

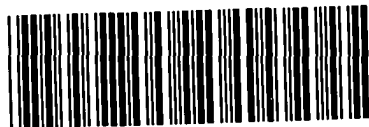
Registration number: 951043

BlackRock Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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BlackRock Group Limited

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BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for BlackRock Group Limited (the "company") for the year ended 31 December 2017.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$6.3tn in assets under management ("AUM"), at 31 December 2017. With approximately 13,900 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment, risk management and technology services to institutional and retail clients worldwide.

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 2018.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. The company is the holding company for the majority of European, Middle East and Africa ("EMEA") investment management companies. The 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.

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes and geographies enables the company to tailor investment outcomes and asset allocation solutions for clients in all market environments. BlackRock also offers the investment and risk management technology platform, Aladdin®, risk analytics, advisory and technology services and solutions to a broad base of institutional and wealth management clients. BlackRock serves a diverse mix of institutional and retail clients across the globe, with a regionally focused business model including distinct leadership of the Americas, EMEA and Asia-Pacific regions.

BlackRock's retail strategy is focused on an outcome-oriented approach to creating client solutions, including alpha-seeking active, index and alternative products, enhanced distribution and technology offerings. In the United States, BlackRock is leveraging its integrated wholesaler force to further penetrate distribution platforms and gain share among registered investment advisors. Internationally, BlackRock continues to diversify the range of investment solutions available to clients, penetrate new distribution channels and position effectively for regulatory change.

iShares growth strategy is centred on increasing global *iShares* market share and driving global market expansion. BlackRock intends to achieve these goals by pursuing global growth themes in client and product segments including core investments, fixed income, smart beta, financial instruments and precision exposures.

BlackRock believes institutional results will be driven by enhancing BlackRock's solutions-oriented approach; deepening client relationships through product diversification and higher value-add capabilities; and leveraging *Aladdin*'s analytical and risk management expertise.

BlackRock continues to invest in technology and risk management offerings, which enhance our ability to generate alpha, effectively serve clients and operate efficiently. BlackRock's technology portfolio includes *Aladdin* and *Aladdin Risk for Wealth Management*, *FutureAdvisor*, *Cachematrix*, as well as minority investments in *Scalable Capital* and *iCapital*.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Regional

On a regional basis, BlackRock in EMEA manages \$1.8tn of AUM for its clients. This generates \$3.6bn of revenue from a diversified client base and product range. Growth in the region has been powered by fixed income net inflows, reflecting strong flows into iShares and liability-driven investment solutions.

British exit from the European Union

Following the June 2016 vote to exit the European Union ("EU"), the United Kingdom served notice under Article 50 of the Treaty on European Union on March 29, 2017 to initiate the process of exiting from the EU, commonly referred to as "Brexit". The outcome of the negotiations between the United Kingdom and the EU in connection with Brexit is highly uncertain and information regarding the long-term consequences is expected to become clearer over time as negotiations progress. BlackRock continues to engage with European regulators to prepare for a range of potential outcomes in connection with Brexit to ensure that it continues to be able to access the EU market and service customers in those jurisdictions.

Areas of strategic focus

Against the industry profile and key industry trends the company and its subsidiaries (the "Group"), as part of the global group, will seek to achieve its mission of creating a better financial future for its clients by differentiating BlackRock in the following ways:

- the Group's focus on strong performance providing alpha for active products and limited or no tracking error for index products;
- the Group's diverse spectrum of investment strategies, including market-cap weighted index, smart beta and factor-based, high conviction alpha and liquid and illiquid alternative product offerings, which enhance its ability to tailor single and multi-asset investment solutions to address specific client needs;
- the Group's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and macro trends including the secular shift to index investing, a focus on income and retirement, and barbell of risk using index and active products, including alternatives; and
- the Group's longstanding commitment to technology and risk management and the continued development of, and increased interest in, BlackRock technology products and solutions, including *Aladdin*, *Cachematrix* and *FutureAdvisor*, as well as *Scalable Capital* and *iCapital*, in which BlackRock has made minority investments.

Key performance indicators

Profit after tax

Profit after tax decreased by £16.2m from £507.1m in 2016 to £490.9m in 2017 for the company. The decrease in profit after tax is in line with the decrease in dividend income from £504.5m in 2016 to £490.0m in 2017.

Net assets

The balance sheet as at 31 December 2017 shows net assets of £2,415.6m (2016: £2,024.7m), an increase of 19.3%. This reflects profit earned for the year, partially offset by dividends paid.

