

Registration number: 10256728

BlackRock UK (Alpha) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022



BlackRock UK (Alpha) Limited

Contents

Strategic Report	1 to 9
Directors' Report	10 to 12
Independent Auditor's Report	13 to 23
Consolidated Income Statement	24
Consolidated Statement of Financial Position	25
Statement of Financial Position	26 to 27
Consolidated Statement of Changes in Equity	28
Statement of Changes in Equity	29
Consolidated Statement of Cash Flows	30
Statement of Cash Flows	31
Notes to the Financial Statements	32 to 61

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022

The Board of directors ("the Board") presents its Strategic Report for BlackRock UK (Alpha) Limited ("the Company") and its subsidiaries ("the FX Group") for the year ended 31 December 2022.

The Company and FX Group are part of BlackRock, Inc. ("BlackRock" or "the Firm"), a leading publicly traded investment management firm with \$8.6tn (2021: \$10.0tn) of assets under management ("AUM") at 31 December 2022. With approximately 19,800 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment management and technology services to institutional and retail clients worldwide.

Principal activity

The principal activity of the Company is to provide financing where appropriate and act as a holding company for certain UK entities in the BlackRock, Inc. group.

The principal activity of the FX Group is provide foreign exchange trading services and financing where appropriate for certain entities in the BlackRock, Inc. group.

There have not been any significant changes in the Company or FX Group's principal activities in the period under review and the Board propose that the principal activities will continue during 2023.

Purpose

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

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

Corporate strategy

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

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the Firm to offer choice and 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® and BlackRock exchange-traded funds ("ETFs"), separate accounts, collective trust funds and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform Aladdin®, Aladdin Wealth, eFront®, and Cachematrix, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. BlackRock does not engage in proprietary trading activities that could conflict with the interests of clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, including investors in ETFs, maintaining differentiated client relationships and a fiduciary focus. The Firm's highly diversified multi-product platform was created to meet client needs in all market environments and provide clients with choice in how they seek to achieve their unique financial goals. BlackRock is positioned to provide alpha-seeking active, index and cash management investment strategies across asset classes and geographies. In addition, BlackRock leverages its world-class risk management, analytics and technology capabilities, including the Aladdin platform, on behalf of clients. The diversity of BlackRock's platform facilitates the generation of organic growth in various market environments, and as client preferences evolve. BlackRock's long-term strategy remains to keep alpha at the heart of BlackRock; accelerate growth in ETFs, illiquid alternatives, and technology; deliver whole portfolio solutions and become the global leader in sustainable investing.

As the asset management landscape shifts globally from individual product selection to a whole-portfolio approach, BlackRock's strategy is focused on creating outcome-oriented client solutions for both retail investors and institutions. This includes having a diverse platform of alpha-seeking active, index and alternative products, as well as enhanced distribution and portfolio construction technology offerings. Digital wealth tools are an important component of BlackRock's retail strategy, as BlackRock scales and customises model portfolios, extends Aladdin Wealth and digital wealth partnerships globally, and helps advisors build better portfolios through portfolio construction and risk management, powered by Aladdin. BlackRock has seen strong momentum in outsourcing solutions among institutional clients, including the funding of several significant mandates in 2022, and anticipates continued outsourcing opportunities in the future.

Across BlackRock, many clients are focusing on the impact of sustainability factors on their portfolios. This shift has been driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values and financial markets as a whole. As a fiduciary, BlackRock is committed to providing clients with choice and then executing in accordance with their chosen objectives. BlackRock's longstanding model of choice helps clients build portfolios to match the preferences and goals unique to each of them; for some clients, this includes investing in sustainable strategies.

Regional

On a regional basis, BlackRock in Europe, Middle East and Africa ("EMEA") managed \$2.1tn (2021: \$2.7tn) of AUM for its clients as at 31 December 2022. This generated \$5.2bn (2021: \$6.4bn) of revenue from a diversified client base and product range, with EMEA representing 29% of BlackRock's base fees and securities lending revenue in 2022.

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Areas of strategic focus

The Company, as part of the global group, seeks to deliver value for shareholders over time by, among other things, capitalising on BlackRock's differentiated competitive position, including:

- BlackRock's longstanding model of client choice, through which it offers a wide range of index, active, and whole portfolio solutions across broad markets, themes, regions, and investment styles;
- BlackRock's focus on strong investment performance, seeking the best risk-adjusted returns for client portfolios, within the mandates given by clients, to help them meet their investment objectives;
- BlackRock's research, data and analytics, which are at the centre of BlackRock's investment approach and processes. They inform BlackRock's pursuit of the best risk-adjusted returns, and underpin product creation and innovation;
- BlackRock's global reach and commitment to best practices around the world, with approximately 50% of employees outside the United States serving clients locally and supporting local investment capabilities. Approximately 40% of total AUM is managed for clients domiciled outside the United States;
- BlackRock's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and industry trends including the secular shift to index investing and ETFs, growing allocations to private markets, increasing demand for outsourcing, anticipated re-allocations to fixed income, demand for high-performing active strategies, interest in sustainable investment strategies and whole portfolio solutions using index, active and illiquid alternatives products; and a continued focus on income and retirement, and
- BlackRock's longstanding commitment to innovation, technology services and the continued development of, and increased interest in, BlackRock technology products and solutions, including Aladdin, Aladdin Wealth, eFront and Cachematrix. This commitment is further extended by minority investments in financial technology and digital distribution providers, data and whole portfolio capabilities including Human Interest, Circle, Envestnet, Scalable Capital, iCapital, Acorns and Clarity AI.

Business review

Profit after tax

Company - Profit after tax was \$31,701,000 for the year (2021: \$885,000). This was mainly as a result of dividends being received for the year (none in 2021).

