

Registration number: 951043

BlackRock Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



BlackRock Group Limited

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BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2021

The Board of directors ("the Board") presents its Strategic Report for BlackRock Group 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 to act as the United Kingdom holding company of certain companies within the BlackRock group. The Company, through its operating subsidiaries, is engaged in the provision of investment management and advisory 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 Luxembourg.

The Company, its subsidiaries and participation ("the Group") is 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. Consequently, this Strategic Report will focus on both global and regional 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 Group, as part of the global group, will seek 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;
- 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

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- 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 Group's business and the factors determining the level of regulatory capital held has not changed significantly during 2021.

Throughout the year, the Company's subsidiaries have continued to see strong growth in AUM, revenues and profits. The comprehensive product offering and balanced business model of the Company's subsidiaries has allowed the Company (and the group that it heads) to continue to grow despite the volatility driven by the Covid-19 pandemic. This growth was seen primarily through dividend income of £1,340.2m (2020: £687.6m).

Key performance indicators

Profit after tax

Profit after tax increased by 96.8% to £1,320.6m in the year ended 31 December 2021 (2020: £670.9m) predominantly due to increased dividend income.

Net assets

Net assets increased by 7.0% to £1,469.4m at 31 December 2021 (2020: £1,372.8m) reflecting increased retained profits during 2021.

Return on assets

Calculated as net profit divided by total assets, the return on assets ratio for the year was 40.4% (2020: 21.0%) reflecting the increased dividend income.

Principal risks and uncertainties

The Board is responsible for the Group'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 Group'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 Group'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 Group's principal risks and uncertainties are set out as follows:

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

Market risk

Risk description: market risk represents the risk that a significant market downturn will impact the Group'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 Group'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 Group's business model as an asset manager: a significant portion of the Group'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 positions, composition and hedging of FX exposures or investments (if any).

Credit risk

Risk description: credit risk is the risk that a counterparty to the Group 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 Group 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 Group's main corporate bank.

Capital adequacy

Risk description: capital adequacy risk is the risk that the Group 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 Group's regulatory capital requirement is established by reference to the Internal Capital Adequacy and Risk Assessment ("ICARA") undertaken by the Company, as the parent of the Group. 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 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.

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 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:

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

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

Corporate liquidity risk

Risk description: corporate liquidity risk is the risk that the Group 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 Group 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 Group's own tax treatments, policies or procedures are subject to interpretation by tax authorities that differ from the Group's or its advisors' interpretations. This can lead to the Group needing to adjust its structures, practices or strategies.

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

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 Group. 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 Group 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 Group's internal operations across the client and trade lifecycles.
- *Compliance risk:* risk that the Group'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 Group information. Information security risk can also be described as failure to protect the Group 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 Group 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 Group.

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- *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 Group's properties, assets or personnel. This includes: business continuity and continuity management risk - the difficulty to operate at BlackRock's physical locations due to facility impairment 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 Group or its clients from inadequate or failed controls, processes or systems managed or supported by third parties. The Group'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 Group'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 Group for enterprise, portfolio construction, risk management or investment purposes. Model risk includes the risk that models may contain errors, do not work as planned, are applied outside of their valid context, or that their results are misinterpreted to make business decisions.
- *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 Group's reputation (with investors and clients) and lead to increased scrutiny, regulatory oversight, and potential public restatements, fines or fraud.

Risk mitigation: 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 Group's fiduciary obligations to clients and mitigates the risk of poor customer outcomes. The Group 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 Group'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 Group'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.

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

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 Group'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 Group'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.

- *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 Group mitigates strategy/business risk by making extensive efforts to respond to industry uncertainties and business opportunities. The Group also anticipates business environment changes and then implements the necessary changes to generate better outcomes for the Group 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 website address:

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

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

Conduct risk

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

Risk mitigation: conduct risk is present in all of the Group's activities and responsibility for managing conduct risk is embedded throughout the Group'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 Group'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 Group'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 Group. These risks range from regulation of the Group related to the size, to restrictions on activities central to the Group's business model, to certain foreign policies that impact our ability to conduct business, access markets, and expand overseas.