The performance of the company is included in the results of BlackRock, Inc. group which are disclosed in the BlackRock, Inc. group annual report and on Form 10-K to the United States Securities and Exchange Commission. BlackRock, Inc. manages its key performance indicators on a global basis but in consideration of individual legal entities. For this reason the company's directors believe that providing further performance indicators for the company itself would not enhance an understanding of the development, performance or position of the business of the company.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Principal risks and uncertainties

Principal risks and uncertainties are managed by BlackRock at a global and regional level.

As a leading investment management firm, risk is an inherent part of BlackRock's business. Global markets, by their nature, are prone to uncertainty and subject participants to a variety of risks. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring and managing risks, and invests in personnel and technology accordingly.

The company, through its role as the holding company of the Group, mainly derives its revenue from dividends received from investments in Group companies. As a result the company is indirectly exposed to the same risks and uncertainties as its operating subsidiaries.

The specific risks and uncertainties relevant to the Group may be categorised as follows:

Operational risk

One of the major risks faced by the Group is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes, people and systems, outsourced third party providers or from external events, this includes cyber risk. The Group 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 firm's fiduciary obligations to clients and mitigates the potential impacts of poor customer outcomes. The strong management of risk also ensures that disruptions to delivering client services are minimised.

The Group operates in a competitive and highly regulated environment and there are a number of factors which could increase the number and severity of operational risks faced by the Group. A detailed model approach, based on scenario analysis and statistical modelling, is used to assess the operational risk capital requirement. The Group seeks to manage operational risk by means of a variety of controls to prevent or mitigate the occurrence of operational risk events and losses. Escalation procedures are in place and operational risks are regularly monitored and reported to senior management, the Board and relevant internal oversight committees.

The Group also considers risk management when setting remuneration policies and practices to govern those staff whose professional activities could potentially have a material impact on the Group's risk profile. Whilst employees are compensated for strong performance in their management of client portfolios, they are required to manage risk within the risk profiles appropriate for their clients.

The list of Remuneration Code Staff is reviewed and agreed by the EMEA Compensation Committee, the Management Development and Compensation Committee, the EMEA Executive Committee and BlackRock, Inc. board of directors to ensure a culture of excellence, monitor the business and financial performance and protect the brand and reputation of the firm.

BlackRock considers information security to be of paramount importance and essential cornerstone of its operations, and has implemented security policies and controls that seek to ensure adequate protection against the adverse effects of failures in confidentiality, integrity and availability of information and information systems. The policies are reviewed and revised on an annual basis through a formal governance process, including approval across senior management, and there is a rolling program of security awareness communication and training for all staff.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Balance sheet risk

Credit risk arises in relation to accounts receivable, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to accounts receivable arising from fee income debtors is considered low. The Group minimises exposure to credit risk with respect to accounts receivable by actively pursuing settlement of outstanding management fee invoices and performance fee invoices within the terms and conditions of the underlying agreement and in some circumstances retains the right to offset unpaid invoices against any client assets. Intercompany balances are managed centrally and agreed upon and settled on a regular basis. The Group manages its cash through a UK cash-pooling arrangement between BlackRock group entities, with any cash not required for working capital invested in money market instruments or highly rated and liquid sovereign debt.

HSBC is the main cash management service provider. A concentration risk does exist in respect of the Group's main pan-European bank service provider, HSBC. BlackRock group companies maintain higher credit exposure on their cash with HSBC than with other banks because as HSBC is an AA- rated bank, the risk of default is considered negligible. The creditworthiness of HSBC is continuously monitored by both the Treasury and Risk and Qualitative Analysis departments.

Liquidity risk is the risk that the Group is unable to meet financial obligations as they fall due without adversely affecting its financial position, the normal course of its business or its reputation. The liquidity risk management framework ensures that the Group shall remain solvent in any reasonably foreseeable stress scenarios, factoring unlikely but plausible events. The governance framework and liquidity policy of the Group are designed to: identify, quantify and monitor the liquidity needs, risks and requirements; maintain liquidity resources in excess of liquidity requirements; and maintain an appropriate governance and controls framework for the measurement, monitoring, forecasting, stress testing, usage and allocation of corporate liquidity.

Market risk

Market risk can be defined as the risk of loss resulting from fluctuations in the market value of positions and asset values attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness. Fluctuations in markets could cause the value of AUM to decline, which would result in lower investment advisory and administration fees.

As the Group does not undertake trading on its own account, market risk is the risk associated with failure to realise the full value of the firm's assets as a result of fluctuations in foreign exchange rates.

The Group is exposed to foreign exchange risk on all income, all expenditure and all transfer pricing (both income and expenditure) that arise in currencies other than sterling; or that arise in sterling, but are booked in legal entities where the functional currency is not sterling. The Group is also exposed to foreign exchange risk on the revaluation of any non-sterling net assets; or sterling net assets booked in legal entities where the functional currency is not sterling.

Capital management

The Group's objectives when managing capital are:

- to safeguard the Group'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.

The Group is subject to a minimum regulatory capital requirement imposed by the Financial Conduct Authority ("FCA"). In order to ensure compliance with this requirement throughout the year and to fund continued business expansion and development, a surplus was maintained throughout the year as deemed appropriate by the board of directors (the "Board").

The constituent companies within the Group take into account the amount of their distributable reserves and their cash flow position when making any decision to pay a dividend, thus ensuring that the Group is able to continue as a going concern and has a sufficient capital surplus to meet the regulatory requirement at all times during the year.

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Strategic Report for the Year Ended 31 December 2017 (continued)

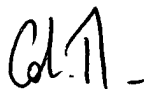
Internal Capital Adequacy Assessment Process ("ICAAP")

The Group's regulatory capital requirement is established by reference to the ICAAP undertaken by the company/Group, as reviewed by the FCA. The detailed analysis therein encompasses all the subsidiaries of the company.

In addition, details of the Group'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 the Group's risk profile. This can be found at the following website address:

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

Approved by the Board on and signed on its behalf by:



.....
C Thomson
Director

BlackRock Group Limited

Directors' Report for the Year Ended 31 December 2017

The Board present their report together with the audited financial statements of BlackRock Group Limited (registered number: 951043) for the year ended 31 December 2017.

Principal activity

The principal activity of the company is to act as the United Kingdom holding company of certain companies of the BlackRock group. The Group, through its operating subsidiaries, is engaged in the provision of investment management and advisory services.

The company also operates through a branch in Luxembourg.

The Group is regulated by the FCA.

Dividends

Dividends of £100m were paid in 2017 (2016: £600m).

Directors and officers of the company

The directors, who held office during the year, were as follows:

D Blumer (resigned 27 September 2017)

J Charrington - Chairman

R A Damm

E Fishwick

E de Freitas

N Hall (resigned 31 May 2017)

P Olson

C Thomson

R Webb (resigned 12 December 2017)

M Young

R Lord - Director (appointed 27 September 2017)

C Clausen (appointed 23 November 2017 and resigned 28 March 2018)

The following director was appointed after the year end:

S Mullin Outhwaite - Director (appointed 27 March 2018)

Officers:

BlackRock Company Secretarial Services (UK) Limited - Company secretary

BlackRock Group Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Statement of directors' responsibilities

The directors are responsible 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (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.

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, 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.

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 2017 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.

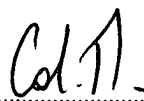
Disclosure of information to the auditors

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 auditors

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on and signed on its behalf by:



C Thomson
Director

BlackRock Group Limited

Independent Auditor's Report to the Members of BlackRock Group Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BlackRock Group Limited for the year ended 31 December 2017, which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related Notes to the Financial Statements 1 to 22

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

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 FRC's 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BlackRock Group Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

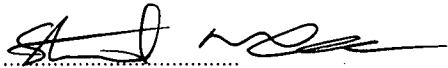
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

BlackRock Group Limited

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

- 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.



Stuart McLaren CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 12 September 2019

BlackRock Group Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Income from investments in group companies	10	490,000	504,528
Administrative (expenses)/income		<u>(128)</u>	<u>6,577</u>
Operating profit	4	489,872	511,105
Interest receivable and similar income	7	4,142	389
Interest payable and similar charges	8	(3,870)	(3,002)
Net gains/(losses) on financial instruments held at fair value through profit or loss		11	(27)
Net gains on derivative financial instruments		<u>427</u>	<u>-</u>
Profit before tax		490,582	508,465
Tax on profit on ordinary activities	9	<u>305</u>	<u>(1,348)</u>
Profit for the year		<u><u>490,887</u></u>	<u><u>507,117</u></u>

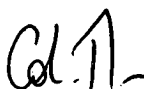
Turnover and operating profit derive wholly from continuing operations.

The company has no other comprehensive income for the year other than the results above.

BlackRock Group Limited
(Registration number: 951043)
Balance Sheet as at 31 December 2017

		31 December 2017 £ 000	31 December 2016 £ 000
	Note		
Fixed assets			
Investments	10	2,213,902	2,161,185
Current assets			
Debtors: amounts falling due within one year	13	514,090	16,402
Other financial assets	11	125	138
Cash and cash equivalents	12	593,850	503,132
		1,108,065	519,672
Creditors: amounts falling due within one year	14	(837,368)	(584,436)
Net current assets/(liabilities)		270,697	(64,764)
Total assets less current liabilities		2,484,599	2,096,421
Creditors: amounts falling due after more than one year			
Loans and borrowings	16	(69,000)	(69,000)
Other non-current financial liabilities	15	-	(2,710)
Provisions for liabilities		(1)	-
Net assets		2,415,598	2,024,711
Capital and reserves			
Called up share capital	17	235,166	235,166
Share premium reserve		1,106,075	1,106,075
Capital redemption reserve		7,029	7,029
Profit and loss account		1,067,328	676,441
Shareholders' funds		2,415,598	2,024,711

