

Registration number: 01550489

BlackRock UK Holdco Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



BlackRock UK Holdco Limited

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BlackRock UK Holdco Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their Strategic Report for BlackRock UK Holdco Limited ("the company") for the year ended 31 December 2018.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$5.976tn in assets under management ("AUM"), at 31 December 2018. With approximately 14,900 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment and technology services to institutional and retail clients worldwide.

There have not been any significant changes in the company's principal activities in the period under review and the directors propose that the principal activities will continue during 2019

Key performance indicators

Profit after tax

Profit for the year increased by 6.5% to £37.7m in 2018 (2017: £35.4m). This is primarily due to increased dividend income in the current year.

Net assets

Net assets increased by 410% to £555.6m in 2018 (2017: £108.9m). During the year, the company issued one share in exchange for loan notes and interest totalling £267.5m. Additionally, the company received a capital contribution of £180.0m. The remaining increase is due to profits for the year, offset by dividends paid.

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

Principal risks and uncertainties

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

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

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

Balance sheet risk

Credit risk arises in relation to loans receivable and surplus cash held in bank accounts. The company minimises exposure to credit risk with respect to loans receivable by actively pursuing settlement of outstanding balances within the terms and conditions of the underlying agreement.

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

BlackRock UK Holdco Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Market risk

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

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

The company is exposed to foreign exchange risk on all income and expenditure that arise in currencies other than sterling. The company is also exposed to foreign exchange risk on the revaluation of any non-sterling net assets.

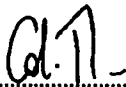
Geopolitical risk

Since the Brexit vote in 2016, BlackRock has undertaken a thorough review of how the United Kingdom's exit from the EU might impact our business and operations in Europe. The United Kingdom remains our EMEA headquarters and will continue to be a high priority in the region.

BlackRock operates a cross functional steering committee who monitor developments in relation to Brexit, ensuring the company is positioned to deal with all potential outcomes and can continue to meet our clients' needs post-Brexit.

The Board, having considered the impact of Brexit, does not believe there to be a material impact on the fair value or carrying amount of the assets and liabilities on its balance sheet.

Approved by the Board on 14 August 2019 and signed on its behalf by:



.....
C Thomson
Director

BlackRock UK Holdco Limited

Directors' Report for the Year Ended 31 December 2018

The Board presents its report together with the audited Financial Statements of BlackRock UK Holdco Limited (registered number: 01550489) for the year ended 31 December 2018.

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.

Principal activity

The principal activity of the company is that of a holding company for certain Swiss and Channel Islands entities within the BlackRock, Inc. group.

Dividends

A dividend of £38.4m was paid during the financial year (2017: £Nil)

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:

N Fleming (resigned 31 January 2019)

C McDonald

C Thomson

The following director was appointed after the year end:

O Al-Alawi (appointed 13 February 2019)

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 FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

BlackRock UK Holdco Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Going concern

The directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2018 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

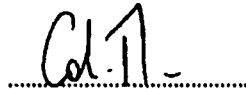
Disclosure of information to the auditors

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

Reappointment of auditors

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

Approved by the Board on 14 August 2019 and signed on its behalf by:



C Thomson
Director

BlackRock UK Holdco Limited

Independent Auditor's Report to the Members of BlackRock UK Holdco Limited

Opinion

In our opinion the financial statements of BlackRock UK Holdco Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related Notes to the Financial Statements 1 to 17.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

BlackRock UK Holdco Limited

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

BlackRock UK Holdco Limited

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

Matters on which we are required to report by exception

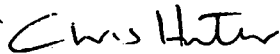
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

14 August 2019

BlackRock UK Holdco Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Income from investments in group companies		37,053	34,795
Administrative expenses		<u>-</u>	<u>16</u>
Operating profit	4	37,053	34,811
Interest receivable and similar income	7	1,428	1,334
Interest payable and similar charges	8	<u>(795)</u>	<u>(795)</u>
Profit before tax		37,686	35,350
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the year		<u><u>37,686</u></u>	<u><u>35,350</u></u>

The company has no other comprehensive income other than the results above. Consequently, no statement of comprehensive income for the year ended 31 December 2018 has been presented.

