

Registered number: 03734783

ANGLO AMERICAN PREFCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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ANGLO AMERICAN PREFCO LIMITED

COMPANY INFORMATION

Directors	A W Hodges (resigned 29 February 2016) J M Mills (resigned 9 November 2016) D Smailes (resigned 9 November 2016) O de Rendinger (appointed 9 November 2016) E Klonarides (appointed 9 November 2016) C Howells (appointed 5 April 2017)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	03734783
Registered office	20 Carlton House Terrace London SW1Y 5AN
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London United Kingdom EC4A 3BZ
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP

ANGLO AMERICAN PREFCO LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9 - 10
Notes to the financial statements	11 - 23

ANGLO AMERICAN PREFCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The Company is a holding company, with interests in Anglo American Holdings Limited from which it receives ordinary and preference dividends. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Business review

As shown in the Company's statement of comprehensive income, the Company shows a profit before tax of \$161,641,000 (2015 - \$134,664,000). This is primarily due to a decrease of \$30,839,000 in preference share dividends paid during 2016.

The balance sheet shows that the Company is in a net asset position of \$1,858,788,000 (2015 - \$1,697,147,000).

Principal risks and uncertainties

The directors considered the risks attached to the Company's financial instruments. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group.

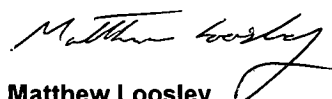
Key performance indicators

The director considers the company's key performance indicator to be the financial performance of its subsidiaries. The performance of these subsidiaries is monitored monthly by the director by way of comprehensive management reports and as these companies are, and are expected to continue to be, profitable the director considers the key performance indicator outturn to be satisfactory.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 2 of the financial statements.

This report was approved by the board on 15 May 2017 and signed on its behalf.



Matthew Loosley
For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN PREFCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The Company is a holding company, with interests in Anglo American Holdings Limited from which it receives ordinary and preference dividends. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results and dividends

The profit for the year, after taxation, amounted to \$161,641,000 (2015 - \$134,664,000).

On 18 April 2017, the Company declared and paid a final dividend in respect of 2016 of \$0.60 per share to ARH Limited of \$30,839,251 on its preference shares.

Directors

The directors who served during the year were:

A W Hodges (resigned 29 February 2016)
J M Mills (resigned 9 November 2016)
D Smailes (resigned 9 November 2016)
O de Rendinger (appointed 9 November 2016)
E Klonarides (appointed 9 November 2016)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are disclosed in the Strategic Report.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Disclosure of information to auditor

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

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

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

Post balance sheet events

On 18 April 2017, the Company declared and paid a final dividend in respect of 2016 of \$0.60 per share to A.R.H. Limited of \$30,839,251 on its preference shares.

ANGLO AMERICAN PREFCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 15 May 2017 and signed on its behalf.



Matthew Loosley
For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN PREFCO LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANGLO AMERICAN PREFCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PREFCO LIMITED

We have audited the financial statements of Anglo American Prefco Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

ANGLO AMERICAN PREFCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PREFCO LIMITED
(CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

Matters on which we are required to report by exception

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

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

Christopher Thomas

Christopher Thomas (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Chartered Accountants and Statutory Auditor

London
United Kingdom

15 May 2017

ANGLO AMERICAN PREFCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$000	2015 \$000
Income from fixed assets investments		161,641	165,503
Interest payable and expenses	7	-	(30,839)
Profit before tax		161,641	134,664
Tax on profit	8	-	-
Profit for the year		161,641	134,664
Total comprehensive income for the year		161,641	134,664

The notes on pages 11 to 23 form part of these financial statements.

The results relate to continuing operations of the Company.