Approved by the Board on and signed on its behalf by:


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C Thomson
Director

BlackRock Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	235,166	1,106,075	7,029	676,441	2,024,711
Profit for the year	-	-	-	490,887	490,887
Dividends	-	-	-	(100,000)	(100,000)
At 31 December 2017	<u>235,166</u>	<u>1,106,075</u>	<u>7,029</u>	<u>1,067,328</u>	<u>2,415,598</u>

	Share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	235,166	1,106,075	7,029	769,324	2,117,594
Profit for the year	-	-	-	507,117	507,117
Dividends	-	-	-	(600,000)	(600,000)
At 31 December 2016	<u>235,166</u>	<u>1,106,075</u>	<u>7,029</u>	<u>676,441</u>	<u>2,024,711</u>

The notes on pages 14 to 38 form an integral part of these financial statements.
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BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated and domiciled in the UK.

The address of its registered office is:

12 Throgmorton Avenue
London
EC2N 2DL

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 years presented, unless otherwise stated.

Basis of preparation

The company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 ("FRS 100") as issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ended 31 December 2017 the company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC up to July 2017.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments held 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, presentation of a cash-flow statement, standards not yet effective, impairment of assets 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 21.

Exemption from preparing group accounts

The financial statements contain information about BlackRock Group Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, BlackRock, Inc., a company incorporated in United States of America.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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 5, along with key risks facing the company.

In assessing the company's 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-cash position. The company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve 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 despite the current uncertain economic outlook.

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.

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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

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.

Current and deferred tax are recognised in profit or loss, 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Investments

Investments are equity holdings in subsidiaries. They are measured at cost less any provision for impairment.

Investments are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

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

Assets which are subject to amortisation 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 to sell 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). Value in use represents the present value of projected future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate which reflects an assessment of the market cost of capital of the cash-generating unit.

Impairments are charged to profit and loss in the year in which they arise.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

Classification

Financial assets are classified into financial assets at fair value through profit and loss ("FVTPL") or loans and receivables.

Financial liabilities are classified as either FVTPL or "other financial liabilities".

Recognition and measurement

All regular way purchases or sales of financial assets or liabilities are recognised and derecognised on a trade date basis. Regular way purchases or sales are those that require delivery of assets within the time frame established by regulation or convention of market place.

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Effective interest method

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

Income or expense is recognised on an effective interest basis for financial assets or liabilities other than those financial assets or liabilities classified as FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities, or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and accounting standards permit the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'net gains/(losses) on financial instruments held at fair value through profit or loss' line item within the profit and loss. Fair value is determined in the manner described in note 19.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired when there is any objective evidence that, as a result of one or more events that occurred after the initial recognition of a financial asset, the estimate of the future cash flows of the investment have been impacted.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

For all other financial assets, objective evidence of impairment could include:

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

For financial assets carried at amortised cost, the amount of impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risk and reward of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risk and reward of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial assets in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had previously been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net gains/(losses) on financial instruments held at fair value through profit or loss'. Fair value is determined in the manner described in note 19.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices ("level 1");
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments ("level 2");
- the fair values of financial assets and financial liabilities derived from valuation techniques that are not based on observable market data (unobservable market inputs) ("level 3").

Derivatives and hedging

In limited circumstances, the company uses derivative financial instruments to economically hedge its risk associated with foreign exchange movements and to economically hedge against market price exposure with respect to certain seed investments. It is not the company's policy to trade in derivative instruments. The company does not designate its derivative instrument as a formal hedging instrument and hedge accounting is not applied.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income taxes

The company is subject to income tax in numerous jurisdictions and judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Full details are set out in note 9.

Contingent consideration

Contingent consideration is recognised at fair value as at the date of acquisition. The fair value is determined as the net present value of the cash flow payments to be paid, discounted at an appropriate rate. If the determined possibilities of future events change after the acquisition date, the fair value of the contingent consideration liability may change with a corresponding increase/decrease to profit or loss.

Full details are set out in note 14.

Impairment of non-financial assets

In assessing the recoverable amount of an asset or cash-generating unit under a fair value less costs of disposal approach, management's judgement is exercised to best determine risk adjusted multipliers to reflect the risk profile of the asset or cash-generating unit under review. In assessing the recoverable amount of an asset or cash-generating unit under a value in use approach, management's judgement is exercised to best estimate future cash flows and a post-tax discount rate, based upon a group adjusted weighted average cost of capital, to reflect the risks associated with the asset or cash-generating unit.

4 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£000	£000
Foreign exchange losses/(gains)	1,388	(3,610)
Fair value movement on contingent consideration	(1,332)	(2,967)

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Aggregate emoluments	4,109	4,219
Company contributions in respect of defined contribution pension schemes	59	40
	<u>4,168</u>	<u>4,259</u>

Of the 12 (2016: 10) directors that served during the year, no directors were remunerated by the company (2016: no directors). The amounts included above relate to their service as directors of the company based on an estimated time allocation basis except 5 (2016: 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:

	2017 No.	2016 No.
Received or were entitled to receive shares under service condition based schemes	8	6
Received or were entitled to receive shares under market performance based schemes	2	4
Accruing benefits under defined contribution pension scheme	<u>5</u>	<u>6</u>

During the year, no directors (2016: no directors) exercised BlackRock, Inc. share options.

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Aggregate emoluments	1,031	1,407
Company contributions to defined contribution schemes	6	8
	<u>1,037</u>	<u>1,415</u>

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

6 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>52</u>	<u>53</u>
Other fees to auditors		
The auditing of accounts of any associate of the company	<u>1,929</u>	<u>1,917</u>

7 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest income on loan notes receivable from group undertakings	3,873	-
Other interest income	<u>269</u>	<u>389</u>
	<u>4,142</u>	<u>389</u>

8 Interest payable and similar charges

	2017 £ 000	2016 £ 000
Other finance costs	4	496
Interest on loan notes payable to group undertakings	2,615	1,125
Bank interest	<u>1,251</u>	<u>1,381</u>
	<u>3,870</u>	<u>3,002</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Income tax

Tax charged/(credited) in the profit and loss account:

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	-	223
UK corporation tax adjustment to prior periods	(223)	1,124
Foreign tax	-	26
Foreign tax adjustment to prior periods	(82)	-
Total current income tax	<u>(305)</u>	<u>1,373</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	(24)
Arising from changes in tax rates and laws	-	(1)
Total deferred taxation	<u>-</u>	<u>(25)</u>
Tax (receipt)/expense in the profit and loss account	<u>(305)</u>	<u>1,348</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016: lower than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Income tax (continued)

	2017 £ 000	2016 £ 000
Profit before tax	<u>490,582</u>	<u>508,465</u>
Corporation tax at standard rate	94,420	101,693
Increase (decrease) in current tax from adjustment for prior periods	(305)	1,124
Increase (decrease) from effect of revenues exempt from taxation	(94,605)	(101,499)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	(73)	4
Increase (decrease) arising from group relief tax reconciliation	258	-
Increase (decrease) arising from overseas tax suffered (expensed)	-	26
Increase (decrease) from changes in tax provisions due to legislation	-	(1)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>1</u>
Total tax (credit)/charge	<u>(305)</u>	<u>1,348</u>

The Finance (No.2) Act 2015 reduced the rate of UK corporation tax to 19% with effect from 1 April 2017. A further reduction was enacted by the Finance Act 2016 which reduced the UK corporation tax rate to 17% with effect from 1 April 2020. Accordingly, as both the 19% and 17% rates were enacted as at the Balance Sheet date, these rates applied in the measurement of the deferred tax balances as at 31 December 2017 depending on when the temporary differences are expected to reverse.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2017			
Other items	<u>1</u>	<u>(1)</u>	<u>1</u>
2016			
Other items	<u>1</u>	<u>(1)</u>	<u>-</u>

Deferred tax movement during the year:

	At 1 January 2017 £ 000	Recognised in profit and loss £ 000	At 31 December 2017 £ 000
Other items	<u>-</u>	<u>1</u>	<u>1</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in profit and loss £ 000	At 31 December 2016 £ 000
Other items	<u>(25)</u>	<u>25</u>	<u>-</u>

There are £3,960,000 of unused tax losses (2016 - £3,957,000) for which no deferred tax asset is recognised in the balance sheet.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2016	2,207,425
Additions	10
Return of Capital	<u>(46,250)</u>
At 31 December 2016	<u>2,161,185</u>
At 1 January 2017	2,161,185
Additions	53,197
Disposals	<u>(480)</u>
At 31 December 2017	<u>2,213,902</u>

Return of capital

The Company's investment in BlackRock Finance Europe Limited ("BRFE") has not moved during the year (2016 - decrease of £46,250,000). The prior year decrease represents the return of capital that the company previously subscribed to BRFE.

Details of the subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2017	2016
BlackRock Investment Management Limited*	Provider of investment management services (UK)	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Management Limited*	Asset Finance company (UK)	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock (Netherlands) B.V.*	Provider of investment management services	Rembrandt Tower, Amstelplein 1, 17th Floor, 1096 HA Amsterdam, Netherlands	100%	100%
BlackRock Management Company S.A.*	Fund Unit trust management	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Finance Europe Limited*	Finance company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Luxembourg S.a.r.l.*	Holding company Holdco	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2017	2016
BlackRock Advisors (UK) Limited*	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Investor Services Limited*	Provider of central group services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock International Limited*	Provider of investment management services	Exchange Place One, 1 Semple Street, Edinburgh EH3 8BL, United Kingdom	100%	100%
BlackRock Fund Managers Limited	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Management Deutschland AG	Provider of investment management services	Max-Joseph-Strasse 6, Munich, 80333, Germany	100%	100%
BlackRock (Luxembourg) S.A.	Provider of investment management services	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Investment Management Ireland Holdings Limited	Holding company	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland	100%	100%
BlackRock Investment Management (Dublin) Limited	Provider of central group services	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland	100%	100%
BlackRock Management Ireland Limited	Provider of investment management services	JP Morgan House, International Financial Services Centre, Dublin 1, Ireland	100%	100%
BlackRock Limited	Provider of investment management policies for unit linked pension schemes	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Management Schweiz AG	Sales and marketing	Claridenstrasse 25, POB 2118, CH-8022 Zürich, Switzerland	100%	100%
BlackRock UK Holdco Limited	Holding company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Lux S.a.r.l.*	Provider of administrative and advisory services	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2017	2016
BlackRock Development Management Limited*	Europe Development management services	10 Diomidious, 3rd Floor, Office 401, Nicosia, 2024, Cyprus	100%	100%
BlackRock France SARL*	Property Provider of administrative and advisory services	16 Rue de quatre septembre, 75002 Paris	100%	100%
BlackRock Islands Limited	Channel Holdco Holding company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock (Channel Islands) Limited	Provider of investment management and administrative services	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock Equity III GenPar LP	Private General Partner	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%
BlackRock Markets II Limited	Growth II SGP General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Infrastructure II Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Equity V SGP Limited	Private General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
Mercury Company Limited*	Carry Founder Partner	Fort Anne, Douglas, Isle of Man, IM1 5PD	100%	100%
Grosvenor Limited*	Ventures Investment company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
Mercury Equity (Jersey) Limited*	Private MUST 3 Provider of investment management services as general partner	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
Grosvenor Partner Limited*	Alternate Provider of investment management services as general partner	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Partner Limited	First General Partner	Regus - Suite 130, Liberation Station Esplanade, Jersey JE1 0BR	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2017	2016
St. Albans House Nominees (Jersey) Ltd	Nominee of affiliated companies	Regus - Suite 130, Liberation Station Esplanade, Jersey JE1 0BR	100%	100%
BlackRock s.r.o*	(Slovakia) Dormant entity	Karadžičova 8/a, Bratislava - mestská časť Ružinov 821 08, Slovakia	100%	100%
BlackRock (Schweiz) AG	Holdings Holding company	Bahnhofstrasse 39, 8001 Zurich, Switzerland	100%	100%
BlackRock GmbH*	Germany Dormant entity	Max-Joseph-Straße 6, 80333 / München, Germany	100%	100%
BlackRock Kft*	Hungary Provider of investment management and administrative services	1054 Budapest, Kálmán Imre utca 1, Hungary	100%	100%
BlackRock Fund Limited*	Alternative Managers Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Limited	Pensions Dormant entity	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Luxembourg S.a.r.l.	General Partner GP	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
GID Program Partner S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
BlackRock S.a.r.l.	GP Lux General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
EMMPD Fund I S.a.r.l	GP General Partner	47, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
Global Infrastructure Solutions 3 Multi-Manager S.a.r.l.	General Partner GP	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
Middle Market Fund GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	0%
BlackRock Secretarial (UK) Limited*	Company Services Company secretarial services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Investments (continued)

* indicates direct investment of the company

During the year a capital contribution of £47.1m was made to BlackRock Asset Management (UK) Limited. Moreover, a capital contribution of £6.1m was made to BlackRock Hungary Kft.

During the year BlackRock Pensions Nominees Limited and BlackRock Executor & Trust Co. Limited, direct investments of the company, were disposed of.

During the year BlackRock Fund Management (Ireland) Limited, an indirect investment of the company, was disposed of.

During the year dividends of £180.0m (2016: £250.0m) were received from BlackRock Investment Management (UK) Limited, dividends of £310.0m (2016: £250.0m) were received from BlackRock Advisors (UK) Limited and no dividends (2016: £4.5m) were received from BlackRock Asset Management UK Limited.

Associates

Details of the associates as at 31 December 2017 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
Scalable Capital GmbH	Digital investment manager	Prinzregentenstraße 48, 80538 München, Germany	37.14%	0%

During the year, the group purchased a minority stake in Scalable Capital GmbH. This investment comprised of two transactions: €24.0m of series B preferred stock and an additional €28.5m of series A common stock. Scalable Capital is one of Europe's fastest growing digital investment managers, currently operating in both Germany and the UK. The investment in Scalable Capital GmbH complements the wider BlackRock group's existing digital wealth management suite.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

11 Other financial assets

	31 December 2017 £ 000	31 December 2016 £ 000
Current financial assets		
Financial assets at fair value through profit and loss	<u>125</u>	<u>138</u>

12 Cash and cash equivalents

	31 December 2017 £ 000	31 December 2016 £ 000
Cash at bank	12,358	1,015
Short-term deposits	<u>581,492</u>	<u>502,117</u>
	<u>593,850</u>	<u>503,132</u>

Cash management within the BlackRock group is governed by a UK cash-pooling arrangement. Surplus cash from certain BlackRock group companies is swept into highly rated, HSBC accounts held by BlackRock Investment Management (UK) Limited ("BIM"). BIM then lends this cash to the company, which in turn invests it by purchasing highly liquid short-term instruments. The balance payable to BIM of £539,153,000 (2016: £579,299,000) in relation to this arrangement is included within note 14 - amounts due to group companies.

13 Debtors: amounts falling due within one year

	31 December 2017 £ 000	31 December 2016 £ 000
Amounts due from group companies	4,034	13,021
Loans due from group companies	510,000	-
Other debtors	55	3,380
Deferred tax asset	<u>1</u>	<u>1</u>
	<u>514,090</u>	<u>16,402</u>

Amounts due from group companies are unsecured, interest free and repayable on demand.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

14 Creditors: amounts falling due within one year

	31 December 2017 £ 000	31 December 2016 £ 000
Amounts due to group companies	541,968	575,724
Loans due to group undertakings	273,459	-
Contingent consideration	1,247	-
Other creditors	67	59
Corporation tax liability	20,627	8,653
	<u>837,368</u>	<u>584,436</u>

All amounts due to group companies are unsecured and, excluding the loan notes shown in the table in note 16, repayable on demand.

Contingent consideration represents a 5 year Fundraising Earn-out. As part of the MGPA sale and purchase agreement, as well as cash consideration there is a 5 year Fundraising Earn-out which is payable in cash at the end of year 5 (2018), based on cumulative capital raised.

The fair value of contingent consideration is disclosed in note 19.

15 Other non-current financial liabilities

	31 December 2017 £ 000	31 December 2016 £ 000
Contingent consideration	<u>-</u>	<u>2,710</u>

The fair value of contingent consideration is disclosed in note 19.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

16 Loans and borrowings

	31 December 2017 £ 000	31 December 2016 £ 000
Non-current loans and borrowings		
Loans due to group undertakings	<u>69,000</u>	<u>69,000</u>

The company is a designated borrower on the original BlackRock, Inc. \$3.5bn five year revolving credit agreement, and may receive loans and have Letters of Credit issued for its account, the company also received a parental guarantee from BlackRock, Inc. in connection with this facility. Under the terms of the original agreements, by prior agreement from BlackRock, Inc. the company had access to a \$3.5bn credit facility, \$1bn Letter of Credit and \$250m swingline. This facility has been extended annually since March 2012. On 31 March 2015, the aggregate commitment increased to \$4bn and the company was granted a \$1.5bn sublimit on the facility. On 6th April 2017, the facility was extended to 6th April 2022, and the company granted a reserved facility of \$600m as part of its \$1.5bn sublimit.

On 18 June 2014, the company became a designated borrower in a £300m revolving credit agreement from BlackRock Financial Management, Inc. This facility is due to mature on 28 March 2019. On 23 June 2015, the facility was amended to add BlackRock Fund Managers Limited as an additional borrower and extended to add an optional incremental loan that could be made above the £300m limit with the sole agreement of the Lender. On 18 December 2016 this facility was extended to £400m and the maturity of this facility was extended to 31 March 2020.

The company has not drawn down any of the funds under the above facilities.