Operating profit derives wholly from continuing operations.

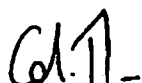
The notes on pages 11 to 22 form an integral part of these financial statements.

BlackRock UK Holdco Limited

(Registration number: 01550489)
Balance Sheet as at 31 December 2018

	Note	31 December 2018 £ 000	31 December 2017 £ 000
Fixed assets			
Investments	10	98,206	98,206
Current assets			
Debtors: amounts falling due within one year	11	448,267	-
Cash and cash equivalents		<u>38,349</u>	<u>39,869</u>
		486,616	39,869
Creditors: amounts falling due within one year	12	<u>(199)</u>	<u>(210)</u>
Net current assets		<u>486,417</u>	<u>39,659</u>
Total assets less current liabilities		584,623	137,865
Creditors: amounts falling due after more than one year			
Loans and borrowings	13	<u>(29,000)</u>	<u>(29,000)</u>
Net assets		<u>555,623</u>	<u>108,865</u>
Capital and reserves			
Called up share capital	14	700	700
Share premium reserve		330,431	62,961
Other reserves		180,000	-
Profit and loss account		<u>44,492</u>	<u>45,204</u>
Shareholders' funds		<u>555,623</u>	<u>108,865</u>

Approved by the Board on 14 August 2019 and signed on its behalf by:



.....
C Thomson
Director

BlackRock UK Holdco Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Share premium reserve £ 000	Other reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	700	62,961	-	45,204	108,865
Profit for the year	-	-	-	37,686	37,686
Dividends	-	-	-	(38,398)	(38,398)
Issue of share capital	-	267,470	-	-	267,470
Capital contribution	-	-	180,000	-	180,000
At 31 December 2018	<u>700</u>	<u>330,431</u>	<u>180,000</u>	<u>44,492</u>	<u>555,623</u>

During the year, the company issued one share in exchange for loan notes and interest totalling £267.5m. Additionally, the company received a capital contribution of £180.0m.

	Share capital £ 000	Share premium reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	700	102,961	(30,146)	73,515
Profit for the year	-	-	35,350	35,350
Share premium conversion	-	(40,000)	40,000	-
At 31 December 2017	<u>700</u>	<u>62,961</u>	<u>45,204</u>	<u>108,865</u>

In September 2017, £40.0m of share premium reserve was converted to retained earnings.

The notes on pages 11 to 22 form an integral part of these financial statements.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The company is a private company limited by share capital, incorporated and domiciled in Scotland, 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 14 August 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 ("FRS 100") as issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ended 31 December 2018 the company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. 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 16.

Exemption from preparing group accounts

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

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

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (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 2, along with key risks facing the company.

In assessing the company's going concern status, the directors have taken into account the above factors, including the financial position of the company and in particular the significant net asset position. The company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This provides the directors with the confidence that the company is well placed to manage its business risks successfully.

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

Changes in accounting policy - adoption of new standards

Adoption of IFRS 9 Financial Instruments

In the current year the company has applied IFRS 9 (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets, for general hedge accounting and for impairment of financial assets. IFRS 9 supersedes the guidance contained in IAS 39 Financial Instruments: Recognition and Measurement. The company has applied IFRS 9 in accordance with the transitional provisions set out in IFRS 9 and has elected not to restate comparatives on initial application of IFRS 9.