ANGLO AMERICAN PREFCO LIMITED
REGISTERED NUMBER: 03734783

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 \$000	2015 \$000
Fixed assets			
Investments	10	2,063,055	2,063,055
		<u>2,063,055</u>	<u>2,063,055</u>
Current assets			
Debtors: amounts falling due within one year	11	320,210	158,569
		<u>320,210</u>	<u>158,569</u>
Creditors: amounts falling due within one year		-	-
		<u>-</u>	<u>-</u>
Net current assets		<u>320,210</u>	<u>158,569</u>
Total assets less current liabilities		<u>2,383,265</u>	<u>2,221,624</u>
Creditors: amounts falling due after more than one year	12	(524,477)	(524,477)
		<u>1,858,788</u>	<u>1,697,147</u>
Net assets		<u><u>1,858,788</u></u>	<u><u>1,697,147</u></u>
Capital and reserves			
Called up share capital	14	25,699	25,699
Share premium account	15	1,992,615	1,992,615
Other reserves	15	(475,286)	(475,286)
Profit and loss account	15	315,760	154,119
		<u>1,858,788</u>	<u>1,697,147</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 May 2017.



E Klonarides
Director

The notes on pages 11 to 21 form part of these financial statements.

ANGLO AMERICAN PREFCO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 1 January 2016	25,699	1,992,615	(475,286)	154,119	1,697,147
Comprehensive income for the year					
Profit for the year	-	-	-	161,641	161,641
Total comprehensive income for the year	-	-	-	161,641	161,641
At 31 December 2016	25,699	1,992,615	(475,286)	315,760	1,858,788

ANGLO AMERICAN PREFCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 1 January 2015	25,699	1,992,615	(475,286)	163,372	1,706,400
Comprehensive income for the year					
Profit for the year	-	-	-	134,664	134,664
Total comprehensive income for the year	-	-	-	134,664	134,664
Dividends: Equity capital	-	-	-	(143,917)	(143,917)
Total transactions with owners	-	-	-	(143,917)	(143,917)
At 31 December 2015	25,699	1,992,615	(475,286)	154,119	1,697,147

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Anglo American Prefco Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales.

The nature of the Company's operations and principle activities is set out in the Strategic report.

The address of the registered office is given on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Going concern

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. Anglo American Services (UK) Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Anglo American plc.

The directors of the Company therefore feel that the Company will have sufficient funds, taking account of possible changes in trading performance and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD as this is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.9 Financial liabilities

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

ANGLO AMERICAN PREFCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no critical judgments made by the directors in applying the Company's accounting policies other than assessing investments for impairment and determining recoverability of loans. There are no key sources of estimation uncertainty.

Impairment of investments in subsidiaries

Determining whether the Company's debt and equity investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Determining recoverability of loans

The Company assesses the recoverability of loans to group undertakings and makes provision in the event that full recovery is not expected. The recoverability of loans is assessed by review of the net asset position of the group undertaking.

4. Operating profit

The audit fee payable to the Company's auditor for the audit of the Company's financial statements, of \$9,109 (2015 - \$13,046), has been borne by Anglo American Services (UK) Ltd in the current year.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2015 - \$NIL).

ANGLO AMERICAN PREFCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Income from investments

	2016	2015
	\$000	\$000
Income from fixed asset investments	161,641	165,503
	161,641	165,503

7. Interest payable and similar charges

	2016	2015
	\$000	\$000
Preference share dividends	-	30,839
	-	30,839

8. Taxation

	2016	2015
	\$000	\$000
Corporation tax		
Current tax on profits for the year	-	-
Total tax charge for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016	2015
	\$000	\$000
Profit on ordinary activities before tax	161,641	134,664
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	32,328	27,269
Effects of:		
Exempt dividends from UK companies	(32,328)	(33,514)
Non-deductible interest on preference shares	-	6,245
Total tax charge for the year	-	-

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. Taxation (continued)

Factors that may affect future tax charges

On 26 October 2015, the Finance Act 2015 was substantively enacted and provided for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and a further 1% reduction to 18% from 1 April 2020. On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax to 17% from 1 April 2020.

9. Dividends

	2016 \$000	2015 \$000
Dividends paid on equity capital	-	143,917
Balance of dividends paid on shares classed as debt	-	30,839
	<u>-</u>	<u>174,756</u>

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Fixed asset investments

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 January 2016	2,063,055
At 31 December 2016	2,063,055
Net book value	
At 31 December 2016	2,063,055
At 31 December 2015	2,063,055

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Anglo American Holdings Limited	Ordinary B shares	100 %	Holding Company

As at 31 December 2016 and 2015 the Company held the entire issued preference share capital and ordinary B shares of Anglo American Holdings Limited, an intermediate holding company incorporated in the United Kingdom and registered in England and Wales.