FX Group - Profit after tax was \$13,897,000 for the year (2021: \$13,015,000). This was as a result of finance income on lending received being larger than finance costs on borrowing.

Net assets

The net assets of the Company as at 31 December 2022 were \$1,716m (2021: \$1,717m). The net assets of the FX Group as at 31 December 2022 were \$1,677m (2021: \$1,697m).

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

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The Board is responsible for the Company and FX Group's system of risk management and internal control and for reviewing its effectiveness.

The Company and FX Group are included within the BlackRock Group's risk management processes.

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

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

Actions taken to manage and mitigate the Company and FX Group's principal risks and uncertainties are set out below:

Market Risk

Risk description: market risk is the risk of a fall in the net assets of the Company or FX Group as a result of fluctuations in foreign exchange rates. The Company and FX Group are exposed to foreign exchange risk on all income and expenditure that arises in currencies other than US Dollars and is also exposed on the revaluation of any non-US Dollar net assets.

Risk mitigation: foreign currency balances are monitored by the Treasury and Finance teams in line with the Company and FX Group's tolerance for market risk in relation to foreign exchange. The FX Group uses derivative financial instruments to economically hedge its risk, and those of the BlackRock Group, associated with foreign exchange movements.

Credit risk

Risk description: credit risk arises in relation to accounts receivable or surplus cash held in bank accounts. The risk of default in relation to accounts receivable arising from debtors is considered low.

Risk mitigation: HSBC is the main cash management service provider. As an AA- rated bank at 31 December 2022, the risk of default is considered negligible. Intercompany balances are managed centrally and are settled on a regular basis. The Treasury and Risk and Quantitative Analysis departments continuously monitor the creditworthiness of HSBC.

Corporate liquidity risk

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

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

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Reputational risk

Risk description: reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners that could negatively impact revenue, earnings, brand value and customer retention.

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

Non-financial (operational) risks

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

- *Operational (process) risk:* risk of financial loss or regulatory/reputational impact resulting from inadequate or failed internal processes and controls, human error, or systems, which may occur within the Company or FX Group's internal operations.
- *Compliance risk:* risk that the Company or FX Group's services, activities, or operations are not conducted in compliance with applicable law and regulations, including those laws and regulations which impose fiduciary obligations, that conflicts of interest are not appropriately mitigated or that there is a failure to appropriately manage regulatory reporting requirements.
- *Technology resilience risk:* risk arising from the inability to provide, maintain or recover key technology platforms, such as Aladdin. Examples include a system outage or disruption, software or technology infrastructure failure (e.g., servers, storage devices, network components).
- *Information security risk:* risk arising from the inability to meet confidentiality, integrity, or availability requirements of Company or FX Group information. Information security risk can also be described as failure to protect the Company or FX Group against internal or external security threats, including accidents or malicious attacks by personnel, attacks by outsiders, and breaches at third parties, among others. Information security incidents may lead to material financial loss, loss of competitive position, regulatory actions, a breach of client contracts, reputational harm, or legal liability.
- *Financial crime risk:* risk arising from the failure to prevent external or internal parties from gaining access to, or utilising, company assets for criminal purposes which include money laundering, breaches of economic sanctions, fraud, bribery and corruption.
- *Financial reporting risk:* risk resulting from ineffective internal controls over financial reporting or failure to prepare and/or disclose accurate information in financial statements, which could have an adverse impact on the Company or FX Group's reputation and lead to the restatement of accounts, increased regulatory scrutiny or fines.

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Risk mitigation: the Company and FX Group benefits from BlackRock's well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The risk management framework is based on a three lines of defence model comprised of the following three elements:

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

Strategy/business risk

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

A growing awareness of the ongoing and potential future impact of climate change is shifting the views and expectations of BlackRock's key stakeholders including clients, regulators, shareholders, employees and the broader public as well as the way BlackRock thinks about climate risks as an investment risk. Climate change poses risks and opportunities that may impact the companies in which BlackRock invests on behalf of its clients.

The risk arises both in terms of the physical risk associated with rising global temperatures, and also transition risk, namely, how the global transition to a low-carbon economy could affect a company's long-term profitability.

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

In relation to risks posed by climate change, BlackRock, Inc. publish its Task Force on Climate-Related Financial Disclosures ("TCFD") aligned report, on an annual basis, detailing BlackRock's climate-related risks and opportunities, which can be accessed at the following link:

<https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2022-blkinc.pdf>

Group risk

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

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

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Conduct risk

Risk description: conduct risk is the risk arising from inappropriate behaviour by the Company or FX Group, or by those acting on its behalf, which leads to detriment to the Company or FX Group or has a negative impact on market integrity.

Risk mitigation: conduct risk is present in all of the Company and FX Group's activities and responsibility for managing conduct risk is embedded throughout BlackRock Group's organisational and governance arrangements.

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Companies Act s172 Statement

The directors of the Company and FX Group must act in a way that they consider, in good faith, would be most likely to promote the success of the FX Group for the benefit of its members as a whole. In doing so, they should have regard to other factors, including those set out in section 172(1) of the Companies Act 2006. As the Company and FX Group are wholly-owned, holding/financing subsidiaries whose only transactions are with other entities within the BlackRock group, its parent companies and other members of the BlackRock group are key stakeholders of the FX Group. The key board activities during the year which were influenced by consideration of the Company and FX Group's stakeholders and the factors set out in s172(1) included:

- approving cash repatriation transactions, first ensuring that there were sufficient distributable profits under company law to make such distributions;
- providing shareholder approval to key transactions involving its subsidiaries in the UK; and
- approving its annual financial statements, including carefully considering its going concern status and
- reviewing key accounting judgements and estimates as detailed in note 3 to the financial statements.