Risks to BlackRock's business and operating activities include:

- *Macprudential 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 FCA. 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 Group.
- *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.

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

- *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.

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 and Compliance department undertakes 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 Group 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 Group faces the risk that decisions made by, or circumstances impacting BlackRock group entities, may either directly impact the Group or may 'spill-over' and have an impact on the Group. 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 Group.

Risk mitigation: group risk is mitigated by the Group's senior management and control functions being represented in the BlackRock Group's global decision-making bodies, and by the Group 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.

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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. 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.

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.

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The interests of the Company's employees

The Company has no employees.

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;
- make sustainable investing BlackRock's standard, providing sustainability-integrated portfolios and making sustainability integral to the way BlackRock manages risk, deepening the integration of environmental, social and governance ("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>

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

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.

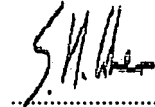
The need to act fairly between members of the Company

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 Group Limited

Directors' Report for the Year Ended 31 December 2021

The Board presents its report together with the audited financial statements of BlackRock Group Limited (registered number: 951043) 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 £1,224.0m (2020: £632.0m) 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 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 Financial Reporting Standard 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 Group 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's subsidiaries and the products which they manage 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.

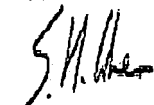
Disclosure of information to the auditors

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 Group Limited

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

Opinion

In our opinion the financial statements of BlackRock Group Limited:

- 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 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 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101.

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 ("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 12 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.

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.

BlackRock Group Limited

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

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 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:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 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.

BlackRock Group Limited

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

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:

Impairment of investments in subsidiaries

The Company has unlisted investments in subsidiaries of £2,239.6m (2020: £3,188.0m), which represents the largest balance within the entity's financial statements, and is the key focus of the users. These investments account for approximately 69% of total assets.

Investments in subsidiaries are held at cost less provision for impairment in line with IAS 27 'Separate financial statements', with the underlying subsidiaries reviewed for impairment indicators annually.

There is a risk that unlisted investments in subsidiaries may not be valued correctly.

See the accounting policy in note 2 of the financial statements.

We obtained and reviewed management's impairment indicator review. We reviewed and challenged managements supporting calculations and their conclusions on the valuation of unlisted investment in subsidiaries.

We performed our own impairment indicator analysis for investments held at year end, and obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value.

Based on the work performed and the evidence obtained, we considered the investments in subsidiaries balance to be appropriately recorded with no impairment.

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;
- 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).

BlackRock Group Limited

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

Report on other legal and regulatory requirements

Opinions on other matters 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 the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

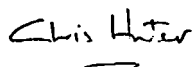
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 Group Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Dividends received	10	1,340,241	687,566
Administrative (expenses)/income		(823)	109
Other gains	5	<u>170</u>	<u>-</u>
Operating profit	5	1,339,588	687,675
Finance income	6	3,568	17,764
Finance costs	6	(20,003)	(28,299)
Net gains on financial instruments held at fair value through profit and loss		172	3
Net (losses)/gains on derivative financial instruments		<u>(1,014)</u>	<u>781</u>
Profit before tax		1,322,311	677,924
Income tax expense	9	<u>(1,703)</u>	<u>(7,061)</u>
Profit for the year		<u><u>1,320,608</u></u>	<u><u>670,863</u></u>

The above results were derived from continuing operations in the UK and the overseas branch.