Based on an analysis of the company's financial assets and financial liabilities as at 1 January 2018 and on the facts and circumstances that existed at that date, the directors have assessed the impact of IFRS 9 to the company's financial statements as follows:

Classification and measurement:

Financial liabilities

Under IFRS 9 financial liabilities are measured at amortised cost or fair value (with changes in fair value recognised in profit and loss or other comprehensive income). The adoption of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

Financial assets

IFRS 9 eliminates the previous IAS 39 asset categories of held to maturity, loans and receivables and available for sale. Under IFRS 9 all recognised financial assets are required to be subsequently measured at amortised cost or fair value (with changes in fair value reflected through the profit and loss or other comprehensive income).

Under IFRS 9, the classification of financial asset debt instruments depends on both the company's business model for managing the debt instruments and the contractual cash flow characteristics of the debt instruments. The business model assessment looks at whether a business will manage its financial assets to generate cash flows from collecting the contractual cash flows, selling the financial asset or both. The contractual cash flow test considers whether the cash flows an entity receives on the instrument are made up solely of payments of principal and interest ("SPPI") or not.

The impact of the new classification and measurement guidelines on the company's financial assets is as follows:

- Loans and receivables carried at amortised cost under IAS 39 are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be measured at amortised cost.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Impairment:

The new impairment requirements are based on an expected credit loss ("ECL") model and replace the incurred loss model under IAS 39. The ECL model anticipates impairment losses by recognising them before they are realised. The impact of the new impairment guidelines on the company are as follows:

- The application of the new impairment requirements under IFRS 9 has not had a material impact 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Interest income

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

Tax

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

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

Investments

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

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

Dividends

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

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use represents the present value of projected future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate based upon the risk adjusted BlackRock, Inc. weighted average cost of capital.

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

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

Financial instruments

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

Recognition and measurement

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

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

Financial assets

Classification

The company classifies and subsequently measures its financial assets into one of the categories discussed below depending on the nature and purpose of the financial assets acquired. This is determined at the time of initial recognition.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Amortised cost and effective interest method

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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

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"). ECLs are defined as the difference between the contractual cash flows that are due in accordance with the contract and the cash flows that the company expects to receive, discounted at the original effective interest rate.

Based on the analysis at the end of the reporting period, the impairment on the company's assets are considered to be immaterial and no allowance has been recognised in the financial statements.

Derecognition of financial assets

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

On derecognition of a financial asset (measured at amortised cost) in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Derecognition of financial liabilities

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

Reclassification of financial assets and liabilities

Financial assets are reclassified under IFRS 9 only when the company's business model for managing financial assets change. In this situation all affected financial assets should be reclassified according to the basic classification and measurement criteria of IFRS 9.

Financial liabilities cannot be reclassified under IFRS 9.

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

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

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

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. There have been no estimates or assumptions made in the reporting period.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

4 Operating profit

Arrived at after charging/(crediting):

	2018 £ 000	2017 £ 000
Foreign exchange gains	-	(26)

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Aggregate emoluments	5	5
Company contributions in respect of defined contribution pension schemes	-	1
	<u>5</u>	<u>6</u>

Of the 3 (2017: 3) directors that served during the year, no directors were remunerated by the company (2017: no directors). The amounts included above relate to their service as directors of the company based on an estimated time allocation basis.

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

	2018 No.	2017 No.
Received or were entitled to receive shares under service condition based schemes	3	3
Accruing benefits under defined contribution pension scheme	<u>2</u>	<u>2</u>

During the year, no directors (2017: no directors) exercised BlackRock, Inc. share options.

6 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>15</u>	<u>12</u>

The audit fee was borne by another group company in the current and prior period.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Interest receivable and similar income

	2018	2017
	£ 000	£ 000
Interest income on loans due from group companies	<u>1,428</u>	<u>1,334</u>

Loan notes receivable are detailed in note 13.

8 Interest payable and similar charges

	2018	2017
	£ 000	£ 000
Interest payable on loans due to group companies	<u>795</u>	<u>795</u>

Loan notes payable are detailed in note 15.

9 Income tax

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018	2017
	£ 000	£ 000
Profit before tax	<u>37,686</u>	<u>35,350</u>
Corporation tax at standard rate	7,160	6,804
Increase (decrease) from effect of revenues exempt from taxation	(7,040)	(6,697)
Increase (decrease) arising from group relief tax reconciliation	<u>(120)</u>	<u>(107)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2018	<u>98,206</u>
At 31 December 2018	<u>98,206</u>
Carrying amount	
At 31 December 2018	<u>98,206</u>
At 31 December 2017	<u>98,206</u>

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
BlackRock Asset Management Schweiz AG*	Institutional asset management research, analysis and advisory	Bahnhofstrasse 39, 8001, Zurich, Switzerland	100%	100%
BlackRock Growth Markets II SGP Limited	Founding and general partner in limited partnership	Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands	100%	100%
BlackRockPrivate Infrastructure II SGP Limited	Founding and general partner in limited partnership	Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands	100%	100%
Swiss Re Private Equity Partners V SGP Limited	Founding and general partner in limited partnership	Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands	100%	100%
BlackRock Private Equity III GenPar LP Limited	Founding and general partner in limited partnership	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
BlackRock Channel Islands Holdco Limited*	Holding Company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock (Channel Islands) Limited	Provision of investment management and administrative services for institutional and collective investment funds	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
St Albans House Nominees (Jersey) Limited	Nominee Company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock First Partner Limited	General Partner	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%

* indicates direct investment of the company

11 Debtors: amounts falling due within one year

	31 December 2018 £ 000	31 December 2017 £ 000
Amounts due from group companies	1,308	-
Loans due from group companies	446,959	-
	<u>448,267</u>	<u>-</u>

				2018 £000	2017 £000
Group Company	Description	Interest Rate	Maturity		
BlackRock Group Limited	UK Holdco - BGL note 1	1.17%	19 April 2019	180,000	-
BlackRock Group Limited	UK Holdco - BGL note 2	1.17%	22 June 2019	109,612	-
BlackRock Group Limited	UK Holdco - BGL note 3	1.17%	22 June 2019	157,347	-
				<u>446,959</u>	<u>-</u>

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Debtors: amounts falling due within one year (continued)

During the year, the company issued one share in exchange for loan notes and interest totalling £267.5m. The company also issued a loan of £180.0m following a capital contribution from BlackRock Luxembourg Holdco S.à.r.l.

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

12 Creditors: amounts falling due within one year

	31 December 2018 £ 000	31 December 2017 £ 000
Amounts due to group companies	<u>199</u>	<u>210</u>

13 Loans and borrowings

	31 December 2018 £ 000	31 December 2017 £ 000
Loans and borrowings		
Amounts due to group companies	<u>29,000</u>	<u>29,000</u>

Group Company	Description	Interest Rate	Maturity	2018 £000	2017 £000
BlackRock Finance Europe Limited	Tranche 3A	2.74%	30 September 2023	26,600	26,600
BlackRock Finance Europe Limited	Tranche 3B	2.74%	30 September 2023	2,400	2,400
				<u>29,000</u>	<u>29,000</u>

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

14 Share capital

Authorised, called up and fully paid shares

	No. 000	2018 £ 000	No. 000	2017 £ 000
Ordinary shares of £1 each	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>

During 2018, the company issued one share with a par value of £1, resulting in share premium of £267.5m.

BlackRock UK Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 Related party transactions

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

Details of Directors' emoluments are set out in note 5. There are no personnel other than Directors, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the company.

16 Parent and ultimate parent undertaking

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

17 Post balance sheet events

In March 2019, loan notes 1,2 and 3 with BlackRock Group Limited were extended with a new maturity date of 30 November 2020.

In June 2019, the company received: a capital contribution of £100.0m from BlackRock Luxembourg Holdco S.à.r.l; a dividend of £63.1m from BlackRock Asset Management Schweiz AG; and a dividend of £12.0m from BlackRock Channel Islands Holdco Limited. An amount of £200.0m was subsequently loaned to BlackRock Group Limited.