The Company and FX Group, as subsidiaries of BlackRock, adhere to BlackRock's code of ethics which can be found here:

https://s24.q4cdn.com/856567660/files/doc_downloads/governance_documents/Code-of-Business-Conduct-and-Ethics_20200430.pdf [to update]

BlackRock has communicated its sustainability commitments to all stakeholders in a letter to shareholders, which can be accessed at the following link:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

The Company and FX Group do not have any employees as services are provided by other BlackRock entities under an outsourcing agreement. The BlackRock Group's employee policies, more broadly, can be found here:

<https://www.blackrock.com/corporate/responsibility/human-capital>

The Company and FX Group do not have suppliers. More broadly, BlackRock requires that all suppliers comply with the BlackRock group supplier code of conduct and ethics found here:

<https://www.blackrock.com/corporate/literature/publication/blackrock-supplier-code-of-conduct-and-ethics.pdf>

To ensure an efficient and effective approach, certain stakeholder engagement is led at the BlackRock Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the BlackRock Group. As the Company and FX Group are part of a wider group, the duties of the directors of the Company and FX Group are exercised in a way that is most likely to promote the success of the Company and FX Group for the BlackRock group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

BlackRock UK (Alpha) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 26 September 2023 and signed on its behalf on 28 September by:



.....
D C M Beattie
Director

BlackRock UK (Alpha) Limited

Directors' Report for the Year Ended 31 December 2022

The Board presents its report and the consolidated financial statements of BlackRock UK (Alpha) Limited (registered number: 10256728) and its subsidiaries for the year ended 31 December 2022.

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, including the Company and FX Group's principal activity, business review, future developments and financial risk management.

Dividends

The Company paid dividends of \$33,902,000 to its immediate holding company BR Jersey International Holdings LP in 2022 (2021: nil). At the time the dividend was paid the directors took reasonable care to establish the availability of sufficient distributable reserves and the directors acknowledge that no further distributions can be made until there are sufficient profits available for that purpose. The Management Committee of BR Jersey International Holdings LP have agreed to repay the unlawful portion of the dividend and therefore a receivable of \$700,000 has been included in these financial statements. This amount was recovered in August 2023 following a BR Jersey International Holdings LP Board meeting in July 2023.

Directors and Officers of the Company and FX Group

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

P Matsumoto

A J H Peters

D C M Beattie

Officers:

BlackRock Company Secretarial Services (UK) Limited - Company Secretary

BlackRock UK (Alpha) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the UK. 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 and FX Group 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 applicable IFRSs as adopted by the UK have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and FX Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and FX Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and FX Group, 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 FX Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political donations

The Company nor FX Group have made political donations during the year (2021: nil).

Charitable donations

The Company nor FX Group have made charitable donations during the year (2021: nil).

Going concern

The directors believe that the Company and FX Group are well placed to manage their business risks successfully. The directors have a reasonable expectation that the Company and FX Group have adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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 2022 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 auditor

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 and FX Group'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.

BlackRock UK (Alpha) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 26 September 2023 and signed on its behalf on 28 September by:



.....
D C M Beattie
Director

BlackRock UK (Alpha) Limited

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

1. Opinion

In our opinion:

- the financial statements of BlackRock UK (Alpha) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flows; and
- the notes to the financial statements (notes 1-20)

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

BlackRock UK (Alpha) Limited

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

3. Summary of our audit approach

Key Audit Matters

The key audit matters that we identified in the current year were:

- Impairment of investments in subsidiaries (parent company financial statements).
- First time preparation of consolidated IFRS group accounts.
- Illegal dividend distribution made to parent company.

Materiality

The materiality that we used for the group financial statements was \$33.5m which was determined on the basis of 2% of equity.

The materiality that we used for the parent company financial statements was \$34.3m which was determined on the basis of 2% of equity.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach

We have identified a two new key audit matters for the current period, being the first time preparation of consolidated IFRS group accounts and the illegal dividend distribution made to the parent company.

BlackRock UK (Alpha) Limited

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

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding the entity's process of assessing going concern, including obtaining and evaluating the directors' assessment and reviewing the assumptions used in determining a conclusion;
- identifying and assessing events after the end of the reporting period that can impact going concern;
- considering the company's forecasts in the context of its role as a financing entity of the group;
- considering the historical dividends received by the company and the likelihood that the company will continue to receive dividends for at least 12 months after the financial statements are authorised for issue;
- assessing the forecast cash flows with reference to the debt obligations of the receivable and dividends; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BlackRock UK (Alpha) Limited

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

5.1. Impairment of investments in subsidiaries (parent company financial statements)

Key audit matter description

The parent company has unlisted investments in subsidiaries of \$1,715m (2021: \$1,715m), which represents one of the largest balances within the entity's financial statements and is the key focus of the users. These investments comprise investments in BlackRock UK (Beta) Limited and BlackRock UK (Gamma) Limited, and account for approximately 20% of total assets.

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

There is a risk that the directors' have not identified the impairment indicators appropriately, and that full impairment reviews which should be performed by management are not performed.

See the accounting policy in note 2 of the financial statements and note 9 of the financial statements.

How the scope of our audit responded to the key audit matter

We obtained and assessed management's impairment indicator review.

We performed our own impairment indicator analysis for investments held at 31 December 2022, and obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value.

Key observations

Based on the work performed and the evidence obtained, we considered the investments in subsidiaries balance to be appropriately recorded.