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

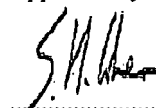
BlackRock Group Limited

(Registration number: 951043)

Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Assets			
Non-current assets			
Investments	10	2,239,642	3,188,014
Current assets			
Trade and other receivables	11	1,021,546	1,172
Income tax asset		-	6,860
Other current financial assets	12	60	64
Cash and cash equivalents	13	8,385	5,642
		<u>1,029,991</u>	<u>13,738</u>
Total assets		<u>3,269,633</u>	<u>3,201,752</u>
Equity and liabilities			
Equity			
Share capital	14	235,166	235,166
Share premium reserve		800,000	800,000
Capital redemption reserve		7,029	7,029
Retained earnings		427,231	330,625
		<u>1,469,426</u>	<u>1,372,820</u>
Non-current liabilities			
Loans and borrowings	15	1,754,524	1,769,524
Current liabilities			
Trade and other payables	16	28,287	59,408
Loans and borrowings	15	15,000	-
Income tax liability		2,396	-
		<u>45,683</u>	<u>59,408</u>
Total liabilities		<u>1,800,207</u>	<u>1,828,932</u>
Total equity and liabilities		<u>3,269,633</u>	<u>3,201,752</u>

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



S Cohen
Director

The notes on pages 22 to 39 form an integral part of these financial statements.

BlackRock Group Limited

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

	Share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	235,166	800,000	7,029	330,625	1,372,820
Profit for the year	-	-	-	1,320,608	1,320,608
Dividends	-	-	-	(1,224,002)	(1,224,002)
At 31 December 2021	<u>235,166</u>	<u>800,000</u>	<u>7,029</u>	<u>427,231</u>	<u>1,469,426</u>

	Share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	235,166	800,000	7,029	291,762	1,333,957
Profit for the year	-	-	-	670,863	670,863
Dividends	-	-	-	(632,000)	(632,000)
At 31 December 2020	<u>235,166</u>	<u>800,000</u>	<u>7,029</u>	<u>330,625</u>	<u>1,372,820</u>

The notes on pages 22 to 39 form an integral part of these financial statements.
Page 21

BlackRock Group 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 years 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 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 20.

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 ultimate parent, BlackRock, Inc.

BlackRock Group 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 12 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 and profitability of the Company and its subsidiaries. The companies that have provided financing to BlackRock Group Limited are under common control. 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 the proven ability of the Company's subsidiaries 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, being at least 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.

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.

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.

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 in which the Company operates and generates taxable income.

BlackRock Group Limited

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

2 Accounting policies (continued)

Impairment of non-financial assets

All 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.

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 Company's rights to receive payment have been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

Return of capital

A return of capital reflects a distribution of original capital back to the shareholder. The receipt of a return of capital is recognised when the distribution clearly constitutes a recovery of the initial investment made.

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).

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.

BlackRock Group Limited

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

2 Accounting policies (continued)

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.

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 5. 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 or losses 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, trade and other receivables and loans are measured at amortised cost using the effective interest method and income is recognised on this basis.

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 or FVTOCI financial assets at FVTPL.

The Company's financial assets measured at FVTPL comprise derivative financial instruments and investments. 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").

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.

BlackRock Group Limited

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

2 Accounting policies (continued)

The Company's financial liabilities at amortised cost are loans and borrowings and 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 5. 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.

Derivative financial instruments

The Company's derivative financial instruments, foreign exchange forward contracts, are measured at FVTPL. In the statement of financial position, derivative financial instruments with positive fair values (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

There are no critical accounting judgements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position 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.

BlackRock Group Limited

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

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

Impairment of non-financial assets

Investments in subsidiaries require an annual impairment review to be completed where indicators of impairment exist, or where indicators suggest that a prior period impairment loss may have reversed.

In assessing the recoverable amount of an asset or CGU 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 weighted average cost of capital, to reflect the risks associated with the asset or CGU.

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 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Foreign exchange losses/(gains)	587	(132)
Gain on disposal of investment in subsidiaries	<u>(170)</u>	<u>-</u>

Refer to note 10 for further details on the gain on disposal of investment in subsidiaries.