The breakdown of the loan notes due, both within one year and after more than one year, are as follows:

Group Company	Interest Rate	Maturity	2017 £ 000	2016 £ 000
BlackRock Investment Management Ireland Holdings Limited	0.82%	22 June 2018	116,112	-
BlackRock Luxembourg Holdco S.a.r.l.	0.82%	22 June 2018	157,347	-
BlackRock International Limited	1.71%	24 September 2019	28,000	28,000
BlackRock International Limited	1.73%	24 September 2020	24,000	24,000
BlackRock International Limited	1.75%	31 March 2021	17,000	17,000
			<u>342,459</u>	<u>69,000</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

17 Share capital

Authorised, called up and fully paid shares

	No. 000	2017 £ 000	No. 000	2016 £ 000
Class A Ordinary shares of £0.05 each	2,351,664	117,583	2,351,664	117,583
Class B Ordinary shares of £0.00 each	44,681,615	117,583	44,681,615	117,583
	<u>47,033,279</u>	<u>235,166</u>	<u>47,033,279</u>	<u>235,166</u>

18 Dividends

	31 December 2017 £ 000	31 December 2016 £ 000
Interim dividend of £0.0021 (2016 - £0.0128) per ordinary share	<u>100,000</u>	<u>600,000</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

19 Financial instruments

Financial assets

Financial assets at fair value through profit or loss

Derivative held for trade

	2017 £ 000	2016 £ 000
Foreign exchange forward contracts	<u>44</u>	<u>-</u>

At the balance sheet date foreign exchange forward contracts were in place to hedge the transactional foreign exchange exposure of the entity. These forwards have a tenor of less than one month.

	2017 £ 000	2016 £ 000
Categories of Financial Instruments		
<i>Financial assets at fair value</i>		
Assets designated as fair value through the profit and loss - other investments	<u>124</u>	<u>138</u>
<i>Changes in value of financial instrument at fair value</i>		
Profit for the year has been arrived at after (crediting)/charging:		
Assets designated as fair value through the profit and loss	<u>(11)</u>	<u>27</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

19 Financial instruments (continued)

Other financial liabilities

	2017	2016
	£000	£000
Contingent consideration		
Opening balance	2,710	4,518
Unwind of discount	215	496
Revision in estimate	(1,544)	(2,967)
Foreign exchange movements	(134)	663
Closing balance	<u>1,247</u>	<u>2,710</u>

The fair value of other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Significant assumptions used in determining fair value of financial liabilities:

Contingent consideration

The fair value of the contingent consideration reflects the net present value of the forecast payments to Credit Suisse under the terms of the Sale and Purchase Agreement. The forecast payments are based on projected annual relevant revenue, the calculation of which factors in estimated growth rates of the funds on which the revenue is generated.

Fair value adjustments to the contingent consideration are recognised against goodwill and not in profit and loss.

20 Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Details of Directors' emoluments are set out in note 5. 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.

21 Parent and ultimate parent undertaking

The company's immediate holding company is BlackRock Jersey International Holdings L.P. 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 Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

22 Post balance sheet events

On 13 April 2018 the company issued a loan to BlackRock Finco UK Limited. This loan has a principal of £400m, an interest rate of 1.37% and will mature on 24 May 2019.

On 12 June 2018 the company received a loan from BlackRock UK Holdco Limited. This loan has a principal of £180m, an interest rate of 1.17% and will mature on 19 April 2019.

On 5 June 2018 the company received a distribution of £150m from BlackRock Investment Management (UK) Limited. On the same date, the company received a distribution of £150m from BlackRock Advisors (UK) Limited.

On 21 June 2018 the company made a distribution of £570m to BlackRock Finco UK Limited. On the same date, the company made a distribution of £30m to BR Jersey International Holdings LP.

On 22 June 2018 the loan from BlackRock Investment Management Ireland Holdings Limited was extended with a new interest rate of 1.17% and a new maturity date of 22 June 2019.

On 22 June 2018 the loan from BlackRock Luxembourg Holdco S.a.r.l. was extended with a new interest rate of 1.17% and a new maturity date of 22 June 2019.

On 30 June 2018 the loan to BlackRock Finco UK Limited of £510.0m was extended with a new maturity date of 30 June 2019.

On 18 July 2018, a partial early repayment of £6.5m was made in respect of the loan from BlackRock Investment Management Ireland Holdings Limited.

On 13 August 2018 the company's immediate holding company changed to BlackRock Cayman 1 LP.

On 17 August 2018, the following 100% directly held subsidiaries were transferred to another 100% directly held subsidiary - BlackRock Finance Europe Limited ("BRFE"). The consideration was two ordinary shares in BRFE for each subsidiary transferred.

- BlackRock Asset Management Investor Services Limited;
- Grosvenor Ventures Limited;
- BlackRock Asset Management UK Limited;
- BlackRock Advisors (UK) Limited;
- BlackRock Investment Management (UK) Limited;
- Grosvenor Alternate Partner Limited;
- BlackRock Company Secretarial Services (UK) Limited; and
- BlackRock (Netherlands) B.V.