

Registration number: 00796793

BlackRock Advisors (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



BlackRock Advisors (UK) Limited

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BlackRock Advisors (UK) Limited

Strategic Report for the Year Ended 31 December 2021

The Board of directors ("the Board") present its Strategic Report for BlackRock Advisors (UK) Limited ("the Company") for the year ended 31 December 2021.

The Company's role in the global group

The Company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$10.0tn (2020: \$8.7tn) in assets under management ("AUM") at 31 December 2021. With approximately 18,400 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment management and technology services to institutional and retail clients worldwide.

Principal activity

The principal activity of the Company is the provision of investment management, advisory and administration services. The Company provides investment management and client business support to other group companies. The Company primarily manages fixed income and equity products. Additionally, the Company acts as agent to the securities lending business and provides transition management ("TRIM") services.

There have not been any significant changes in the Company's principal activities in the period under review and the directors propose that the principal activities will continue during 2022.

The Company operates a branch outside the UK in Dubai.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Purpose

BlackRock's purpose is to help more and more people experience financial well-being. BlackRock's clients, and the people they serve, are saving for retirement, paying for their children's educations, buying homes and starting businesses. Their investments are also helping to strengthen the global economy: support businesses small and large; finance infrastructure projects that connect and power cities; and facilitate innovations that drive progress. BlackRock is committed to advancing:

- *Financial wellbeing*: helping millions of people invest to build savings that serve them throughout their lives;
- *Investment access*: making investing easier and more affordable;
- *Sustainable outcomes*: advancing sustainable investing because the group believes it delivers better outcomes for investors; and
- *Inclusive economies*: contributing to a more resilient economy that benefits more people.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. This Strategic Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the Company provides.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the Company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform *Aladdin*®, *Aladdin Wealth*, *eFront*®, and *Cachematrix*, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. It does not engage in proprietary trading activities that could conflict with the interests of clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, with a regionally focused business model. Footprints in the Americas, Europe, Middle-East and Africa, ("EMEA") and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver global investment expertise in funds and other products tailored to local regulations and requirements. BlackRock leverages the benefits of scale across global investment, risk and technology platforms whilst using a local distribution presence to deliver solutions for clients. Furthermore, BlackRock's structure facilitates strong teamwork globally across functions and regions in order to enhance its ability to leverage best practices to serve clients and continue to develop talent.

Across BlackRock, more clients are focusing on the impact of sustainability on their portfolios. This shift has been driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values and financial markets as a whole. As a fiduciary, BlackRock is committed to helping clients build more resilient portfolios. Since sustainable investment options have the potential to offer clients better outcomes, BlackRock is making sustainability integral to the way it manages risk, constructs portfolios, designs products and engages with companies. Over the past several years, BlackRock has been deepening the integration of sustainability into technology, risk management and product choice, and plans to accelerate those efforts.

Regional

BlackRock in EMEA managed \$2.7tn (2020: \$2.4tn) of AUM for its clients at 31 December 2021. This generated \$6.4bn (2020: \$4.9bn) of revenue from a diversified client base and product range, with EMEA representing nearly a third of BlackRock's management fees and securities lending revenue in 2021. Growth in the region in 2021 was driven by broad-based strength across fixed income, multi-asset, equity and alternatives, partially offset by cash net outflows.

Areas of strategic focus

Against the industry profile and key industry trends the Company, as part of the global group, seeks to deliver value for shareholders over time by, among other things, capitalising on BlackRock's differentiated competitive positioning, including:

- BlackRock's focus on strong performance providing alpha for active products and limited or no tracking error for index products;
- BlackRock's breadth of investment strategies, including market-cap weighted index, factors, systematic active, traditional fundamental active, high conviction alpha and illiquid alternative product offerings, which enhance its ability to tailor single and multi-asset investment solutions to address specific client needs;

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Strategic Report for the Year Ended 31 December 2021 (continued)

- BlackRock's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and macro trends including the long-term shift to index investing and ETFs, growing allocations to private markets, demand for high-performing active strategies, increasing demand for sustainable investment strategies and whole portfolio solutions using index, active and illiquid alternatives products; and a focus on income and retirement, and
- BlackRock's longstanding commitment to innovation, technology services and the continued development of, and increased interest in, BlackRock technology products and solutions, including *Aladdin*, *Aladdin Wealth*, *eFront*, *Aladdin Climate* and *Cachematrix*. This commitment is further extended by minority investments in distribution technologies, data and whole portfolio capabilities including Envestnet, Scalable Capital, iCapital, Acorns and Clarity AI.

Business review

The nature of the Company's business and the factors determining the level of regulatory capital have not changed significantly during 2021.

During the first 6 months of 2021, the Company experienced an increase of £45.3bn in AUM. This growth was driven by positive market performance and net inflows across the *iShares* product range managed by the Company.

The strong upward market trend continued into the second half of the year, with AUM increasing by a further £70.2bn. Much of this growth came from the fixed income ETF range managed by the Company. The Company's securities lending fees revenue increased mainly attributable to higher average on-loan balances and increased spreads. This was partially offset by a reduction in TRIM related revenue.

Key performance indicators

Assets under management

AUM has increased by 16.2% to £828.2bn as at 31 December 2021 (2020: £712.7bn) primarily due to strong upward market movements and net inflows across a number of *iShares* products.

The value of AUM disclosed here represents all assets in portfolios managed by employees of the Company.

Revenue

Total revenue increased by 14.8% to £729.0m in the year ended 31 December 2021 (2020: £635.2m) mainly due to increased investment management income and income from the provision of administrative services to other group companies partly offset by a reduction in TRIM revenue.

Profit before tax

Profit before tax has increased by 18.8% to £499.2m in the year ended 31 December 2021 (2020: £420.2m). This is primarily due to aforementioned increase in revenue.

Net assets

Net assets increased by 11.3% to £458.1m at 31 December 2021 (2020: £411.5m) mainly reflected by the profit for the year of £448.2m (2020: £403.0m) offset by dividends paid by the Company to its parent of £400.0m (2020: £370.0m).

Return on assets

Calculated as net profit divided by total assets, the return on assets has decreased by 5.7% to 67.2% (2020: 72.9%).

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Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal controls, and for reviewing its effectiveness.

The Board has considered a number of potential risks and uncertainties affecting the Company's business as an investment manager and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Board, the audit committee and the risk committee on an ongoing basis.

This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust assessment at least annually.

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out as follows:

Market risk

Risk description: market risk represents the risk that a significant market downturn will impact the Company's fee revenue or the value of its statement of financial position holdings. Investment management revenues are primarily comprised of management fees as a percentage of the value of assets under management or net asset value. Movements in equity prices, interest rates and credit spreads, or FX rates cause the value of the Company's assets under management and statement of financial position holdings to fluctuate, creating volatility in base fees, net income, and/or operating cash flow.

Risk mitigation: market risk to revenue is regularly monitored to reflect any changes in revenue drivers and market conditions. Market risk to revenues is mitigated via the Company's business model as an asset manager: a significant portion of the Company's cost structure is variable and, as such, can be adjusted by management rapidly to respond to market conditions. Market risk's impact on the statement of financial position is regularly monitored by the Treasury and Finance teams to reflect any changes in the statement of financial position, composition and hedging of FX exposures or investments (if any).

Credit risk

Risk description: credit risk is the risk that a counterparty to the Company defaults or deteriorates in creditworthiness before the final settlement of a corporate transaction or other credit obligation. Credit risk exposure may also occur through the normal course of business from client fee receivables (which may not be paid) and from the investment of corporate cash.

Risk mitigation: the Company minimises its exposure by actively pursuing settlement of outstanding management and performance fee invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and are settled on a regular basis. The Treasury and Risk and Quantitative Analysis departments continuously monitor the creditworthiness of HSBC, the Company's main corporate bank.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Capital adequacy risk

Risk description: capital adequacy risk is the risk that the Company has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

Risk mitigation: the Company's regulatory capital requirement is established by reference to the Internal Capital Adequacy and Risk Assessment ("ICARA") undertaken by the parent of its regulatory group ("the Group"), BlackRock Group Limited ("BGL"). The detailed analysis therein considers the strategy of the Group, the risks faced in pursuing that strategy and the appropriate mitigation of those risks (one possible outcome of which may be to hold capital) to ensure the residual risk remains within the Board's risk appetite. The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to satisfy the requirements of its regulators; and
- to maintain financial strength to support new business growth.

Consideration of any dividends to be paid will have regard to the actual level of capital compared with target, as determined by the capital policy which sets out an internal requirement in excess of the regulatory requirement.

In addition, details of BGL's approach to capital adequacy are included in its 'Pillar 3' Market disclosure document, which also provides information regarding the remuneration policies and practices for those staff whose professional activities could have a material impact on BGL's risk profile.

This can be found at the following website address:

<http://www.blackrock.com/uk/individual/literature/annual-report/blackrock-pillar-three-disclosure-annual-report.pdf>

Corporate liquidity risk

Risk description: corporate liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due without adversely impacting its financial position, its ability to operate its normal course of its business, or its reputation.

Risk mitigation: the Company has a liquidity governance framework and policy that are designed to: identify, quantify, forecast and monitor the Group's liquidity needs, risks and requirements; maintain liquidity resources in excess of requirements; and maintain an appropriate governance and controls framework for the usage and allocation of corporate liquidity.

Corporate tax risk

Risk description: corporate tax risk is the risk of financial loss, reputational damage and/or loss of investor confidence arising from failure to comply with foreign and local tax regulations; ineffective controls over tax accounting or reporting; failure to manage changes in taxation rates, law, ownership, or corporate structure; or failure to disclose accurate information on a timely basis. This risk also arises where the Company's own tax treatments, policies or procedures are subject to interpretation by tax authorities that differ from the Company's or its advisors' interpretations. This can lead to the Company needing to adjust its structures, practices or strategies.

Risk mitigation: the Company's controls around tax reporting are designed to prevent errors and ensure compliance with disclosure requirements within prescribed timeframes. The Company seeks to comply with all relevant accounting and regulatory disclosure requirements to mitigate the risk of any public restatements of financial reporting information.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Non-financial (operational) risks

Risk description: non-financial risks are operational risks that arise from events or actions, other than financial transactions, that can negatively impact the operations, assets or reputation of the Company. These risks may, but do not always have, an adverse financial impact, and are often the result of inadequate internal processes, controls, people or systems, or external events. Key operational risks facing the Company include:

- *Operational (process) risk:* risk of financial loss or regulatory/reputational impact resulting from inadequate or failed internal processes and controls, human error, or systems, which may occur within the Company's internal operations across the client and trade lifecycles.
- *Compliance risk:* risk that the Company's products, services, activities, or operations are not conducted in compliance with applicable law and regulations, including those laws and regulations which impose fiduciary obligations, that client investment guidelines are not adhered to, that conflicts of interest are not appropriately mitigated or that there is a failure to appropriately manage regulatory reporting requirements.
- *Technology resilience risk:* risk arising from the inability to provide, maintain or recover key technology platforms, such as Aladdin. Examples include a system outage or disruption, software or technology infrastructure failure (e.g., servers, storage devices, network components).
- *Information security risk:* risk arising from the inability to meet confidentiality, integrity, or availability requirements of company information. Information security risk can also be described as failure to protect the Company against internal or external security threats, including accidents or malicious attacks by personnel, attacks by outsiders, and breaches at third parties, among others. Information security incidents may lead to material financial loss, loss of competitive position, regulatory actions, a breach of client contracts, reputational harm, or legal liability..
- *Product risk:* risk arising from product launches that are not aligned with client requirements, or that the Company cannot operationally support in a risk-controlled manner. Product risk arises throughout the product lifecycle, including the introduction of new products, change to existing products, and product closure.
- *Change management risk:* risk due to failures in project governance and implementation, e.g. through the inability to successfully manage the extent or pace of change across the Company.
- *Financial crime risk:* risk arising from the failure to prevent external or internal parties from gaining access to, or utilising, customer or company assets for criminal purposes or the failure to adhere to relevant laws and regulations or have adequate systems and controls to demonstrate appropriate compliance in relation to money laundering, breaches of economic sanctions, fraud (internal and external) and bribery and corruption.
- *Corporate resilience risk:* risk of physical damage or harm to the Company's properties, assets or personnel. This includes: business continuity - inability to sustain operations due to the loss of or the inability to access facilities and/or unavailability of personnel; physical security risk - physical security issues resulting in an adverse impact to assets or personnel; and health and safety risk - workplace health and safety incidents resulting in injury, death or legal/regulatory sanctions and fines.
- *Third party risk:* risk of financial loss or operational, regulatory, reputational harm to the Company or its clients from inadequate or failed controls, processes or systems managed or supported by third parties. The Company's use of third parties does not diminish its responsibility to ensure that outsourced activities are performed in a safe and sound manner and in compliance with applicable laws.
- *People/culture risk:* risk of failure to maintain appropriate key talent management practices and human resources operational activities, which could adversely affect the Company's performance and reputation and its ability to attract and retain staff and clients. This risk also includes the risk associated with employee relations disputes arising from the behaviour of employees and potential lawsuits.
- *Model risk:* risk resulting from an error in a model that is used by the Company for enterprise, portfolio construction, risk management or investment purposes. Model risk may arise due to inadequate model design (e.g. limitations in model theory or implementation) or incorrect model usage (e.g. a model is outside its intended scope or design).

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Strategic Report for the Year Ended 31 December 2021 (continued)

- *Financial reporting risk:* risk resulting from ineffective internal controls over financial reporting or failure to prepare and/or disclose accurate information in financial statements, which could have a materially adverse impact on the Company's reputation (with investors and clients) and lead to increased scrutiny, regulatory oversight, and potential public restatements, fines or fraud.

Risk mitigation: the Company has a well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The operational risk management framework supports the Company's fiduciary obligations to clients and mitigates the risk of poor customer outcomes. The Company has adopted a risk management framework based on a three lines of defence model comprised of the following four elements:

- Risk governance, including setting risk tolerances, establishing policies and procedures, establishing regional and global risk committees and overseeing the risk management framework.
- Risk identification and assessment, including identifying the Company's key risks and emerging risks, identifying business unit risk through tools such as risk and control self-assessments and regular meetings with business units, reviewing new products and major changes and reviewing internal and external operating events.
- Risk monitoring and measurement, quantifying and forecasting risks and monitoring against risk tolerances. This includes monitoring and investigating operating events, and recording them in a database of operating events, establishing and monitoring key risk indicators in the context of the Company's risk tolerance.
- Risk reporting, providing information and reports to functional and regional business management, boards, committees and regulators. This includes risk profile reporting and operating event and large operating event reporting.

Reputational risk

Risk description: reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners (e.g. clients, regulators, government bodies, trading counterparties and suppliers) that could negatively impact revenue, earnings, brand value, and customer retention.

Risk mitigation: BlackRock's reputation is one of its most important assets and BlackRock expects all of its employees to act with the highest level of integrity with clients and in markets. As a client-focused business, BlackRock considers reputational risk to be a fundamental aspect of all business and risk management activities. Reputational risk exposure is an integral part of the Company's Enterprise Risk Management Framework and a key focus for internal control processes around strategic decisions, products and services, operational processes, corporate governance, responsibility and communications, client and other external relationships.

Strategy/business risk

Risk description: strategy/business risk arises from adverse business decisions or improper implementation of those decisions that could negatively impact revenue, earnings, and brand value. This includes adverse impact from factors such as competition, structural industry changes, asset class shifts, geopolitical instability, macro-economic conditions, falling behind industry changes or relationships with other entities. This risk is a function of the alignment between the Company's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. It also covers business concentration risks (e.g. earnings, client, investment strategy, third party provider concentration) and legal risks in relation to agreements with clients, employees or suppliers.