6 Finance income and costs

	2021 £ 000	2020 £ 000
Finance income		
Interest income on loan notes receivable from group companies	<u>3,568</u>	<u>17,764</u>
Finance costs		
Interest expense on loan notes payable to group companies	(19,947)	(25,939)
Other finance costs	<u>(56)</u>	<u>(2,360)</u>
Total finance costs	<u>(20,003)</u>	<u>(28,299)</u>

BlackRock Group Limited

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

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Aggregate emoluments	4,755	3,797
Company contributions in respect of defined contribution pension schemes	33	12
	<u>4,788</u>	<u>3,809</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	1,397	1,357
Company contributions in respect of defined contribution pension schemes	4	5
	<u>1,401</u>	<u>1,362</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 Group Limited

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

8 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>112</u>	<u>64</u>
Other fees to the auditor		
Audit of financial statements of any associate of the Company	<u>2,442</u>	<u>2,491</u>

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

9 Income tax

Tax charged in the income statement:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	1,703	1,496
Deferred taxation		
Arising from origination and reversal of temporary differences	-	5,335
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>-</u>	<u>230</u>
Total deferred taxation	<u>-</u>	<u>5,565</u>
Tax expense in the income statement	<u>1,703</u>	<u>7,061</u>

BlackRock Group Limited

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

9 Income tax (continued)

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%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	1,322,311	677,924
Corporation tax at standard rate	251,239	128,805
Decrease from effect of revenues exempt from taxation	(254,595)	(130,668)
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(32)	-
Increase arising from group relief tax reconciliation	3,388	1,862
Increase in current tax from unrecognised temporary difference from a prior period	-	230
Other tax effects for reconciliation between accounting profit and tax expense	1,703	6,832
Total tax charge	1,703	7,061

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.

Deferred tax

Deferred tax movement during the year:

	At 1 January 2021 £ 000	At 31 December 2021 £ 000
Other items	-	-

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Other items	5,565	(5,565)	-

There are no unused tax losses (2020: £1,458,000) and £23,000 unused management expenses (2020: £20,000) for which no deferred tax asset is recognised in the statement of financial position.

BlackRock Group Limited

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

10 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2020	2,331,882
Additions	925,132
Return of Capital	(69,000)
At 31 December 2020	<u>3,188,014</u>
At 1 January 2021	3,188,014
Returns of Capital	(945,104)
Disposals	(3,268)
At 31 December 2021	<u>2,239,642</u>

Details of the subsidiaries and related undertakings as at 31 December 2021 are as follows:

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2021	2020
BlackRock Investment Management (UK) Limited	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management (UK) Limited	Finance company	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 Fund Management Company S.A.*	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 Holdco S.a.r.l.*	Holding company	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Advisors (UK) Limited	Provider of investment management 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 2021 (continued)

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2021	2020
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 Asset Management Deutschland AG	Provider of investment management services	Lenbachplatz 1, Munich, 80333, Germany	100%	100%
iShares (DE) I Investmentaktiengesell- schaft mit Teilgesellsch- aftsvermögen	Provider of investment management services	Lenbachplatz 1, 80333 Munich, 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	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Investment Management (Dublin) Limited*	Provider of central group services	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Asset Management Ireland Limited	Provider of investment management services	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Life Limited	Provider of investment management policies for unit linked pension schemes	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Schweiz AG	Sales and marketing	Bahnhofstrasse 39, CH-8001 Zürich, Switzerland	100%	100%
BlackRock UK Holdco Limited	Holding company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%

BlackRock Group Limited

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

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2021	2020
BlackRock Property Lux S.a.r.l.*	Provider of administrative and advisory services	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Property France SARL*	Provider of administrative and advisory services	16 Rue de quatre septembre, 75002 Paris	100%	100%
BlackRock Channel Islands Holdco Limited	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 Private Equity III GenPar LP	General Partner	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%
BlackRock Growth Markets II SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Infrastructure II SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Private Equity V SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
Mercury Carry Company Limited*	Founder Partner	First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF	100%	100%
Grosvenor Ventures Limited	Investment company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
Mercury Private Equity MUST 3 (Jersey) Limited*	Provider of investment management services as general partner	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
Grosvenor Alternate Partner Limited	Provider of investment management services as general partner	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock First Partner Limited	General Partner	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
St. Albans House Nominees (Jersey) Ltd	Nominee of affiliated companies	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%

BlackRock Group Limited

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

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2021	2020
BlackRock (Slovakia) s.r.o.*	Dormant entity	Karadžičova 8/a, Bratislava - mestská časť Ružinov 821 08, Slovakia	100%	100%
BlackRock Saudi Arabia*	Provider of investment management services	Level 29, Block B, Olaya Towers, P.O. Box 50182, Riyadh 11523, Saudi Arabia	100%	100%
BlackRock Germany GmbH*	Dormant entity	Lenbachplatz 1, Munich, 80333, Germany	100%	100%
BlackRock Hungary Kft*	Provider of investment management and administrative services	1054 Budapest, Kálmán Imre utca 1, Hungary	100%	100%
BlackRock France SAS*	Provider of investment management services	Le Centuriale, 16-18, rue du Quatre Septembre, 75002 Paris, France	100%	100%
BlackRock Pensions Limited	Dormant entity	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Luxembourg GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
GID Program General Partner S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock GP Lux S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
EMMPD Fund I GP S.a.r.l.	General Partner	47, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
Global Infrastructure Solutions 3 Multi-Manager GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
Middle Market Senior Fund GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Company Secretarial Services (UK) Limited*	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 2021 (continued)

10 Investments (continued)

* indicates direct investment of the Company.

During the year, dividends of £1,182,595,000 (2020: £683,100,000) were received from BlackRock Finance Europe Limited ("BRFE"), a dividend of £154,500,000 (2020: nil) was received from BlackRock Luxembourg Holdco S.a.r.l, a dividend of £2,753,000 (2020: nil) was received from BlackRock Fund Management Company S.A. and carried interest of £393,000 (2020: nil) was received from Mercury Carry Company Limited. No dividends were received from BlackRock Investment Management (Dublin) Limited ("BIMD") (2020: £4,466,000) during the year.

During the year, the Company received a £34,390,000 (2020: nil) return of capital from BRFE following the principal repayment of the BlackRock Asset Management (UK) Limited loan notes receivable from BlackRock (Netherlands) B.V.. The Company received a further £910,714,000 return of capital from BRFE in the form of BIM's loan notes receivable from BlackRock Finco UK Limited. No return of capital was received from BlackRock International Limited ("BIL") (2020: £69,000,000) during the year.

During the year, the Company disposed of its direct investment in BlackRock Europe Development Management Limited. This resulted in a gain on disposal of £0.2m which was recognised within other gains in the income statement.

During the year, the trade and assets of BIMD were transferred to another wholly owned subsidiary, BlackRock Asset Management Ireland Limited in exchange for cash consideration based on the net book value of the assets transferred.

Associates

Details of the associates as at 31 December 2021 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
Scalable Capital GmbH	Digital investment manager	Prinzregentenstraße 48, 80538 München, Germany	29.5%	/ 33.0%
			33.5%	38.0%

All of the above direct investment subsidiaries and associates are recorded at cost or, following the adoption of FRS 101, elected cost. No impairment has been recognised against any subsidiary or associate.

11 Trade and other receivables

	31 December 2021	31 December 2020
	£ 000	£ 000
Amounts due from group companies	111,546	1,172
Loans due from group companies	910,000	-
	<u>1,021,546</u>	<u>1,172</u>

BlackRock Group Limited

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

11 Trade and other receivables (continued)

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 £109,165,000 (2020: £29,800,000 payable) in relation to this arrangement is included within amounts due from group companies.

Included within trade and other receivables is a loan note receivable from BlackRock Finco UK Limited. Interest is payable semi-annually on 31 March and 30 September at an annual rate of 0.94%. The principal amount is repayable on demand or upon maturity on 29 March 2024.

All other amounts due from group companies are unsecured, interest free and repayable on demand. Of the amounts due from group companies above, £109,166,000 (2020: £1,073,000) is due from the Company's subsidiaries and £2,380,000 (2020: £99,000) is due from other group companies.

12 Other current financial assets

	31 December 2021 £ 000	31 December 2020 £ 000
Financial assets at fair value through profit and loss	<u>60</u>	<u>64</u>

13 Cash and cash equivalents

	31 December 2021 £ 000	31 December 2020 £ 000
Cash at bank	8,385	5,637
Short-term deposits	<u>-</u>	<u>5</u>
	<u>8,385</u>	<u>5,642</u>

14 Share capital

Allotted, called up and fully paid shares

	No. 000	2021 £ 000	No. 000	2020 £ 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	<u>44,681,615</u>	<u>117,583</u>	<u>44,681,615</u>	<u>117,583</u>
	<u>47,033,279</u>	<u>235,166</u>	<u>47,033,279</u>	<u>235,166</u>

BlackRock Group Limited

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

15 Loans and borrowings

	31 December 2021 £ 000	31 December 2020 £ 000
Non-current loans and borrowings		
Loans due to group companies	1,754,524	1,769,524
	31 December 2021 £ 000	31 December 2020 £ 000
Current loans and borrowings		
Loans due to group companies	15,000	-

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	31 December 2021 £ 000	31 December 2020 £ 000
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	-	180,000
BlackRock (Luxembourg) S.A.	1.19%	26/06/2023	-	132,565
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	-	109,612
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	-	157,347
BlackRock (Luxembourg) S.A.	1.05%	31/03/2022	-	200,000
BlackRock (Luxembourg) S.A.	1.06%	31/03/2022	-	75,000
BlackRock (Luxembourg) S.A.	1.35%	01/07/2026	854,524	-
BlackRock Investment Management (UK) Limited	0.57%	31/03/2023	900,000	900,000
BlackRock UK Holdco Limited	2.12%	20/03/2022	15,000	15,000
			1,769,524	1,769,524

The Company is a designated borrower on a \$4.4bn five year revolving syndicated bank facility, with a reserved capacity of \$600m. No consent of the lending banks is required for BlackRock Inc. and the Company to jointly increase the reserved capacity up to \$1bn. The facility is extended annually subject to market conditions.

The Company is also a designated borrower on an internal \$600m five year revolving credit facility provided by BlackRock Financial Management, Inc. This facility is also extended annually.

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

BlackRock Group Limited

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

16 Trade and other payables

	31 December 2021 £ 000	31 December 2020 £ 000
Amounts due to group companies	27,985	59,245
Other payables	302	163
	<u>28,287</u>	<u>59,408</u>

Excluding the loan notes detailed in note 15, all amounts due to group companies are unsecured, interest free and repayable on demand. Of the amounts due to group companies above, £27,985,000 (2020: £59,245,000) is due to the Company's subsidiaries.

17 Dividends

	31 December 2021 £ 000	31 December 2020 £ 000
Interim dividend of £0.02602 (2020: £0.01344) per ordinary share	<u>1,224,002</u>	<u>632,000</u>

18 Financial instruments

Financial assets measured at fair value

	31 December 2021 £ 000	31 December 2020 £ 000
Assets designated as fair value through the profit and loss - other current financial assets	<u>60</u>	<u>64</u>

Financial liabilities measured at fair value

	31 December 2021 £ 000	31 December 2020 £ 000
Derivatives held for trading - foreign exchange forward contracts	<u>279</u>	<u>149</u>

At the statement of financial position 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.

There were no changes to the valuation techniques during the period.

BlackRock Group Limited

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

19 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 7. 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.

20 Parent and ultimate parent undertaking

The Company's immediate holding company is BlackRock Cayman West Bay IV Limited. 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.

21 Non adjusting events after the financial period

In March 2022, the Company made a £15,000,000 principal repayment of the intercompany loan payable to BlackRock UK Holdco Limited.

The loan of £900,000,000 due to group company BIM and included within loans and borrowings (note 15) was extended after the statement of financial position date to mature on 29 March 2024, with a revised annual interest rate of 2.468%. All other terms relating to this loan remain unchanged.