BlackRock UK (Alpha) Limited

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

5.2. First time preparation of consolidated IFRS group accounts

Key audit matter description

The group has prepared consolidated IFRS group accounts for the first time this year, encompassing the following subsidiaries:

BlackRock UK (Alpha) Limited
BlackRock UK (Beta) Limited
BlackRock UK (Gamma) Limited
BlackRock UK (Delta) LP
BlackRock UK (Sigma) Limited

The preparation of consolidated IFRS group accounts requires management to make manual consolidation adjustments, which increases the complexity and risk of error associated with the preparation of the annual accounts.

Given the current period accounts are prepared under IFRS for the first time, additional disclosures are required to be made, including the preparation of a third balance sheet as of the date of transition for both the group and parent company and comparative disclosure notes.

We identified the first-time preparation as a key audit matter due to the impact on the overall audit strategy, the allocation of resources and extent of audit effort in relation to this matter.

See the accounting policies in note 2 of the financial statements for further details around the basis of preparation and first-time adoption of IFRS.

How the scope of our audit responded to the key audit matter

We obtained and reviewed management's consolidated financial statement workings and assessed the completeness and appropriateness of consolidation elimination entries posted by management and traced amounts to supporting documentation.

We agreed management's workings to audited financial information for the statutory audits of each of the subsidiaries consolidated in the current period from both the 2021 and 2020 year-end audits.

We have also reviewed the disclosure requirements under IFRS 1 for the first-time adoption of IFRS and assessed the completeness of disclosures within the financial statements.

Key observations

Based on the work performed and the evidence obtained, we consider the consolidation adjustments made by management to be appropriate.

BlackRock UK (Alpha) Limited

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

5.3. Illegal dividend distribution made to parent company

Key audit matter description

BlackRock UK (Alpha) Limited issued a distribution in the form of a dividend to its parent company for which there were insufficient distributable reserves available. We identified this non-compliance with the companies Act 2006 as a key audit matter because of its significance in directing the efforts of the audit team, in the context of the parent company audit.

The total amount of unlawful distributions is £700k in the current year.

The Board of Directors approved a plan to for the parent company to repay the unlawful portion of the dividend to BlackRock UK (Alpha) Limited to remediate the matter, as detailed within the Directors Report and Note 20 to the financial statements.

How the scope of our audit responded to the key audit matter

We obtained management's analysis of the distributable reserves and tested the accuracy and completeness of the underlying data, including adjustments.

We recomputed the value of the unlawful distribution calculated by management.

We inspected evidence to support the timing and quantum of the distribution made by the Company as well as evidence supporting the planned repayment of the unlawful distributions to the Company.

We reviewed the disclosure made within the Directors report and financial statements to ensure completeness and accuracy.

Key observations

Based on the audit procedures performed, we concluded that management's disclosures within the financial statements reflect fairly the substance of the unlawful distribution.

BlackRock UK (Alpha) Limited

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

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group financial statements

Materiality - 2022: \$33.5m

Basis for determining materiality - 2022: 2% of net assets

Rationale for the benchmark applied - We determined materiality based on shareholders' equity as this is the key metric used by management, investors and lenders, with shareholder value being driven by total equity movements.

Parent company financial statements

Materiality - 2022: \$33.5m

Basis for determining materiality - 2022: 2% of net assets

Rationale for the benchmark applied - We determined materiality based on shareholders' equity as this is the key metric used by management, investors and lenders, with shareholder value being driven by total equity movements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Group financial statements

Performance materiality - 2022: 70% of materiality

Parent company financial statements

Performance materiality - 2022: 70% of materiality

Basis and rationale for determining performance materiality - In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the group's overall control environment; and
- our experience from prior audits which indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of \$1.67m for the group audit and parent audit, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

BlackRock UK (Alpha) Limited

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

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control and assessing the risks of material misstatement. All audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The parent company, BlackRock UK (Alpha) Limited has direct investments in BlackRock UK (Beta) Limited and BlackRock UK (Gamma) Limited which in turn have investments in BlackRock UK (Delta) Limited and BlackRock UK (Sigma) Limited. For the year-ended 31 December 2022, we audited all 5 entities as a single component. This is because all the companies within the group have consistent management personnel, reporting processes and controls. For the comparative information presented in the financial statements, we identified the 5 companies as 5 separate components and leveraged the audit work performed for these statutory audit opinions.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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.

BlackRock UK (Alpha) Limited

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

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

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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including financial instrument specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. As highlighted in the key audit matters section of the opinion, we identified an instance of non-compliance with laws and regulations in relation to an illegal dividend distribution whereby insufficient distributable reserves existed at the time the distribution was made.

BlackRock UK (Alpha) Limited

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

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, those charged with governance and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

BlackRock UK (Alpha) Limited

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

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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.



.....
Patrick Werner CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

Edinburgh
United Kingdom

28 September 2023

BlackRock UK (Alpha) Limited

Consolidated Income Statement for the Year Ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
FX gains and administrative expenses		12,367	241
Losses on derivative contracts		<u>(12,296)</u>	<u>(590)</u>
Operating profit/(loss)	4	<u>71</u>	<u>(349)</u>
Finance income		244,329	244,247
Finance costs		<u>(185,877)</u>	<u>(184,567)</u>
Net finance income	5	<u>58,452</u>	<u>59,680</u>
Profit before tax		58,523	59,331
Income tax expense	8	<u>(44,626)</u>	<u>(46,316)</u>
Profit for the year		<u>13,897</u>	<u>13,015</u>

Profit for the year derives wholly from continuing operations.

There were no items of other comprehensive income for the current and prior year.

The notes on pages 32 to 61 form an integral part of these financial statements.