Group financial statements are not presented as the Company is a wholly owned subsidiary undertaking of Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared because the Company is exempt under the Companies Act 2006.

Name	Registered office
Anglo American Holdings Limited	20 Carlton House Terrace, London SW1Y 5AN United Kingdom

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Debtors

	2016 \$000	2015 \$000
Amounts owed by group undertakings	320,210	158,569
	<u>320,210</u>	<u>158,569</u>

12. Creditors: Amounts falling due after more than one year

	2016 \$000	2015 \$000
Financial liability component of preference shares (51,398,741 shares of \$0.50 each)	25,699	25,699
Financial liability component of preference share premium	498,778	498,778
	<u>524,477</u>	<u>524,477</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 14.

\$524,477,000 (2015 - \$524,477,000) of preference shares has been classified as debt in accordance with the presentation requirements of FRS 25.

The preference shares of US\$0.50 each entitle the holder to receive a cumulative preferential dividend on the paid up capital equal to the greater of US\$0.60 per preference share in issue or four times the aggregate dividends declared or paid on an Anglo American plc ordinary share.

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. Financial instruments

	2016 \$000	2015 \$000
Financial assets		
Loans and receivables measured at amortised cost	320,210	158,569
	<u>320,210</u>	<u>158,569</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(524,477)	(524,477)
	<u>(524,477)</u>	<u>(524,477)</u>

Loans and receivables measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise the financial liability component of preference shares.

ANGLO AMERICAN PREFCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. Share capital

	2016 \$000	2015 \$000
Shares classified as equity		
Authorised		
100 ordinary shares of £1 each	-	-
100,000,000 capital preference shares of \$0.50 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1	-	-
51,398,751 capital preference shares of \$0.50 each	25,699	25,699
	<u>25,699</u>	<u>25,699</u>
	2016 \$000	2015 \$000
Shares classified as debt		
Authorised		
100,000,000 preference shares of \$0.50 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
51,398,751 preference shares of \$0.50 each	25,699	25,699
	<u>25,699</u>	<u>25,699</u>

ANGLO AMERICAN PREFCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. Share capital (continued)

The Company's issued share capital is one ordinary share of £1 and 51,398,751 capital preference shares of US\$0.50. Preference shares have been classified as a combination of debt and equity under IFRS 7 (refer to note 12). The capital preference shares do not have any rights to dividends.

On a return of capital on winding up, holders of preference shares have the right, in priority to any payment to holders of any other class of shares, to the repayment of a sum equal to the nominal capital and any premium paid up or credited as paid up on the preference shares held by them and accruals (if any) of the preferential dividend, whether declared or not, accrued up to the date of winding up.

The holders of preference shares are not entitled to any further or other right of participation in the assets of the Company. In the event of winding up, capital preference shareholders will be, in priority to any payment to holders of any other class of shares (with the exception of preference shareholders), entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the capital preference shares held by them together with a premium of US\$38.65 per capital preference share held. Holders of capital preference shares are not entitled to any further participation or right of participation in the assets of the Company.

The holders of the preference shares and the capital preference shares have the right to vote at General Meetings of the Company only if a resolution is to be proposed modifying any rights of the holders of such shares or to wind up the Company. In addition, the preference shareholders are entitled to vote if and when the dividend on the preference shares is six months or more in arrears.

15. Reserves

Share premium account

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Other reserves

The other reserves balance represents the negative equity component of preference shares.

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

16. Post balance sheet events

On 18 April 2017, the Company declared and paid a final dividend in respect of 2016 of \$0.60 per share to ARH Limited Sarl of \$30,839,251 on its preference shares.

ANGLO AMERICAN PREFCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Controlling party

The ultimate parent company and ultimate controlling entity is Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared. Its financial statements may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN.