Registration number: 05853856

BlackRock Finco UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

BlackRock Finco UK Limited

Contents

BlackRock Finco UK Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for BlackRock Finco UK 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, risk management and technology services to institutional and retail clients worldwide.

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

Corporate strategy
Corporate strategy is developed and reviewed at a global and regional level. The company acts as an intermediate holding and finance company. The Strategic Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the company provides.

Industry Profile
Global
BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes 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, Cachematrix and FutureAdvisor, 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. We do not engage in proprietary trading activities that could conflict with the interests of our clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, with a regionally focused business model. Our footprints in the Americas, EMEA and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver our 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 while at the same time using local distribution presence to deliver solutions for clients. Furthermore, our structure facilitates strong teamwork globally across both functions and regions in order to enhance our ability to leverage best practices to serve our clients and continue to develop our talent.

Clients include tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals and other government entities; taxable institutions, including insurance companies, financial institutions, corporations and third-party fund sponsors, and retail investors.

BlackRock's Retail strategy is focused on an outcome-oriented approach to creating client solutions, including alpha-seeking active, index and alternative products, enhanced distribution, portfolio construction and technology offerings. Digital wealth tools are an important component of BlackRock's retail strategy, as BlackRock scales and customizes model portfolios, extends Aladdin Wealth and digital wealth partnerships globally, and helps advisors build better portfolios through portfolio construction, powered by Aladdin®.

iShares® ETFs growth strategy is centred on increasing scale and pursuing global growth themes in client and product segments, including Core, Financial Instruments and Precision Exposures, and Fixed Income, Smart Beta and Sustainable ETFs. BlackRock believes iShares® growth will continue to be driven by structural tailwinds for the ETF industry, including the growth of fee-based wealth management, ETFs as alpha tools, all-to-all networked trading and client focus on value for money.

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

BlackRock continues to invest in technology services offerings, which enhance the ability to generate alpha, effectively serve clients and operate efficiently. BlackRock's technology portfolio includes Aladdin® and Aladdin Wealth, FutureAdvisor, Cachematrix and eFront as well as minority investments in Scalable Capital, iCapital, Acorns and Envestnet.

Key Performance Indicators

Profit after tax
Profit/loss after tax has increased by $1,230.9m from a loss of $105.1m in 2017 to a profit of $1,125.8m in 2018, driven by increased dividends received from investments in group companies.

Net assets
Net assets have increased by $219.0m from $11,889.4m in 2017 to $12,108.4m in 2018. Incoming dividends were utilised to fund new intercompany loans, partially offset by a downward revaluation of other investments.

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 accounts receivable, surplus cash held in bank accounts and other asset investments. Intercompany balances are managed centrally and agreed upon and settled on a regular basis.

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.

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.

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 net positions attributable to changes in foreign exchange rates.

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

Foreign currency balances are monitored by various Finance teams, including Treasury, in line with the company's tolerance for market risk in relation to foreign exchange. The company uses derivative financial instruments to economically hedge its risk associated with foreign exchange movements.

Geopolitical risk
Since the UK's vote on Brexit in 2016, BlackRock has undertaken a thorough review of how the UK's exit from the European Union ("EU") will impact its business and operations in Europe. BlackRock has an established cross-functional Brexit Steering Committee that is coordinating its response to Brexit, ensuring the company can continue to meet its clients' needs post-Brexit.

BlackRock has planned and continues to implement steps for a no-deal Brexit whilst retaining the flexibility to continue its existing strategy if a deal is reached through the transition period. The impact of Brexit is not considered to represent a key risk to the company.

Capital management
The company's objectives when managing capital are:
• to safeguard the company's ability to continue as a going concern; and
• to maintain financial strength to support new business growth.

The company takes into account the amount of its capital resources, distributable reserves and cash position when making any decision to pay a dividend, thus ensuring that the company is able to continue as a going concern.

Approved by the Board on 26 September 2019 and signed on its behalf by:

....
M Comerchero
Director

BlackRock Finco UK Limited

Directors' Report for the Year Ended 31 December 2018

The board of directors (the "Board") presents its report together with the audited financial statements of BlackRock Finco UK Limited (registered number: 05853856) 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 to act as an intermediate holding and finance company.

Dividends
Dividends of £23.5m were paid in 2018 (2017: nil).

Directors and officers of the company
The directors, who held office during the year, were as follows:

J Feliciani (resigned 23 March 2018)

C Thomson

N Fleming (resigned 31 January 2019)

M Comerchero (appointed 28 March 2018)

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.

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

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

Approved by the Board on 26 September 2019 and signed on its behalf by:

....

M Comerchero
Director

BlackRock Finco UK Limited

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

Opinion

In our opinion the financial statements of BlackRock Finco UK Limited (the 'company'):

- 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 Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related Notes to the Financial Statements 1 to 20

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

Independent Auditor's Report to the Members of BlackRock Finco UK 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.

Independent Auditor's Report to the Members of BlackRock Finco UK 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

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

26 September 2019

BlackRock Finco UK Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 $ 000	2017 $ 000
Dividends received from investments in group companies	10	1,356,652	127,317
Administrative income/(expenses)		94,341	(66,363)
Operating profit	4	1,450,993	60,954
Interest receivable and similar income	7	14,966	100
Interest payable and similar charges	8	(228,740)	(225,842)
Net (losses)/gains on derivative financial instruments		(111,416)	59,646
Profit/(loss) before tax		1,125,803	(105,142)
Tax on profit/(loss) on ordinary activities	9	-	-
Profit/(loss) for the year		1,125,803	(105,142)

Results are derived wholly from continuing operations.

BlackRock Finco UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 $ 000	2017 $ 000
Profit/(loss) for the year		1,125,803	(105,142)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of other investments at fair value through other comprehensive income	10	(915,134)	3,631,727
Total comprehensive income/(loss) for the year		210,669	3,526,585

The notes on pages 13 to 31 form an integral part of these financial statements.

BlackRock Finco UK Limited

(Registration number: 05853856)
Balance Sheet as at 31 December 2018

	Note	31 December 2018 $ 000	31 December 2017 $ 000
Fixed assets			
Other investments	10	15,034,918	15,950,052
Current assets			
Debtors: amounts falling due within one year	11	557,788	43,734
Debtors: amounts falling due after one year	12	1,100,000	464
Cash and cash equivalents		35,868	61,661
		1,693,656	105,859
Creditors: amounts falling due within one year	13	(1,204,224)	(1,694,699)
Net current assets/(liabilities)		489,432	(1,588,840)
Total assets less current liabilities		15,524,350	14,361,212
Creditors: amounts falling due after more than one year			
Loans and borrowings	14	(3,415,919)	(2,471,792)
Net assets		12,108,431	11,889,420
Capital and reserves			
Called up share capital	15	206,593	206,593
Share premium reserve		3,497,696	3,465,810
Other reserves		6,947,345	7,862,479
Profit and loss account		1,456,797	354,538
Shareholders' funds		12,108,431	11,889,420

Approved by the Board on 26 September 2019 and signed on its behalf by:

M Comerchero
Director

The notes on pages 13 to 31 form an integral part of these financial statements.

BlackRock Finco UK Limited

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

	Share capital $ 000	Share premium reserve $ 000	Other reserves $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2018	206,593	3,465,810	7,862,479	354,538	11,889,420
Profit for the year	-	-	-	1,125,803	1,125,803
Other comprehensive loss	-	-	(915,134)	-	(915,134)
Total comprehensive loss	-	-	(915,134)	1,125,803	210,669
Dividends	-	-	-	(23,544)	(23,544)
New share capital subscribed	-	31,886	-	-	31,886
At 31 December 2018	206,593	3,497,696	6,947,345	1,456,797	12,108,431

	Share capital $ 000	Share premium reserve $ 000	Other reserves $ 000	Profit and loss account $ 000	Total $ 000
At 1 January 2017	206,593	3,465,810	4,230,752	459,680	8,362,835
Loss for the year	-	-	-	(105,142)	(105,142)
Other comprehensive income	-	-	3,631,727	-	3,631,727
Total comprehensive income	-	-	3,631,727	(105,142)	3,526,585
At 31 December 2017	206,593	3,465,810	7,862,479	354,538	11,889,420

The notes on pages 13 to 31 form an integral part of these financial statements.

1 General information

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

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

These financial statements were authorised for issue by the Board on 26 September 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 any 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 19.

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 3, 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 ongoing dividend stream generated by its investments. The company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This, together with its proven ability to generate cash from operations, provides the directors with the confidence that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Changes in accounting policy - adoption of new standards

Adoption of IFRS 9 Financial Instruments

In the current period the company has applied International Financial Reporting Standard 9 Financial Instruments (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.

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 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. Equity investments are measured as fair value through profit or loss ("FVTPL") unless an election is made to classify as fair value through other comprehensive income ("FVTOCI").

2 Accounting policies (continued)

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.

• Equity investments categorised as available for sale and measured at FVTOCI under IAS 39 are measured at fair value under IFRS 9. The company has made an irrevocable election to classify this investment as FVTOCI under IFRS 9. The change in fair value of the investment continues to accumulate in the investment revaluation reserve.

• There were no financial assets which the company has previously designated as FVTPL under IAS 39 that were subject to reclassifications, or which the company has elected to reclassify upon adoption of IFRS 9. The adoption of IFRS 9 has had no impact on the measurement of the company's financial assets.

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 measurement of the company's financial liabilities.

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 requirements under IFRS 9 has not had a material impact on the financial statements.

Hedge accounting:

The company does not apply hedge accounting. The application of the IFRS 9 hedge accounting requirements therefore did not have an impact on the company's financial statements.

Foreign currency transactions and balances

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

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Interest income

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

Tax

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

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

2 Accounting policies (continued)

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

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

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

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

Dividends

Dividend income from investments is recognised when the shareholders' 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.

Other investments

Other investments comprises an equity investment in another group company. Equity investments are designated as FVTOCI and are carried at fair value.

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.

2 Accounting policies (continued)

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 and 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. 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.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:
• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.
Despite the above, the company may make the following irrevocable election/designation at initial recognition of a financial asset:
• the company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below); and
• the company may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income ("FVTOCI") criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below).

2 Accounting policies (continued)

Amortised cost and effective interest method
The company's financial assets measured at amortised cost comprise trade and other receivables, loans, 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.

Financial assets at FVTOCI
The company's financial assets measured at FVTOCI comprise a minority holding equity investment and some seed investments.

On initial recognition, the company made an irrevocable election to designate its equity investment as FVTOCI rather than through the profit and loss as the company considers this measurement to be more representative of the business model for these assets. This is only permitted if the investment is not held for trading nor is it a contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

Investments in equity at FTVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to the profit and loss on disposal of the equity investment, instead they will be transferred to retained earnings. Fair value is determined in the manner described in note 17. Dividends are recognised in the profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

2 Accounting policies (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are classified as FVTPL, specifically when the financial asset is either held for trading or it is designated as FVTPL.

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

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

The company's financial assets measured at FVTPL comprise derivative financial instruments.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 17.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:
• for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and disclosed in note 4;
• for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and disclosed in note 4; and
• for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

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.

As permitted by IFRS 9, impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of the non payment of the trade receivables is assessed using the single loss-rate approach.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where credit risk has not increased significantly since initial recognition, twelve month expected credit losses are recognised. For those where credit risk has increased significantly, lifetime expected credit losses are recognised.

2 Accounting policies (continued)

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

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 and loss. For financial assets at FVTOCI, the cumulative gain or loss that had previously been accumulated in revaluation reserve is reclassified to profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risk and rewards of ownership and the company retains control), the company allocates the previous carrying amounts of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of transfer.

On derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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.

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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or FVTPL.

2 Accounting policies (continued)

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

• it has been acquired principally for the purpose of repurchasing it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

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

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The company's financial liabilities at FVTPL comprise derivative financial instruments.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net gains/(losses) on financial instruments held at fair value through profit or loss'. Fair value is determined in the manner described in note 17.

Other financial liabilities

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in in profit or loss, note 4, for financial liabilities that are not part of a designated hedging relationship. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

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.

2 Accounting policies (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined as follows:

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

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

There are no critical judgements, apart from those involving estimations (which are dealth with separately below), that the directors have made in the process of applying the Company's accounting policies.

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

Key sources of estimation uncertainty

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

Fair value assets and liabilities

In accordance with IFRS 9, Financial Instruments, certain assets and liabilities on the balance sheet are measured at fair value. These items are measured in accordance with IFRS 13, Fair Value Measurement. IFRS 13 requires the application of judgement to best estimate the future cash flows, cost of equity and, in certain instances, the application of any discount for lack of marketability. Full details are set out in note 17.

4 Operating profit

Arrived at after crediting / charging:

	2018 $ 000	2017 $ 000
Foreign exchange (gains) / losses	(94,343)	66,410

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 $ 000	2017 $ 000
Aggregate emoluments	7	5

Of the 4 (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	4	3
Received or were entitled to receive shares under market performance based schemes	1	-
Accruing benefits under defined contribution pension scheme	2	1

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

6 Auditors' remuneration

Auditors' remuneration for the audit of the financial statements was $23,000 (2017: $22,000). This was borne by another group company in the current and preceding year.

7 Interest receivable and similar income

	2018 $ 000	2017 $ 000
Loan interest receivable	14,966	100

8 Interest payable and similar charges

	2018 $ 000	2017 $ 000
Interest payable on loan notes payable to group companies	228,740	225,842

9 Income tax

The total tax charge for 2018 is nil (2017: nil). 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 $ 000	2017 $ 000
Profit/(loss) before tax	1,125,803	(105,142)
Corporation tax at standard rate	213,903	(20,236)
Increase (decrease) from effect of revenues exempt from taxation	(257,764)	(24,504)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	2,041	3,125
Increase (decrease) from tax losses for which no deferred tax asset was recognised	(1,277)	1,243
Increase (decrease) arising from group relief tax reconciliation	43,097	129,996
Increase (decrease) in current tax from unrecognised temporary difference from a prior period	-	(89,624)
Total tax charge/(credit)	-	-

The Finance Act 2016 reduced the UK corporation tax rate to 17% with effect from 1 April 2020. Accordingly, as both the 19% and 17% rates were enacted as at the Balance Sheet date, these rates applied in the measurement of the deferred tax balances as at 31 December 2018 depending on when the temporary differences are expected to reverse.

9 Income tax (continued)

Deferred tax

There are $2,020,000 of unused tax losses (2017 - $2,146,000) for which no deferred tax asset is recognised in the balance sheet.

10 Other investments

Fair value through other comprehensive income

	31 December 2018 $ 000	31 December 2017 $ 000
Carrying amount		
At 1 January	15,950,052	12,318,325
Fair value adjustments	(915,134)	3,631,727
At 31 December	15,034,918	15,950,052

Other investments represents the Class B Ordinary shares of BlackRock Group Limited which are unlisted and have no fixed maturity or coupon rate. For details on the valuation approach, please refer to note 17.

During the year dividends of $1,356.7m (2017: $127.3m) were received from BlackRock Group Limited.

11 Debtors: amounts falling due within one year

	31 December 2018 $ 000	31 December 2017 $ 000
Amounts due from group companies	39,974	34,062
Loans due from group companies	512,104	-
Loans due from third parties	245	-
Amounts receivable on derivative financial instruments	5,443	9,672
Corporation tax asset	22	-
	557,788	43,734

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

The breakdown of loans due from third parties is as follows:

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

Counterparty	Interest Rate	Maturity	2018 $ 000	2017 $ 000
London Wall Investment Warehouse 01 Limited	0%	31 December 2019	229	-
Law Debenture Trustees Limited	0%	N/A	16	-
			245	-

12 Debtors: amounts falling due after one year

	2018 $ 000	2017 $ 000
Loans due from group companies	1,100,000	-
Loans to third parties	-	464
	1,100,000	464

13 Creditors: amounts falling due within one year

	31 December 2018 $ 000	31 December 2017 $ 000
Loans due to group companies	1,158,974	1,634,028
Amounts payable on derivative financial instruments	-	4,904
Amounts due to group companies	45,250	55,767
	1,204,224	1,694,699

All amounts due to group companies are unsecured and are repayable on demand (excluding those specified in note 14 below).

14 Loans and borrowings

	31 December 2018 $ 000	31 December 2017 $ 000
Non-current loans and borrowings		
Loans due to group companies	3,415,919	2,471,792

14 Loans and borrowings (continued)

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

Group Company	Description	Interest Rate	Maturity	2018 $ 000	2017 $ 000
BlackRock Group Limited	BFUK Note 1	1.31%	30 June 2019	649,535	689,901
BlackRock Group Limited	BFUK Note 2	1.37%	24 May 2019	509,439	-
BlackRock Jersey Finco 2 Limited	Tranche 1A	4.29%	28 December 2023	944,127	944,127
BlackRock Jersey Finco 2 Limited	Tranche 1B	5.65%	28 December 2020	425,636	425,636
BlackRock Jersey Finco 2 Limited	Tranche 2A	6.47%	28 December 2020	985,207	985,207
BlackRock Jersey Finco 2 Limited	Tranche 2B	6.58%	28 December 2021	140,618	140,618
BlackRock Jersey Finco 2 Limited	Tranche 3	8.23%	28 December 2021	737,744	737,744
BlackRock Jersey Finco 2 Limited	Tranche 4	3.70%	30 September 2023	96,423	96,423
BlackRock Jersey Finco 2 Limited	Tranche 5	3.80%	31 March 2024	86,164	86,164
				4,574,893	4,105,820

On 13 April 2018 the company received a loan of £400.0m from BlackRock Group Limited.

15 Share capital

Authorised, called up and fully paid shares

	2018 No. 000	2018 $ 000	2017 No. 000	2017 $ 000
Ordinary shares of $1 each	206,593	206,593	206,593	206,593

16 Dividends

	2018 $ 000	2017 $ 000
Dividend of $0.11 (2017: $Nil) per ordinary share	23,544	-

17 Financial instruments

Financial assets

Derivative financial assets at fair value through profit or loss held for trading

	2018 $ 000	2017 $ 000
Foreign exchange forward contracts	5,443	9,672

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

Financial assets at fair value through other comprehensive income

	2018 $ 000	2017 $ 000
Other investments	15,034,918	15,950,052

	2018 £ 000	2017 £ 000
Changes in value of financial instruments at fair value		
Other comprehensive income has been arrived at after (crediting)/charging:		
Assets designated as fair value through other comprehensive income	915,134	(3,631,727)

Financial liabilities

Derivative financial liabilities at fair value through profit and loss held for trading

	2018 $ 000	2017 $ 000
Foreign exchange forward contracts	-	4,904

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

17 Financial instruments (continued)

The fair value 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 derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives ("level 3").

Significant assumptions used in determining fair value of financial assets and liabilities:

Unlisted FVOCI investments
The fair value of unlisted FVOCI equity shares has been estimated using a dividend discount cash flow projections model, with an appropriate long term growth rate assumed and a discount rate applied based on the relevant cost of equity, an additional risk adjustment to discount for the lack of marketability.

18 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.

19 Parent and ultimate parent undertaking

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

20 Post balance sheet events

In March 2019 the company received a distribution of £380.0m from BlackRock Group Limited. The company then subsequently made a distribution of $450.0m to BlackRock Cayman West Bay IV Limited.

In April 2019 the loan from BlackRock Group Limited of £400.0m (BFUK Note 2) was extended with a new maturity date of 31 March 2020.

In April 2019 the loan from BlackRock Group Limited of £510.0m (BFUK Note 1) was extended with a new maturity date of 31 March 2020.

In June 2019 the company received a distribution of £190.0m from BlackRock Group Limited. The company then subsequently made a distribution of $239.5m to BlackRock Cayman West Bay IV Limited.

In July 2019, August 2019 and September 2019 partial repayments of $5.0m, $12.0m and $35.0m respectively were received on the $512.1m loan to BlackRock Financial Management, Inc.

In September 2019 the company received a distribution of £332.5m from BlackRock Group Limited. The company then subsequently made a distribution of $320.0m to BlackRock Cayman West Bay IV Limited.