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Strategic Report for the Year Ended 31 December 2021 (continued)

- *Climate risk:* a growing awareness of the ongoing and potential future impact of climate change is shifting the views and expectations of BlackRock's key stakeholders including clients, regulators, shareholders, employees and the broader public as well as the way we think about climate risks as an investment risk. Climate change poses risks and opportunities that may impact the companies in which BlackRock invests on behalf of its clients. The risk arises both in terms of the physical risk associated with rising global temperatures, and also transition risk, namely, how the global transition to a low-carbon economy could affect a company's long-term profitability. The investment risks presented by climate change are set to accelerate a significant reallocation of capital, which will in turn have an impact on the pricing of risk and assets around the world.

Risk mitigation: the Company mitigates strategy/business risk by making extensive efforts to respond to industry uncertainties and business opportunities. The Company also anticipates business environment changes and then implements the necessary changes to generate better outcomes for the Company and its clients.

In relation to risks posed by climate change, BlackRock has committed to put sustainability at the centre of risk management, portfolio construction, product design and company engagement. This commitment has been widely communicated to stakeholders.

In December 2021 BlackRock, Inc. published its annual Task Force on Climate-Related Financial Disclosures ("TCFD")-aligned report detailing BlackRock's climate-related risks and opportunities, which can be accessed at the following link:

<https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2021-blkinc.pdf>

Conduct risk

Risk description: conduct risk is the risk arising from inappropriate behaviour by the Company and/or its employees which leads to detriment to the Company or its clients or has a negative impact on market integrity.

Risk mitigation: conduct risk is present in all of the Company's activities and responsibility for managing conduct risk is embedded throughout the Company's organisational and governance arrangements. All employees are expected to follow the BlackRock Principles and the Code of Business Conduct and Ethics. One of the Company's core principles is 'We are a fiduciary to our clients' and BlackRock expects all of its employees to put clients' interests first, to comply with all regulations, to abide by the law and to act with the highest level of integrity with clients and in markets.

Public policy risk

Risk description: public policy risk is the risk of implementation of policies and regulations by legislative bodies, regulators, industry self-regulatory organisations, or other official sector standard setters that could significantly alter the Company's business model and ability to operate in a way that delivers value to our clients. These risks may also incur reputational damage towards the Company. These risks range from regulation of the Company related to the size, to restrictions on activities central to the Company's business model, to certain foreign policies that impact our ability to conduct business, access markets, and expand overseas.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Risks to BlackRock's business and operating activities include:

- *Macroprudential Policies for Asset Managers:* Concerns about liquidity and leverage risks in the asset management industry and wider market-based finance sector have been heightened during the COVID-19 pandemic and prompted a broad review of existing regulations globally, including an assessment of the adequacy of certain structural market components in mitigating risks by the Financial Stability Board, International Organisation of Securities Commissions and European policy-making and regulatory bodies in the EU including the European Commission, the European Systemic Risk Board and the European Securities and Markets Authority and equivalent UK bodies including the Bank of England and the Financial Conduct Authority. The Bank of England and the FCA are currently considering the application of potential further regulatory measures to UK open ended funds. If these regulatory or policy actions result in broad application of macroprudential tools to open-ended investment funds or require BlackRock to make changes to structural features of certain open-ended investment funds, it could limit BlackRock's ability to offer products to certain clients and/or result in clients altering their investment strategies or allocations in a manner that is adverse to the Company.
- *International Money Market Fund Reforms:* Following the market events of March 2020, US, EU and UK authorities initiated a review of existing regulatory frameworks with the aim of improving the resilience of money market funds in market downturns. The review of the EU Money Market Fund Regulation in 2022 could result in significant changes to the rules around liquidity and how some money market funds price shares. The UK may materially depart from the EU approach as they develop their own legal and regulatory framework for money market funds domiciled or marketed in the UK. Such regulatory reforms, if adopted, could significantly and adversely impact certain of BlackRock's money market fund products.
- *Environmental, Social and Governance ("ESG") and Sustainability Regulations:* ESG and sustainability have been the subject of increased regulatory focus across jurisdictions. Globally, the newly created International Sustainability Standards Board and the development of its disclosure standards may inform national regulators' approaches on these topics. In the UK, disclosure against the TCFD framework will be mandatory across the economy by 2025 and the relevant regulatory authorities have brought in a number of changes to this end. From 2021, the largest pension schemes must have integrated the TCFD recommendations in their disclosures. The FCA has also confirmed rules relating to disclosures for asset managers coming into force from 2022. Beyond this, the UK plans to create an integrated framework for disclosures on sustainability across the economy and its own Green Taxonomy. We can expect consultations on sustainability disclosure requirements for asset managers, asset owners, registered companies and UK listed issuers; a new classification and labelling system for sustainable investment products; as well on the technical screening criteria for the Green Taxonomy to be published this year, with the aim of regulating these areas.
- *UK Divergence Reforms:* Several UK regimes are currently subject to regulatory changes as the UK diverges from on-shored EU rules following Brexit, including the Wholesale Markets Regime on MiFID and MiFIR frameworks, which is open to public consultation through 2022, and the regime for non-UK-based funds that are recognised for sale into the UK, which is currently under government review. The introduction and implementation of any proposed changes to these regimes may lead to additional expenses and operational complexity and may impact products available to UK investors.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Risk mitigation: BlackRock ensures that it monitors publications issued by regulators and other bodies on an ongoing basis in order to identify consultations, new regulation, legislation and changes to rules which may impact on BlackRock's business or on any compliance procedures. This monitoring is complemented by content from external policy advisors and trade associations to ensure BlackRock is up to date with all regulatory and legislative reforms that impact its activities across the globe.

BlackRock's legal, compliance, and finance department undertake detailed analysis of forthcoming regulatory and legislative change to understand the implications of such change. Where necessary, BlackRock will engage with external policy advisors for independent assessments, and will engage with peers, including through trade association meetings, to discuss forthcoming changes. Risk-based monitoring is conducted post-implementation to review delivery of regulatory driven change.

Group risk

Risk description: group risk is the risk that the financial position of the Company may be adversely impacted by its relationships with other entities in the BlackRock group or by risks that may affect the financial position of the whole group. As a member of the BlackRock group, the Company faces the risk that decisions made by, or circumstances impacting BlackRock group entities, may either directly impact the Company or may 'spill-over' and have an impact on the Company. These could include, but are not limited to strategic mergers or acquisitions, divestiture decisions, severe financial distress, reputational damage or decisions regarding the ability or willingness to provide services to the Company.

Risk mitigation: group risk is mitigated by the Company's senior management and control functions being represented in the Group's global decision-making bodies, and by the Company having documented contractual arrangements for services with other group companies.

Emerging risks and uncertainties (not considered "principal")

Emerging risks which have the potential to impact the Company's ability to meet its strategic objectives are also monitored by the Board.

The Board has determined that these emerging risks and uncertainties are not currently material to the Company, and therefore are not cited as principal risks. Emerging risks are included to enable users to understand how such have been considered in this report.

Geopolitical instability

Russia's incursion into Ukraine prompted a range of sanctions, regulations and other regulatory measures that have, among other things, impaired normal trading in Russian securities. BlackRock maintains controls, processes and policies designed to adhere to relevant sanctions laws and regulations of jurisdictions in which BlackRock operates and invests on behalf of its clients. BlackRock is, and will continue to, actively monitor any subsequent developments associated with the conflict and will take necessary actions to address or prepare for those developments. Actions that impact index designs will be assessed and BlackRock's actions will be taken with the goals of minimising impact to clients and investors and avoiding, to the extent possible, any significant market disruptions.

Streamlined Energy and Carbon Reporting statement: greenhouse gas emissions and energy consumption disclosure

The Company meets the definition of a large company (s465 Companies Act 2006) and is therefore within the scope of the Streamlined Energy and Carbon Reporting ("SECR") requirements. The Company does not, however, own, lease or operate any tangible assets and has no direct employees in the UK. For these reasons, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Companies Act s172 Statement

Under section 172 of the Companies Act 2006 ("s172"), the directors of the Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board has had regard to each of the above requirements of s172 during the year ended 31 December 2021 as follows:

The likely consequences of any decision in the long-term

As a subsidiary of BlackRock, the Board shares the purpose developed by the BlackRock board of directors and considers how best to implement that purpose in the Company's values, strategy and culture. The Board delegates responsibility to formulate the Company's strategy to the Head of EMEA, who serves as a member on the Board, and takes primary responsibility for: formulating the strategic objectives of the Company within the Company's risk tolerance; developing business plans, budgets and operating strategies for the Company; and defining financial objectives, plans and budgets. The Head of EMEA engages with senior management to ensure that the Company's strategy is designed and implemented in a manner that is consistent with BlackRock's global growth priorities, and in a manner that is suited to the UK market.

The Board are responsible for overseeing the implementation of the Company's long-term strategic objectives and receive regular updates from the Head of EMEA on the delivery of corporate strategy, regional and industry trends, in Board meetings and informal briefing sessions; and the Company's strategy is regularly communicated with the workforce by way of executive announcements from senior leaders and employee townhalls.

Key examples of how the Board have considered the likely consequences of any decision in the long-term for the year ended 31 December 2021 include:

- approving senior manager appointments;
- reviewing the impact of Larry Fink's CEO letters on the strategy of the EMEA region;
- approving cash repatriation transactions and liquidity management within the BlackRock group;
- reviewing the Company's business continuity plan in relation to Covid-19;
- reviewing the Company's stewardship strategy outlining how BlackRock intends to engage with companies in which it is invested;
- overseeing the management of conflicts within BlackRock's businesses; and
- identifying matters that might impact BGL's internal capital adequacy process.

The interests of the Company's employees

Individuals who are employed by the Company are subject to high standards of compliance and conduct training, in line with BlackRock's global and regional standard requirements. BlackRock's Code of Conduct requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

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Strategic Report for the Year Ended 31 December 2021 (continued)

It is the Company's policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current and future job prospects and working environment. Management engaged with employees throughout the year through executive communications, employee pulse surveys and regional townhalls. Employees were also encouraged to report concerns relating to business integrity through established whistleblowing processes, and anonymised concerns were reported to the Board on a quarterly basis. The Board was kept informed of the results of BlackRock employee engagement activities through reports from the EMEA Head of HR, and of employee wellbeing during Covid-19 and the work-from-home environment through regular reports from the EMEA COO.

During the year, employees of the Company were granted a raise in base salaries of 8%, effective from September 1st 2021, to reward them for their hard work, commitment, initiative and teamwork during the pandemic.

The Company believes a diverse workforce and an equitable and inclusive work environment are key factors in achieving better outcomes across all levels of its business. The Company adopts BlackRock's global strategy in relation to diversity, equity and inclusion, details of which are set out in the Working Together report which can be accessed at the following website address:

<https://www.blackrock.com/corporate/literature/fact-sheet/dei-annual-report.pdf>.

The need to foster the Company's business relationships with suppliers, customers and others

The Company uses suppliers to help support and enhance business activities. BlackRock has a dedicated service vendor management team responsible for onboarding and monitoring of its key vendors. In addition, BlackRock has formal processes and procedures in place to manage supplier risk and service delivery, such as regular performance reviews for key suppliers. BlackRock maintains a Supplier Code of Conduct & Ethics which outlines the minimum expectations and standards of all of BlackRock's suppliers in relation to human rights, inclusion and diversity, environmental sustainability, integrity and ethics in management practices.

In response to the evolving needs of clients, BlackRock has evolved its distribution model across all BlackRock products, platforms and technology, to encourage the Company's growth as a regional business in the United Kingdom. The Head of the UK drives UK client strategy whilst being directly responsible for the UK Institutional, Wealth, Charities and Endowments, Investment Trusts and Defined Contribution/Unit Linked businesses.

The Company is subject to regulatory oversight by the FCA in the UK. The Board and Management have regular interactions with the FCA, providing open and transparent information on a proactive and reactive basis at all levels of management. A comprehensive control framework exists across Risk, Compliance and Internal Audit functions in order to oversee the Company's business operations, with regular reporting provided to the Board on regulatory matters.

Material matters relating to business relationships with suppliers, customers and other stakeholders are reported to the Board by management as required.

The impact of the Company's operations on the community and the environment

The Company's purpose - to help more and more people experience financial wellbeing - reflects the belief that BlackRock has an important role to play in helping improve people's lives, the community and the environment. BlackRock has a responsibility to millions of people around the world, and an urgent social purpose. By improving the relationship people have with their money, BlackRock can help improve their financial wellbeing - and their overall wellbeing. BlackRock has committed to integrate sustainable business practices into its strategy and operations. As a subsidiary of the BlackRock group, the Company has committed to:

- operate a sustainable corporation, recognising that long-term sustainability delivers the best outcomes for stakeholders; that the workforce is central to the Company's sustainability efforts; and pursuing a strategy that decouples company growth from the impact on the environment;

BlackRock Advisors (UK) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

- make sustainable investing BlackRock's standard, providing sustainability-integrated portfolios and making sustainability integral to the way BlackRock manages risk, deepening the integration of ESG factors into risk management and investment processes, and putting ESG analysis at the centre of BlackRock's technology platform;
- act as responsible steward of BlackRock's client assets by engaging with companies to understand how they are managing and disclosing sustainability-related risks and encouraging companies to adopt corporate governance and business practices consistent with delivering sustainable long-term financial returns; and
- make a positive social impact through charitable contributions and empowering the Company's employees to give back to their communities.

The Company's strategy in relation to sustainability and ESG factors were regularly communicated to the Board through reports from the Head of EMEA, the EMEA Head of Corporate Strategy and BlackRock Investment Stewardship. Management have communicated BlackRock's sustainability commitments to all stakeholders in a letter to shareholders of BlackRock, which can be accessed at the following link: <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

The desirability of the Company maintaining a reputation for high standards of business conduct

BlackRock's culture is a key differentiator of the Company's strategy and helps to drive results and long-term growth. The Company's culture unifies the firm and helps to reinforce ethical behaviour at all levels. BlackRock's approach to instilling, reinforcing and enhancing our culture is deliberate and intentional. The Board embeds BlackRock's culture of fiduciary commitment to serve clients and stay ahead of their needs. BlackRock's Code of Conduct requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

The Board hold regular meetings with management, by way of formal meetings and education sessions, to ensure that oversight and control of the Company's business operations is maintained, and where necessary, constructive challenge can be provided. This enables the Company's businesses to deliver strategy in a manner consistent with the BlackRock group's purpose and culture.

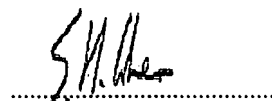
The need to act fairly between members of the Company

The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and therefore the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the BlackRock group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

This statement is also available on the Company's website at:

<https://www.blackrock.com/uk/individual/literature/policies/s172-corporate-governance-statements.pdf>

Approved by the Board on 20 April 2022 and signed on its behalf by:



S Cohen
Director

BlackRock Advisors (UK) Limited

Directors' Report for the Year Ended 31 December 2021

The Board presents its report together with the audited financial statements of BlackRock Advisors (UK) Limited (registered number: 00796793) for the year ended 31 December 2021.

The directors have chosen, in accordance with section 414C (11) of the Companies Act 2006, to include certain additional matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

Dividends

Dividends of £400.0m (2020: £370.0m) were paid in the year ended 31 December 2021.

Directors and officers of the Company

The directors, who held office during the year and up to the date of this report, were as follows:

J Charrington - Chairman

D Clarke (appointed 21 July 2021)

C Clausen

S Cohen (appointed 15 April 2021)

E de Freitas

M Duncan (appointed 21 July 2021)

E Fishwick

R Lord (resigned 15 April 2021)

S Mullin Outhwaite

M Young

Officers:

BlackRock Company Secretarial Services (UK) Limited - Company Secretary

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 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.

BlackRock Advisors (UK) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

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.

Going concern

The directors believe that the Company is well placed to manage its business risks successfully. After making enquiries and considerations explained in note 2, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Despite the current market conditions, the Company and the products which it manages have limited exposure to investments in Russia or Ukraine. As a consequence, there are no going concern issues as a result of the situation in Ukraine and subsequent impact on the international macroeconomic environment.

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2021 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Disabled employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

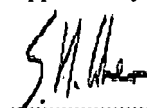
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 20 April 2022 and signed on its behalf by:



.....
S Cohen
Director

BlackRock Advisors (UK) Limited

Independent Auditor's Report to the Members of BlackRock Advisors (UK) Limited

Opinion

In our opinion the financial statements of BlackRock Advisors (UK) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes to financial statements 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS101.

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") Ethical Standard, 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.

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.

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.

BlackRock Advisors (UK) Limited

Independent Auditor's Report to the Members of BlackRock Advisors (UK) Limited (continued)

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, except to the extent otherwise explicitly stated in our report, 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.

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.

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.

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.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

BlackRock Advisors (UK) Limited

Independent Auditor's Report to the Members of BlackRock Advisors (UK) Limited (continued)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, pensions legislation, and tax legislation; and
- 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 Company's main financial regulators, regulatory licenses and stewardship, and ESG regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, information technology, regulatory compliance and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the potential for fraud risk in the following areas, and our specific procedures performed to address them are described below:

Completeness and accuracy of manually processed separately managed account ("SMA") management fee revenue

Fee calculations for a number of SMA mandates are performed manually, which increases the risk of potential fraud and error. Additionally, there is a risk of error in the process of entering fee terms into billing systems (either for new contracts, for contract amendments, or for client terminations).

Furthermore, there is a risk that not all fees are recorded in the general ledger in relation to SMA management fee revenue for which the client fees are manually calculated.

In addition to the inherent risk of error, there is also a risk that management may use these processes to influence the recognition of SMA management fee revenue, in order to meet market expectations in the current climate.

We have performed the following procedures to address this fraud risk:

- tested relevant controls addressing (i) SMA client onboarding, (ii) amendments and terminations of SMA client terms on billing systems, and (iii) review of invoices;
- tested relevant controls over the completeness and accuracy of AUM data used in calculations;
- tested relevant controls including general information technology controls around billing systems;
- for a sample of recorded fees:
 - recalculated the management fee amount recorded, using the terms in the most recent signed IMA, and independently obtained AUM information from billing systems;
 - agreed management fee amounts invoiced to subsequent cash receipts; and
- to test completeness, we checked if management fees had been appropriately recorded for a selected sample of mandates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

BlackRock Advisors (UK) Limited

Independent Auditor's Report to the Members of BlackRock Advisors (UK) Limited (continued)

- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with regulators (including tax authorities and the Company's regulatory licensing authority).

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information for the financial period ended 31 December 2021 included on pages 43 to 44 has been properly prepared, in all material aspects in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.



.....
Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

20 April 2022

BlackRock Advisors (UK) Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	5	729,026	635,223
Cost of sales		<u>(63,819)</u>	<u>(64,903)</u>
Gross profit		665,207	570,320
Administrative expenses		<u>(165,633)</u>	<u>(146,962)</u>
Operating profit	6	499,574	423,358
Net losses on derivative financial instruments		(343)	(3,328)
Finance income	7	-	391
Finance costs	7	<u>(45)</u>	<u>(264)</u>
Profit before tax		499,186	420,157
Income tax expense	11	<u>(50,951)</u>	<u>(17,199)</u>
Profit for the year		<u>448,235</u>	<u>402,958</u>

The above results were derived wholly from continuing operations in the UK and Dubai.

There are no other comprehensive income/expense items in the current or prior years, therefore the profit for these years represents the comprehensive income.

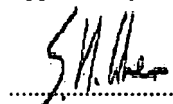
BlackRock Advisors (UK) Limited

(Registration number: 00796793)

Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Assets			
Non-current assets			
Intangible assets	12	99,373	99,373
Property and equipment	13	1,424	6
Right-of-use assets	14	1,690	-
		<u>102,487</u>	<u>99,379</u>
Current assets			
Trade and other receivables	16	532,050	410,073
Income tax assets		4,471	5,126
Cash and cash equivalents		<u>28,107</u>	<u>38,288</u>
		<u>564,628</u>	<u>453,487</u>
Total assets		<u>667,115</u>	<u>552,866</u>
Equity and liabilities			
Equity			
Share capital	17	875	875
Share premium reserve		162,007	162,007
Retained earnings		<u>295,242</u>	<u>248,624</u>
		<u>458,124</u>	<u>411,506</u>
Non-current liabilities			
Long-term lease liabilities	18	1,677	-
Provisions	19	<u>9,092</u>	<u>5,727</u>
		<u>10,769</u>	<u>5,727</u>
Current liabilities			
Trade and other payables	20	124,392	84,214
Income tax liability		73,562	51,419
Lease liabilities	18	<u>268</u>	<u>-</u>
		<u>198,222</u>	<u>135,633</u>
Total liabilities		<u>208,991</u>	<u>141,360</u>
Total equity and liabilities		<u>667,115</u>	<u>552,866</u>

Approved by the Board on 20 April 2022 and signed on its behalf by:



 S Cohen
 Director

The notes on pages 23 to 42 form an integral part of these financial statements.

BlackRock Advisors (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	875	162,007	248,624	411,506
Profit for the year	-	-	448,235	448,235
Dividends	-	-	(400,000)	(400,000)
Share-based payment transactions	-	-	(1,617)	(1,617)
At 31 December 2021	<u>875</u>	<u>162,007</u>	<u>295,242</u>	<u>458,124</u>

	Share capital £ 000	Share premium reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	875	162,007	215,079	377,961
Profit for the year	-	-	402,958	402,958
Dividends	-	-	(370,000)	(370,000)
Share-based payment transactions	-	-	587	587
At 31 December 2020	<u>875</u>	<u>162,007</u>	<u>248,624</u>	<u>411,506</u>

The notes on pages 23 to 42 form an integral part of these financial statements.
Page 22

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:
12 Throgmorton Avenue
London
EC2N 2DL

These financial statements were authorised for issue by the Board on 20 April 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") as issued by the FRC. Accordingly, in the year ended 31 December 2021 the Company has applied FRS 101.

The financial statements have been prepared on the historical cost basis, except for the revaluation of any financial instruments at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain standards, certain disclosures in respect of revenue from contracts with customers, presentation of a cash-flow statement, standards not yet effective, impairment of assets, goodwill reconciliation, share-based payments and related party transactions.

Where required, equivalent disclosures are given in the group accounts of BlackRock, Inc. These accounts are available to the public and can be obtained as set out in note 23.

Departures from Companies Act requirements

The true and fair override provisions of the Companies Act 2006 have been invoked in relation to the amortisation of goodwill and indefinite lived intangibles as disclosed in note 12.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 13 along with principal risks and uncertainties.

In assessing the going concern status, the directors have taken into account the above factors, including the financial position of the Company and in particular the significant net-asset position, the significant cash resources, and the relative low risk of its outstanding debtors (in particular the significant amounts due from other group companies as at the statement of financial position date). As such, the directors consider that the Company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next 12 months. This, together with its proven ability to generate cash from operations, provides the directors with the confidence that the Company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Changes in accounting standards

New standards, interpretations and amendments adopted

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue primarily from the provision of investment management, advisory and administration services. The Company also acts as agent to the securities lending business and provides TRIM services. Revenue is recognised upon transfer of control of promised services to customers, i.e. when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services (the "transaction price"), net of VAT. The Company enters into contracts that can include multiple services and, in certain instances, may charge a "unitary fee" to cover these services. Such fees are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside the Company's influence. The Company includes variable consideration as part of its transaction price when it is highly probable that a significant reversal will not occur, i.e. when the associated uncertainty is resolved. For some contracts with customers, the Company involves third parties and related parties in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- **Investment management and administration fees:** The fees are recognised as the services are performed over time. Such fees are primarily based on agreed-upon percentages of net asset value, AUM or committed capital. These fees are affected by changes in net asset value, AUM or committed capital, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows. Investment advisory and administration fees for investment funds are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers. Fees are generally invoiced monthly in arrears.
- **Investment management performance fees:** The Company receives fees from certain actively managed investment portfolios. These performance fees are dependent upon exceeding specified relative or absolute investment return thresholds, which may vary by product or account, and include quarterly, annual or longer measurement periods. A portion of the fees the Company recognises may be partially related to the services performed in prior periods that meet the recognition criteria in the current period. Performance fees are recognised when it is highly probable that a significant reversal will not occur (such as upon the sale of a fund's investment or when the amount of AUM becomes known as of the end of a specified measurement period). Significant judgement is involved in making such determination. At each reporting date, the Company considers various factors in estimating performance fees to be recognised. These factors include, but are not limited to, whether: (1) the fees are dependent on the market and thus are highly susceptible to factors outside the Company's influence; and (2) the fees have a large number and a broad range of possible amounts.
- **Securities lending fees:** The Company acts as lending agent in relation to certain securities lending activities. As lending agent, the Company may arrange and facilitate the loan of securities in exchange for a mutually negotiated fee under a secured lending agreement. The agency fee is calculated by applying an agreed-upon rate to either the contract value, market value, or par value of the assets loaned to the borrower.
- **Other revenue:** The Company receives fees in relation to the provision of TRIM services, fees are recognised as the services are performed. The Company also provides support services to other BlackRock entities. Such services are undertaken in accordance with legal agreements in place between the relevant entities, and the associated fees are determined in accordance with the arm's length principle.
- **Fees from group companies:** The Company provides investment management services and client services to other BlackRock entities. Such services are undertaken in accordance with legal agreements in place between the relevant entities, and the associated fees are determined in accordance with the arm's length principle. Fees from group companies are recognised as the services are performed and are included within investment management and administration fees.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

The financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the income statement in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences on non-monetary items, measured at fair value through profit or loss ("FVTPL"), are reported as part of the fair value gain or loss in the income statement in the period in which they arise.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Property and equipment

Property and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and accumulated impairment losses.

The cost of property and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost less estimated residual value of non-current assets, other than land and properties under construction, over their estimated useful lives as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Furniture, fittings and equipment	Straight-line basis over three to seven years
Short-term leasehold property	Straight-line basis over the shorter of the estimated useful life or the term of the lease
Right-of-use assets	Straight-line basis over the shorter of estimated useful life or the term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property or equipment is determined by the difference between sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

Goodwill is not subject to amortisation but is tested for impairment.

On disposal of a cash-generating unit ("CGU"), any goodwill attributed to it is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life is reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Intangible assets which have an indefinite useful life and goodwill are tested annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

All other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows - cash generating units ("CGU"). Value in use represents the present value of projected future cash flows expected to be derived from a CGU, discounted using a post-tax discount rate which reflects an assessment of the market cost of capital of the CGU. Impairment losses for CGUs reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

Impairments are charged to the income statement in the year in which they arise.

Dividends

Dividends payable are included in the financial statements in the period in which they are approved by the directors.

Leases

Initial recognition and measurement

At lease commencement date, the Company recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments not yet paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The lease payments are made up of fixed payments (including in-substance fixed), payments arising from purchase options (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments based on an index or rate. The Company has elected not to separate non-lease components, and therefore lease payments include associated non-lease payments.

The right-of-use asset is initially measured at the amount of the lease liability adjusted for lease prepayments (net of any lease incentives received), the Company's initial direct costs and an estimate of restoration, removal and dismantling costs.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the liability will be reduced for payments made and increased for the unwind of interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. The corresponding adjustment is reflected in the carrying value of the right-of-use asset.

The right-of-use asset is depreciated as disclosed in the accounting policy for property and equipment. The Company also assesses the right-of-use assets for impairment when such indicators exist.

Variable lease payments not included in the measurement of the lease liability are included in operating expenses.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised on the trade date when the Company becomes party to the contractual provisions.

Financial assets are derecognised when the contractual rights to the cash flows expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable), except for trade receivables that do not contain a significant financing component which are measured at transaction price.

Financial assets are classified and subsequently measured, based on business model and contractual cash flow characteristics, at: amortised cost; FVTPL, or fair value through other comprehensive income ("FVTOCI").

In the periods presented the Company does not have any financial assets categorised as FVTOCI.

All income and expenses relating to financial assets that are recognised in the income statement are presented within finance costs, finance income or net gains or losses on derivative financial instruments, except for impairment of trade receivables which is presented within administrative expenses.

Foreign exchange gains or losses arising on financial assets at amortised cost are presented in the income statement within administrative expenses and disclosed in note 6. For financial assets at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the income statement within net gains on derivative financial instruments.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost when their contractual cash flows are solely payments of principal and interest and they are held within a business model designed to hold the asset and collect its cash flows (and are not designated as FVTPL).

The Company's cash and cash equivalents and trade and other receivables are measured at amortised cost using the effective interest method and income is recognised on this basis.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial assets at fair value through profit or loss

Financial assets that are held other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The Company has not designated any amortised cost financial assets at FVTPL.

The Company's financial assets measured at FVTPL comprise derivative financial instruments. Any gains or losses are recognised in the income statement.

Impairment of financial assets

All debt-type financial assets, which are not measured at FVTPL, are assessed for impairment at each reporting date using a forward-looking approach by identifying expected credit losses ("ECLs").

Impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime ECLs and the single loss-rate approach.

For other financial assets, where credit risk has not increased significantly since initial recognition, twelve month ECLs are recognised. For those where credit risk has increased significantly, lifetime ECLs are recognised.

For assets held at amortised cost, any ECL is recognised in the income statement with a corresponding adjustment to the asset's carrying value through a provision account.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless designated at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for contingent consideration acquired in a business combination, held for trading liabilities (including derivatives) and financial liabilities designated at FVTPL, which are at fair value with gains or losses recognised in the income statement.

The Company's financial liabilities at amortised cost are trade and other payables. The Company's financial liabilities at FVTPL are derivative financial instruments. The Company has not designated any financial liabilities at FVTPL.

In the income statement interest-related charges are included within finance costs and changes in fair value are included within net gains on derivative financial instruments.

Foreign exchange gain or losses arising on financial liabilities at amortised cost are presented in the income statement within administrative expenses and disclosed in note 6. For financial liabilities at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the income statement within net gains on derivative financial instruments.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Derivative financial instruments

The Company's derivative financial instruments, forwards in the foreign exchange markets, are measured at FVTPL. In the statement of financial position, derivative financial instruments with positive fair value (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The Company uses derivative financial instruments to economically hedge risk associated with foreign exchange movements. It is not the Company's policy to trade in derivative instruments and hedge accounting is not applied.

Equity instruments

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's ordinary shares are classified as equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Critical accounting judgements

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Cash-generating units

For the purposes of assessing impairment of goodwill and intangibles that are not subject to amortisation, assets are compared at the lowest levels for which there are separately identifiable cash flows monitored by management. Management considers the Company to be a single CGU reflecting the fact the Company is managed as a single asset management business.

Full details are set out in note 12.

Intangible assets

Each year, the Company reviews management contracts and distribution agreements that were acquired as part of the acquisition of the Credit Suisse ETF business and considers whether they continue to have an indefinite useful life (as has been the conclusion reached in prior years). Management judgement is exercised in making this determination, in particular in considering whether management still expects to be able to renew or extend the agreements in the future at a minimal cost.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Change in format

In the current year, the directors have elected to prepare the financial statements using an adapted format in line with SI 2008/410 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Under the new format, the terminology and structure of the statements aligns to that prescribed by International Accounting Standards. The change does not impact the recognition or measurement of items included herein, it is limited to presentation. The directors have undertaken this election for the purpose of aligning the presentation of the financial statements with that of other group companies thus providing users with more relevant information to aid understanding and comparability.

5 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Investment management and administration fees	591,878	501,948
Investment management performance fees	63	945
Securities lending fees	120,994	109,917
Transition management fees	10,759	16,848
Other revenue	5,332	5,565
	<u>729,026</u>	<u>635,223</u>

Included within investment management and administration fees, investment management performances fees and securities lending fees is fee income from other group companies of £559,512,000 (2020: £458,648,000).

The analysis of the Company's revenue for the year by geographical location is as follows:

	2021 £ 000	2020 £ 000
United Kingdom	715,298	619,070
Overseas	13,728	16,153
	<u>729,026</u>	<u>635,223</u>

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

6 Operating profit

Arrived at after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation expense	158	-
Depreciation on right-of-use assets	228	-
Foreign exchange (gains)	(655)	(1,708)
Expense on short-term leases	45	89
	<u>45</u>	<u>89</u>

7 Finance income and costs

	2021 £ 000	2020 £ 000
Finance income		
Interest income on bank deposits	-	391
	<u>-</u>	<u>391</u>
Finance costs		
Other finance costs	(45)	(264)
	<u>(45)</u>	<u>(264)</u>

8 Staff costs

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	2,388	1,732
Social security costs	34	-
Pension costs, defined contribution scheme	87	68
Equity settled share-based payment expense	183	854
Other employee expense	789	600
	<u>3,481</u>	<u>3,254</u>

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2021 No.	2020 No.
Sales and relationship management	7	6
Legal and compliance	2	2
Corporate functions	4	3
	<u>13</u>	<u>11</u>

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Aggregate emoluments	705	566
Company contributions in respect of defined contribution pension schemes	5	2
	<u>710</u>	<u>568</u>

Of the 10 (2020: 8) directors that served during the year, no directors were remunerated by the Company (2020: no directors). The amounts included above relate to their service as directors of the Company based on an estimated time allocation basis except 6 (2020: 4) directors, who were paid an agreed fee.

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Received or were entitled to receive shares under service condition based schemes	4	4
Received or were entitled to receive shares under market performance based schemes	4	3
Accruing benefits under defined contribution pension scheme	<u>4</u>	<u>3</u>

During the year, no director (2020: no director) exercised BlackRock, Inc. share options.

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Aggregate emoluments	194	239
Company contributions in respect of defined contribution pension schemes	2	1
	<u>196</u>	<u>240</u>

During the year the highest paid director received or was entitled to receive shares under both a service condition based incentive scheme and a market performance based incentive scheme.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>176</u>	<u>178</u>
Other fees to the auditor		
Audit-related assurance services	82	68
All other assurance services	<u>15</u>	<u>15</u>
	<u>97</u>	<u>83</u>

Auditor's remuneration has been borne by another group company in the current and prior years.

11 Income tax

Tax charged/(credited) in the income statement:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	47,177	18,541
UK corporation tax adjustment to prior periods	398	(2,784)
Foreign tax adjustment to prior periods	<u>11</u>	<u>171</u>
Total current income tax	<u>47,586</u>	<u>15,928</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	1,012	770
Arising from changes in tax rates and laws	2,353	522
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>(21)</u>
Total deferred taxation	<u>3,365</u>	<u>1,271</u>
Tax expense in the income statement	<u>50,951</u>	<u>17,199</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	499,186	420,157
Corporation tax at standard rate	94,845	79,830
Increase/(decrease) in current tax from adjustment for prior periods	398	(2,784)
Increase from effect of expenses not deductible in determining taxable profit	7	11
Decrease arising from group relief	(45,346)	(58,452)
Increase arising from rate differences between current tax and deferred tax	243	-
Decrease from effect of foreign tax rates	(1,549)	(1,907)
Decrease in current tax from unrecognised temporary difference from a prior period	-	(21)
Deferred tax expense relating to changes in tax rates or laws	2,353	522
Total tax charge	50,951	17,199

In June 2021, the Finance Act 2021 was enacted to increase the UK corporation tax rate from 19% to 25% from 1 April 2023. The tax balances of the Company have been recognised at a rate of 19% or 25% depending on the rate at which these are expected to unwind.

During a previous year, group relief claimed by another group company was reallocated to the Company for nil payment. During the year, the Company has received further group relief from the same group company. The group company surrendering this relief has an ongoing matter with Her Majesty's Revenue and Customs. If this open matter is resolved in favour of the group company, the Company's tax liability will decrease by approximately £61,876,000 (2020: £46,049,000).

Deferred tax liability

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	16	(4)	12
Amortisation	(5,743)	(3,361)	(9,104)
Net deferred tax liabilities	(5,727)	(3,365)	(9,092)

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	-	16	16
Amortisation	(4,456)	(1,287)	(5,743)
Net deferred tax liabilities	<u>(4,456)</u>	<u>(1,271)</u>	<u>(5,727)</u>

The Company's deferred tax liability relates to intangible assets acquired as part of the acquisition of the Credit Suisse Exchange Traded Fund business in a prior year.

12 Intangible assets

	Goodwill £ 000	Management contracts and distribution agreements £ 000	Total £ 000
Cost			
At 1 January 2021	<u>12,316</u>	<u>87,057</u>	<u>99,373</u>
At 31 December 2021	<u>12,316</u>	<u>87,057</u>	<u>99,373</u>
Carrying amount			
At 31 December 2021	<u>12,316</u>	<u>87,057</u>	<u>99,373</u>
At 31 December 2020	<u>12,316</u>	<u>87,057</u>	<u>99,373</u>

The Company reviewed the management contracts and distribution agreements that were acquired as part of the acquisition of the Credit Suisse ETF business and held at 31 December 2021. They are considered to have an indefinite useful life as the Company expects to be able to renew or extend the management agreements in the future at a minimal cost.

The treatment of goodwill and intangibles assets as having an indefinite useful life is a departure from the specific requirements of Companies Act for the overriding purpose of giving a true and fair view as, for the reasons stated above, to amortise would not reflect the economic reality of their expected useful life. These assets are therefore not amortised but are subject to an annual impairment review, or more frequently if required. Impairment reviews are performed using a fair value less cost of disposal approach which is compared against the carrying value of the goodwill and intangibles assets.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Property and equipment

	Short-term leasehold property £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2021	157	50	207
Additions	<u>1,104</u>	<u>472</u>	<u>1,576</u>
At 31 December 2021	<u>1,261</u>	<u>522</u>	<u>1,783</u>
Depreciation			
At 1 January 2021	157	44	201
Charge for the year	<u>79</u>	<u>79</u>	<u>158</u>
At 31 December 2021	<u>236</u>	<u>123</u>	<u>359</u>
Carrying amount			
At 31 December 2021	<u>1,025</u>	<u>399</u>	<u>1,424</u>
At 31 December 2020	<u>-</u>	<u>6</u>	<u>6</u>

14 Right-of-use assets

	Property £ 000
Cost	
At 1 January 2021	-
Additions	<u>1,918</u>
At 31 December 2021	<u>1,918</u>
Depreciation	
At 1 January 2021	-
Charge for the year	<u>228</u>
At 31 December 2021	<u>228</u>
Carrying amount	
At 31 December 2021	<u>1,690</u>
At 31 December 2020	<u>-</u>

See note 18 for further information on leases.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Interests in unconsolidated structured entities

The AUM of the Company as at 31 December 2021 was £828.2bn (2020: £712.7bn).

