestones, appropriate sensitivities have been provided. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has been provided.

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 amount of the investment in GSUK. A change in discount rates can either result in an additional impairment, a reversal of impairment, or offset the impact of a price and or production deterioration, with a 1% change considered to be reasonably possible based on historical annual changes in market or interest rates as inputs to the discount rate determination.

Impairment sensitivities inherent in the investment in GSUK - 31 December 2020

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

- a 10% decrease in commodity prices over the life of mine; and
- a plus or minus 1% change in discount rate assumptions.

A summary of the reasonably possible change in discount rates and commodity pricing assumption scenarios as at 31 December 2020 is as follows:

- A 1% increase or decrease in discount rate assumptions, all else held equal, would result in a (decrease) / increase in recoverable amount of (USD 1,979 million) / USD 2,187 million, respectively.
- A 10% decline in commodity price assumptions across the curve[1]

Key commodity	Key pricing assumptions and impact		
	Base assumption[1]	Percentage variation to base assumption	Financial impact of variation (in USD million)
Copper	Short to Long-term price: $6,500/mt – $6,250/mt	Short to Long-term price: -10%	(493)
Zinc	Short to Long-term price: $2,546/mt – $2,400/mt	Short to Long-term price: -10%	(808)
Nickel	Short to Long-term price: $15,079/mt – $15,322/mt	Short to Long-term price: -10%	(1,382)
Ferrochrome	Short to Long-term price: $0.72/lb – $0.76/lb	Short to Long-term price: -10%	(1,076)
Thermal coal	Short to Long-term price: $85/t – $80/t	Short to Long-term price: -10%	(3,903)
Coking coal[2]	Various	Short to Long-term price: -10%	(1,093)

Note 1: Short-term represents 2021, Medium-term represents 2022 – 2025, and Long-term represents 2026 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 addition, the Koniambo recoverable amount (included in the determination of the recoverable amount of GSUK) is sensitive to the assumed modification of Mineral Resources to Ore Reserves, and their eventual exploitation. The effect of limiting future production to currently defined ore reserves would result in an impairment of USD 540 million.

Impairment sensitivities inherent in the investment in GSUK 31 December 2019

At 31 December 2019, management considered that reasonably possible changes in the key assumptions within the next financial year were as follows:

For base metals, ferroalloys and coal

- For commodity prices, a decrease of 10% over the life of mine, 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, and commodity pricing assumption scenarios as at 31 December 2019 is as follows:

- A 1% increase or decrease in discount rate assumptions, all else held equal, would result in a (decrease) / increase in recoverable amount of (USD 2,779 million) / USD 4,179 million, respectively.
- A 10% decline in commodity price assumptions across the curve[1]

Key commodity	Key pricing assumptions and impact		
	Base assumption[1]	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	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.

11.OTHER DEBTORS

USD '000

	2020	2019
Indirect tax receivable	7	-
Collateral for derivative instruments	-	5 970
Total	**7**	**5 970**

All amounts are due for repayment within one year.

12. DERIVATIVE FINANCIAL INSTRUMENTS

USD '000

	2020	2019
Current derivative assets	225 134	104 304
Non current derivative assets	617 008	-
Current derivative liabilities	-	87 178
Non current derivative liabilities	274	-

Included in the above are derivatives assets with related parties of USD 635 million (2019: USD 68 million) and derivatives liabilities with related parties of nil (2019: USD 83 million).

13. OTHER CREDITORS

USD '000

	2020	2019
Amounts owed to related parties	575 915	-
Capital market notes interest accruals	124 569	138 727
Collateral for derivative instruments	188 141	25 791
Other payables and accruals	1 768	1 762
Total	**890 393**	**166 280**

All amounts are due for repayment within one year.

All related parties are wholly owned Glencore plc affiliates.

14. BORROWINGS

USD Million	Maturity	2020	2019
Euro 1,250 million 1.250% coupon bonds	Mar.21	-	1 383
Euro 600 million 2.750% coupon bonds	Apr.21	-	659
Euro 700 million 1.625% coupon bonds	Jan.22	857	786
Euro 1000 million 1.875% coupon bonds	Sep.23	1 158	1 081
Euro 400 million 3.700% coupon bonds	Oct.23	498	452
Euro 600 million 0.625% coupon bonds	Sep.24	732	672
Euro 750 million 1.750% coupon bonds	Mar.25	948	858
Euro 500 million 3.750% coupon bonds	Apr.26	640	574
Euro 500 million 1.500% coupon bonds	Oct.26	632	568
Eurobonds		**5 465**	**7 033**
JPY 10 billion 1.075% coupon bonds	May.22	**97**	**92**
GBP 500 million 6.000% coupon bonds	Apr.22	675	657
GBP 500 million 3.125% coupon bonds	Mar.26	724	672
Sterling bonds		**1 399**	**1 329**
CHF 250 million 2.250% coupon bonds	May.21	-	240
CHF 175 million 1.25% coupon bonds	Oct.24	202	184
CHF 250 million 0.35% coupon bonds	Sep.25	283	258
Swiss Franc bonds		**485**	**682**
US $250 million 3m Libor plus 1.650% coupon bonds	May.22	**250**	**250**
Total non-current bonds		**7 696**	**9 386**
EUR 750 million 3.375% coupon bonds	Sep.20	-	834
CHF 500 million 1.250% coupon bonds	Dec.20	-	482
CHF 250 million 2.250% coupon bonds	May.21	283	-
Euro 600 million 2.750% coupon bonds	Apr.21	720	-
Total current bonds		**1 003**	**1 316**
Amounts falling due after more than 5 years		**1 996**	**2 930**

15. LOANS FROM RELATED PARTIES

USD '000

	2020	2019
Non current loans from related parties	5 004 264	4 872 717
Total	**5 004 264**	**4 872 717**

These loans bear interest between libor plus 1.9% and libor plus 2% and are unsecured with maturities ranging from 2 to 7 years. All related parties are wholly owned Glencore plc affiliates.

16. EQUITY

USD ‘000

Share capital (issued, called up and fully paid)	2020	2019
32 ordinary shares of Euro 1,000 each (2019: 32 ordinary shares)	34	34
1 ordinary share of GBP 1 nominal	-	-
Share premium	17 598 036	17 598 036

17. SUBSEQUENT EVENTS

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.