BlackRock UK (Alpha) Limited


(Registration number: 10256728)

Consolidated Statement of Financial Position as at 31 December 2022

		31 December 2022 \$ 000	31 December 2021 \$ 000	1 January 2021 \$ 000
	Note			
Assets				
Non-current assets				
Other non-current financial assets	10	8,575,865	8,575,865	8,575,865
Current assets				
Trade and other receivables	11	92,614	84,306	58,987
Cash and cash equivalents	12	77,974	78,133	64,362
Derivative assets	16	24,476	40,039	13,705
		<u>195,064</u>	<u>202,478</u>	<u>137,054</u>
Total assets		<u>8,770,929</u>	<u>8,778,343</u>	<u>8,712,919</u>
Equity and liabilities				
Equity				
Share premium		(1,715,173)	(1,715,173)	(1,715,173)
Retained earnings		<u>37,567</u>	<u>18,262</u>	<u>31,277</u>
Equity attributable to owners of the company		<u>(1,677,606)</u>	<u>(1,696,911)</u>	<u>(1,683,896)</u>
Non-current liabilities				
Amounts due to related parties	14	(6,894,558)	(6,894,558)	(860,692)
Current liabilities				
Trade and other payables	15	(90,036)	(53,644)	(6,097,558)
Corporation tax liability		(83,884)	(95,763)	(54,778)
Derivative liabilities	16	<u>(24,845)</u>	<u>(37,467)</u>	<u>(15,995)</u>
		<u>(198,765)</u>	<u>(186,874)</u>	<u>(6,168,331)</u>
Total liabilities		<u>(7,093,323)</u>	<u>(7,081,432)</u>	<u>(7,029,023)</u>
Total equity and liabilities		<u>(8,770,929)</u>	<u>(8,778,343)</u>	<u>(8,712,919)</u>

The balance sheet includes \$136 (2021: \$136 and 2020: \$136) of share capital subscribed by BR Jersey International Holdings L.P. which has not been disclosed as a separate line item as it is trivial. Further details are provided in note 13.

Approved by the Board on 26 September 2023 and signed on its behalf on 28 September by:


D C M Beattie
Director

BlackRock UK (Alpha) Limited

(Registration number: 10256728)

Statement of Financial Position as at 31 December 2022

		31 December 2022 \$ 000	31 December 2021 \$ 000	1 January 2021 \$ 000
	Note			
Assets				
Non-current assets				
Investments in subsidiaries, joint ventures and associates	9	1,715,173	1,715,173	1,715,173
Other non-current financial assets	10	6,891,981	6,891,981	1,360,692
		<u>8,607,154</u>	<u>8,607,154</u>	<u>3,075,865</u>
Current assets				
Trade and other receivables	11	47,466	15,297	5,543,546
Cash and cash equivalents	12	2,470	2,150	4,080
		<u>49,936</u>	<u>17,447</u>	<u>5,547,626</u>
Total assets		<u>8,657,090</u>	<u>8,624,601</u>	<u>8,623,491</u>
Equity and liabilities				
Equity				
Share premium		(1,715,173)	(1,715,173)	(1,715,173)
Retained earnings		(690)	(2,191)	(1,306)
Total equity		<u>(1,715,863)</u>	<u>(1,717,364)</u>	<u>(1,716,479)</u>
Non-current liabilities				
Amounts due to related parties		(6,894,558)	(6,894,558)	(860,692)
Current liabilities				
Trade and other payables	15	(46,295)	(12,256)	(6,046,080)
Corporation tax liability		(374)	(423)	(240)
		<u>(46,669)</u>	<u>(12,679)</u>	<u>(6,046,320)</u>
Total liabilities		<u>(6,941,227)</u>	<u>(6,907,237)</u>	<u>(6,907,012)</u>
Total equity and liabilities		<u>(8,657,090)</u>	<u>(8,624,601)</u>	<u>(8,623,491)</u>

The Company recorded a loss for the financial year ended 31 December 2022 of \$1.5m (2021: profit \$0.9m).

The balance sheet includes \$136 (2021: \$136 and 2020: \$136) of share capital subscribed by BR Jersey International Holdings L.P. which has not been disclosed as a separate line item as it is trivial. Further details are provided in note 13.

The notes on pages 32 to 61 form an integral part of these financial statements.

BlackRock UK (Alpha) Limited

(Registration number: 10256728)

Statement of Financial Position as at 31 December 2022 (continued)

Approved by the Board on 26 September 2023 and signed on its behalf on 28 September by:



.....
D C M Beattie
Director

BlackRock UK (Alpha) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2022	1,715,173	(18,262)	1,696,911
Profit for the year	-	13,897	13,897
Dividends	-	(33,202)	(33,202)
At 31 December 2022	1,715,173	(37,567)	1,677,606
	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2021	1,715,173	(31,277)	1,683,896
Profit for the year	-	13,015	13,015
At 31 December 2021	1,715,173	(18,262)	1,696,911

The notes on pages 32 to 61 form an integral part of these financial statements.
Page 28

BlackRock UK (Alpha) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2022	1,715,173	2,191	1,717,364
Profit for the year	-	31,701	31,701
Dividends	-	(33,202)	(33,202)
At 31 December 2022	1,715,173	690	1,715,863
	Share premium \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2021	1,715,173	1,306	1,716,479
Profit for the year	-	885	885
At 31 December 2021	1,715,173	2,191	1,717,364

BlackRock UK (Alpha) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Cash flows from operating activities			
Profit for the year		13,897	13,015
Adjustments to cash flows from non-cash items			
Financial instrument net gains (losses) through profit and loss		2,941	(4,862)
Foreign exchange gain	4	(12,447)	(328)
Finance income	5	(244,329)	(244,247)
Finance costs	5	185,877	184,567
Income tax expense	8	44,626	46,316
		(9,435)	(5,539)
Working capital adjustments			
Increase in trade and other receivables	11	(8,308)	(25,319)
Increase/(decrease) in trade and other payables	15	36,392	(10,048)
Cash generated from operations		18,649	(40,906)
Corporation taxes paid	8	(56,505)	(5,331)
Net cash flow from operating activities		(37,856)	(46,237)
Cash flows from investing activities			
Interest received	5	244,329	244,247
Cash flows from financing activities			
Interest paid	5	(185,877)	(184,567)
Dividends paid		(33,202)	-
Foreign exchange gains or losses		12,447	328
Net cash flows from financing activities		(206,632)	(184,239)
Net (decrease)/increase in cash and cash equivalents		(159)	13,771
Cash and cash equivalents at 1 January		78,133	64,362
Cash and cash equivalents at 31 December		77,974	78,133

The notes on pages 32 to 61 form an integral part of these financial statements.

BlackRock UK (Alpha) Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 \$ 000	2021 \$ 000
Cash flows from operating activities			
Profit for the year		31,701	885
Adjustments to cash flows from non cash items			
Foreign exchange gain	4	(59)	-
Finance income	5	(186,234)	(185,432)
Finance costs	5	185,181	184,341
Income tax expense	8	198	206
		<u>30,787</u>	<u>-</u>
Working capital adjustments			
Increase in trade and other receivables	11	(32,169)	(3,040)
Increase in trade and other payables	15	34,039	42
Cash generated from operations		32,657	(2,998)
Corporation taxes paid	8	(247)	(23)
Net cash flow from operating activities		<u>32,410</u>	<u>(3,021)</u>
Cash flows from investing activities			
Interest received	5	186,234	185,432
Cash flows from financing activities			
Interest paid	5	(185,181)	(184,341)
Dividends paid		(33,202)	-
Foreign exchange gains or losses		59	-
Net cash flows from financing activities		<u>(218,324)</u>	<u>(184,341)</u>
Net increase/(decrease) in cash and cash equivalents		320	(1,930)
Cash and cash equivalents at 1 January		2,150	4,080
Cash and cash equivalents at 31 December		<u>2,470</u>	<u>2,150</u>

The notes on pages 32 to 61 form an integral part of these financial statements.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated on 29 June 2016 and domiciled in England, United Kingdom.

The address of its registered office is:

12 Throgmorton Avenue

London

EC2N 2DL

United Kingdom

These financial statements were authorised for issue by the Board on 26 September 2023.

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 financial statements have been prepared in accordance with adopted IFRSs as approved by the UK and under historical cost accounting rules, except for the measurement of any financial instruments at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

This is the first year that accounts have been prepared on a consolidated basis.

The financial statements are presented in US dollars, which is the currency of the primary economic environment in which the FX Group entities and Company operate (its functional currency).

First time adoption of IFRS

These financial statements, for the year ended 31 December 2022, are the first the FX Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2021, the FX Group prepared its financial statements in accordance with FRS 101. Accordingly, the FX Group has prepared financial statements that comply with IFRS applicable as at 31 December 2022, together with the comparative period data for the year ended 31 December 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the FX Group's opening statement of financial position was prepared as at 1 January 2021, the Group's date of transition to IFRS.

The transition from FRS 101 to IFRS has not impacted the financial position, financial performance or cashflow of the FX Group.

Consideration of climate risk

As discussed in the Strategic Report, the Company and FX Group review and manage climate related risks. In preparing the financial statements, the directors have considered the implications of climate related risk and have concluded that there has been no material impact identified on the financial reporting judgements and estimates or on the valuation of the Company and FX Group's assets and liabilities.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

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

The directors do not foresee or expect the non-current intercompany loan notes held with other BlackRock entities to be repaid or recalled within the next 12 months.

After making appropriate enquiries, the directors have a reasonable expectation that the Company and FX Group have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2022.

The Company has taken an exemption from producing a Company income statement under section 408 of the Companies Act 2006, as the Company result is disclosed on the company balance sheet.

A subsidiary is an entity controlled by the Company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Changes in accounting policy

New accounting standards, interpretations and amendments adopted

None of the standards, interpretations and amendments issued by the International Accounting Standards Board ("IASB") which are effective for the first time from 1 January 2022 have had a material effect on the financial statements.

New accounting standards, interpretations and amendments not yet adopted

None of the standards, interpretations and amendments issued by the IASB which are effective for periods beginning after 1 January 2023 and which have not been adopted early, are expected to have a material effect on the financial statements.

Finance income and costs policy

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

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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 and FX Group'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.

Tax

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

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

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

Dividends

Dividend income from investments is recognised when the Company or FX Group's rights to receive payment have been established, it is probable that the economic benefits associated with the dividend will flow to the Company or FX Group 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.

Investments

Investments in the Company balance sheet are equity holdings in subsidiaries. They are measured at cost less any provision for impairment. Investments are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company or FX Group becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. The difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the Income Statement.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Income Statement.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, i.e. the date on which the Company or FX Group commits to purchase or sell the financial assets and becomes party to the contractual provisions of the instrument.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; and
- FVTOCI.

The classification is determined by both:

- the Company' and FX Groups business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

In the periods presented the Company nor FX Group does not have any financial assets categorised as FVTOCI.

All income and expenses relating to financial assets that are recognised in the Income Statement are presented within finance income and finance costs.

Foreign exchange gains or losses arising on financial assets at amortised cost are presented in the Income Statement within administrative expenses and disclosed in note 4.

Subsequent measurement of financial assets

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method and income is recognised on this basis. Discounting is omitted where the effect of discounting is immaterial.

The Company and FX Group's cash and cash equivalents, trade and other debtors and loans fall into this category of financial instruments.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured 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 or FX Group expects to receive, discounted at the original effective interest rate.

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.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company or FX Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Company and FX Group's financial liabilities at amortised cost are loans and borrowings and other creditors.

All interest-related charges are included in the profit and loss account within interest payable and changes in an instrument's fair value are included within net gains on derivative financial instruments.

Foreign exchange gains or losses arising on financial liabilities at amortised cost are presented in the income statement within administrative expenses and disclosed in note 4.

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 and FX Group are recognised at the proceeds received, net of direct issue costs. The Company's ordinary shares are classified as equity instruments.

Derivative financial instruments

Derivative financial instruments are contracts, the values of which are derived from one or more underlying financial instruments or indices, and include forwards in the foreign exchange markets.

In certain circumstances, the Company and FX Group 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 and FX Group do not designate derivative instruments as formal hedging instruments and hedge accounting is not applied.

A derivative financial instrument is recognised in the balance sheet at fair value at the date a derivative contract is entered into and is subsequently re-measured to its fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately. In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company and FX Group'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. The directors do not consider that any critical accounting estimates or significant judgements have been made in the current or prior periods.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Operating profit/(loss)

Arrived at after charging/(crediting)

	2022 \$ 000	2021 \$ 000
Foreign exchange gains	<u>(12,447)</u>	<u>(328)</u>

5 Finance income and costs

	2022 \$ 000	2021 \$ 000
Finance income		
Other interest received	82	-
Interest on loans to group undertakings	<u>244,247</u>	<u>244,247</u>
Total finance income	<u>244,329</u>	<u>244,247</u>
Finance costs		
Other finance costs	(696)	(50)
Interest on loans from group undertakings	<u>(185,181)</u>	<u>(184,517)</u>
Total finance costs	<u>(185,877)</u>	<u>(184,567)</u>
Net finance income	<u>58,452</u>	<u>59,680</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 \$ 000	2021 \$ 000
Directors' emoluments in respect of their services to the FX Group	15	15
Pension contributions	<u>1</u>	<u>1</u>
	<u>16</u>	<u>16</u>

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

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under defined contribution pension schemes	<u>3</u>	<u>3</u>

During the year, no director (2021: no director) exercised BlackRock, Inc. share options.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Auditors' remuneration

	2022	2021
	\$ 000	\$ 000
Audit fees	<u>112</u>	<u>151</u>

8 Income tax

Tax charged/(credited) in the income statement

	2022	2021
	\$ 000	\$ 000
Current taxation		
UK corporation tax	<u>44,626</u>	<u>46,316</u>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The Company and FX Group note recent developments in relation to the Organisation for Economic Co-operation and Development (OECD) inclusive Framework on Base Erosion and Profit Shifting which will set a new minimum global corporate tax rate of 15%. This may impact the Company and FX Group's future tax charge and effective tax rate but at this stage it not possible to estimate the impact on the BlackRock Group and therefore the Company and FX Group. No deferred tax assets or liabilities are recognised in the financial statements in respect of such taxes.

The differences are reconciled below:

	2022	2021
	\$ 000	\$ 000
Profit before tax	<u>58,523</u>	<u>59,331</u>
Corporation tax at standard rate	11,119	11,273
Increase from effect of revenues exempt from taxation	(10)	(1)
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(2,179)	(249)
Increase arising from group relief tax reconciliation	<u>35,696</u>	<u>35,293</u>
Total tax charge	<u>44,626</u>	<u>46,316</u>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments

Summary of the Company investments

Subsidiaries	\$ 000
Cost or valuation	
At 1 January 2021	1,715,173
At 31 December 2021	1,715,173
At 1 January 2022	1,715,173
At 31 December 2022	1,715,173
Carrying amount	
At 31 December 2022	1,715,173
At 1 January 2021	1,715,173

For the year ending 31 December 2022 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Name of subsidiary	Registration number	Principal activity	Country of incorporation and registered office address	Proportion of ownership interest and voting rights held	
				31 December 2022	1 January and 31 December 2021
BlackRock UK (Beta) Limited*	No. 10264412	Financing company	United Kingdom - 12 Throgmorton Avenue, London, EC2N 2DL	100%	100%
BlackRock UK (Gamma) Limited*	No. 11225817	Financing and intermediary holding partnership	United Kingdom - 12 Throgmorton Avenue, London, EC2N 2DL	100%	100%
BlackRock UK (Delta) LP	LP017496	Financing and intermediary holding partnership	United Kingdom - 12 Throgmorton Avenue, London, EC2N 2DL	100%	100%
BlackRock UK (Sigma) Limited	No. 10269600	Provision of foreign exchange trading services to entities within the BlackRock Group	United Kingdom - 12 Throgmorton Avenue, London, EC2N 2DL	100%	100%

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments (continued)

* indicates direct investment of the Company

All of the above investments are recorded at cost less impairment. No impairment has been recognised in the past on any of the Company's investments.