The Company manages investment funds which are considered to be structured entities within the definition of IFRS 12 'Disclosure of Interests in Other Entities'. Structured entities are not consolidated as the Company does not have "control" as defined under IFRS 10 'Consolidated Financial Statements'. The Company receives an interest in these unconsolidated structured entities through the receipt of management and performance fees and revenue from related parties. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, unit trusts and investment trusts.

The unconsolidated structured entities have various investment objectives and policies and are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital primarily from third-party investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

The unconsolidated structured entities are financed primarily through equity capital provided by investors.

The fees received during the year to 31 December 2021, in relation to the above, were £694,901,000 (2020: £596,289,000). The carrying value on the statement of financial position as at 31 December 2021 is £45,983,000 (2020: £45,426,000), as represented by trade receivables and accrued income. Amounts relating to SMAs have been excluded as these are not classified as a structured entity.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interest in these unconsolidated structured entities is limited to the carrying amounts shown above.

Financial support

The Company has not provided financial support to any of its unconsolidated structured entities during the year, and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no differences to the economic or voting rights attaching to the equity held by the Company from those held by other investors. There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of the Company's interest in the unconsolidated structured entities.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Trade and other receivables

	31 December 2021 £ 000	31 December 2020 £ 000
Trade receivables	10,718	24,046
Amounts due from group companies	453,625	326,423
Accrued income	65,228	57,444
Prepayments	1,423	1,430
Other receivables	1,056	730
	<u>532,050</u>	<u>410,073</u>

Cash management within the BlackRock group is governed by a cash pooling arrangement. Surplus cash from BlackRock group companies is swept into HSBC accounts held by BlackRock Investment Management (UK) Limited ("BIM"). The balances are treated as intercompany receivables and payables between the Company and BIM. The balance due from BIM of £348,722,000 (2020: £241,032,000) in relation to this arrangement is included within amounts due from group companies.

Excluding cash management balances, all other amounts due from group companies are unsecured, interest free and repayable on demand.

The estimated ECLs as of the reporting date for trade receivables, accrued income, amounts due from group companies, and other receivables are considered to be immaterial, and therefore no allowance has been recognised in the financial statements.

17 Share capital

Allotted, called up and fully paid shares

	No. 000	31 December 2021 £ 000	No. 000	31 December 2020 £ 000
Ordinary shares of £1 each	<u>875</u>	<u>875</u>	<u>875</u>	<u>875</u>

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Leases

	31 December 2021 £ 000	31 December 2020 £ 000
Non-current	1,677	-
Current	<u>268</u>	<u>-</u>

The Company has leases for office buildings. The average lease term is 6 years (2020: 0 years). With the exception of short-term and low-value leases, each lease is reflected on the statement of financial position as a right-of-use asset and associated lease liability. Payments which are variable in nature and do not depend on an index or rate may include common area maintenance charges and are expensed on the basis that they are not recognised as a lease liability.

For lease over office buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Some leases contain an option to extend the lease for a further term or an option to terminate the lease early. Such options are taken into effect in determining the term of the lease.

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2021 £ 000	31 December 2020 £ 000
Less than one year	316	-
1 - 5 years	1,369	-
More than 5 years	<u>341</u>	<u>-</u>
Total lease liabilities	<u>2,026</u>	<u>-</u>

Total cash outflow for leases for the year ended 31 December 2021 was £127,000.

19 Provisions

Provisions of £9,092,000 (2020: £5,727,000) relate to deferred tax liabilities as disclosed in note 11.

BlackRock Advisors (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Trade and other payables

	31 December 2021 £ 000	31 December 2020 £ 000
Trade payables	8,065	6,080
Accrued expenses	9,999	9,657
Amounts due to group companies	102,601	67,013
Social security and other taxes	3,703	1,355
Other payables	24	109
	<u>124,392</u>	<u>84,214</u>

All amounts due to group companies are unsecured, interest free and repayable on demand.

Outstanding amounts in respect of the defined contribution pension schemes payable at 31 December 2021 are included within accrued expenses.

See note 18 for further details on lease liabilities.

21 Dividends

	31 December 2021 £ 000	31 December 2020 £ 000
Interim dividend of £457.14 (2020: £422.86) per ordinary share	<u>400,000</u>	<u>370,000</u>

22 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow members of the group.

Details of directors' remuneration are set out in note 9. There are no personnel other than directors, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the Company.

23 Parent and ultimate parent undertaking

The Company's immediate holding company is BlackRock Finance Europe Limited and the ultimate parent company and controlling party is BlackRock, Inc. a company incorporated in the State of Delaware in the United States of America. The parent company of the largest and smallest group that includes the Company and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements are available upon request from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 55 East 52nd Street, New York, NY 10055, USA or by email at invrel@blackrock.com.

BlackRock Advisors (UK) Limited

Country by Country Reporting for the Year Ended 31 December 2021

The Company presents information on a consolidated basis on its establishments in existence during the year, in accordance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council and Statutory Instrument 2013/3118 Capital Requirements (Country-by-Country Reporting) Regulations 2013.

2021					Average
Jurisdiction	Revenue	Profit/(loss)	Corporation	Total charge	number of
	£ 000	before tax	tax paid	£ 000	employees
		£ 000	£ 000		No.
UK*	715,298	490,974	43,627	48,189	-
Dubai	13,728	8,212	-	-	13

Jurisdiction Name of establishment

Provider of investment management, advisory and administrative services

UK BlackRock Advisors (UK) Limited

Provider of local sales and marketing support

Dubai BlackRock Advisors (UK) Limited - Dubai Branch

* UK Corporate tax payments are made in instalments prior to the end of the period to which they relate. They are therefore based on forecast profits and forecast tax liabilities, which can vary from the final accrual in the financial statements. UK Corporate tax payments for the period can also be reduced by amounts carried forward from prior periods.

UK Corporation tax may be reduced by factors such as income received that is not subject to UK taxation such as dividends, or losses incurred by other UK group companies and surrendered for nil payment. Please refer to the income tax note, note 11, in the financial statements for a reconciliation of the tax charge.

The table above provides information on:

Revenue

Revenue is stated net of VAT.

Profit/(loss) before tax

Profit/(loss) before tax represents accounting profits under FRS 101.

Corporation tax paid

All corporate income tax payments and refunds are made and received during the year in the respective country. Corporation taxes paid in the year rarely relate to the profits earned in the year in which they are paid since income tax for a given period is generally paid across multiple years and as such timing differences will exist between cash tax payments and accruals.

Total income tax charge

Current and deferred income tax charges relating to the current year booked to the income statement in the year.

Average number of employees

The number of employees has been calculated as the average number of employees on a full time equivalents basis, who were permanent employees during the period.

BlackRock Advisors (UK) Limited

Country by Country Reporting for the Year Ended 31 December 2021 (continued)

Additional information

The Company's directors have also included the combined results for BlackRock Investment Management (UK) Limited (excluding non-UK branches) and BlackRock Advisors (UK) Limited (excluding non-UK branches). BlackRock Investment Management (UK) Limited is also subject to the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The combined results provide a more coherent view of their profile on the basis that, in substance, they operate as one business.

Combined revenue for the companies was £2,703,801,000, combined profit was £1,021,696,000, combined corporate income tax paid was £140,060,000 and the combined total income tax charge for 2021 was £138,262,000.

The average number of employees for BlackRock Investment Management (UK) Limited which are at the disposal of BlackRock Advisors (UK) Limited was 3,263.