10 Other financial assets

	31 December 2022 \$ 000	Group 31 December 2021 \$ 000	1 January 2021 \$ 000
Non-current financial assets			
Amounts due from group companies - loan notes > 1 year	8,575,865	8,575,865	8,575,865
		Company	
	31 December 2022 \$ 000	31 December 2021 \$ 000	1 January 2021 \$ 000
Non-current financial assets			
Amounts due from group companies - loan notes > 1 year	6,891,981	6,891,981	1,360,692

Group

The amounts due from group companies above represent principal loans repayable. The terms of the loan notes are detailed below.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Other financial assets (continued)

Group company	Description	Interest rate	Maturity	31 December 2022 \$'000	31 December and 1 January 2021 \$'000
BlackRock Financial Management, Inc.	Tranche 1	2.61%	31 March 2031	1,500,000	1,500,000
BlackRock Financial Management, Inc.	Tranche 2	2.61%	31 March 2031	2,500,000	2,500,000
BlackRock Financial Management, Inc.	Tranche 3	2.61%	31 March 2031	2,100,000	2,100,000
BlackRock Financial Management, Inc.	Tranche 4	3.20%	20 December 2026	1,400,000	1,400,000
BlackRock Financial Management, Inc.	Tranche 5a	3.74%	20 December 2031	215,173	215,173
BlackRock Financial Management, Inc.	Tranche 5b	3.74%	20 December 2031	484,827	484,827
BlackRock Financial Management, Inc.	Tranche 6a	3.74%	20 December 2031	200,000	200,000
BlackRock Financial Management, Inc.	Tranche 6b	3.74%	20 December 2031	175,865	175,865
				8,575,865	8,575,865

Company

The amounts due from group companies above represent principal loans repayable. The terms of the loan notes are detailed below.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Other financial assets (continued)

Group company	Description	Interest rate	Maturity	31 December 2022 \$'000	31 December 2021 \$'000	1 January 2021 \$'000
BlackRock UK (Delta) LP	Tranche 1	2.53%	31 March 2031	500,000	500,000	500,000
BlackRock UK (Delta) LP	Tranche 2	2.56%	31 March 2027	2,011,378	2,011,378	-
BlackRock UK (Delta) LP	Tranche 3	2.56%	31 March 2027	3,519,911	3,519,911	-
BlackRock UK (Delta) LP	Tranche 4	3.66%	20 December 2031	96,965	96,965	96,965
BlackRock UK (Delta) LP	Tranche 5	3.72%	20 December 2032	387,862	387,862	387,862
BlackRock UK (Delta) LP	Tranche 6	3.72%	20 December 2032	375,865	375,865	375,865
				6,891,981	6,891,981	1,360,692

11 Trade and other receivables

	31 December 2022 \$ 000	Group 31 December 2021 \$ 000	1 January 2021 \$ 000
Receivables from related parties	77,664	84,306	58,987
Other receivables	14,950	-	-
	92,614	84,306	58,987
	31 December 2022 \$ 000	Company 31 December 2021 \$ 000	1 January 2021 \$ 000
Receivables from related parties	47,466	15,297	5,543,546
Other receivables	-	-	-
	47,466	15,297	5,543,546

The amounts due from related parties represents the interest receivable on the outstanding loan balance and other intercompany receivables. In addition the amounts for 1 January 2021 represent principal loans repayable. The terms of the loan notes are detailed below.

Group company	Description	Interest rate	Maturity	31 December 2022 \$'000	31 December 2021 \$'000	1 January 2021 \$'000
BlackRock UK (Delta) LP	Tranche 2	2.56%	20 December 2021	-	-	2,000,000
BlackRock UK (Delta) LP	Tranche 3	2.56%	20 December 2021	-	-	3,500,000
				-	-	5,500,000

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Cash and cash equivalents

	31 December 2022 \$ 000	Group 31 December 2021 \$ 000	1 January 2021 \$ 000
Cash at bank	77,974	78,133	64,362
	31 December 2022 \$ 000	Company 31 December 2021 \$ 000	1 January 2021 \$ 000
Cash at bank	2,470	2,150	4,080

13 Share capital

Allotted, called up and fully paid shares

	31 December 2022 No.	\$	1 January and 31 December 2021 No.	\$
Ordinary share of \$1 each	136	136	136	136

14 Loans and borrowings

	31 December 2022 \$ 000	Group 31 December 2021 \$ 000	1 January 2021 \$ 000
Non-current loans and borrowings			
Amounts due to group companies - loan notes	6,894,558	6,894,558	860,692
	31 December 2022 \$ 000	Company 31 December 2021 \$ 000	1 January 2021 \$ 000
Non-current loans and borrowings			
Amounts due to group companies - loan notes	6,894,558	6,894,558	860,692

Group and Company

The amounts due to group companies above represent principal loans repayable. The terms of the loan notes are detailed below.

Group company	Description	Interest rate	Maturity	31 December 2022 \$'000	31 December 2021 \$'000	1 January 2021 \$'000
BlackRock Finco Limited	Cayman Tranche 1	2.54%	31 March 2027	2,514,111	2,514,111	-

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Loans and borrowings (continued)

BlackRock Finco Limited	Cayman	Tranche 2	2.54%	31 March 2027	2,514,111	2,514,111	-
BlackRock Finco Limited	Cayman	Tranche 3	2.54%	31 March 2027	1,005,644	1,005,644	-
BlackRock Finco Limited	Cayman	Tranche 4	3.70%	20 December 2032	484,827	484,827	484,827
BlackRock Finco Limited	Cayman	Tranche 5	3.70%	20 December 2032	225,519	225,519	225,519
BlackRock Finco Limited	Cayman	Tranche 6	3.75%	20 December 2033	150,346	150,346	150,346
					6,894,558	6,894,558	860,692

15 Trade and other payables

	31 December 2022 \$ 000	Group 31 December 2021 \$ 000	1 January 2021 \$ 000
Amounts due to related parties	90,036	26,944	6,021,615
Other payables	-	26,700	75,943
	<u>90,036</u>	<u>53,644</u>	<u>6,097,558</u>
	31 December 2022 \$ 000	Company 31 December 2021 \$ 000	1 January 2021 \$ 000
Amounts due to related parties	46,295	12,256	6,046,080
Other payables	-	-	-
	<u>46,295</u>	<u>12,256</u>	<u>6,046,080</u>

The amounts due to related parties above represent the interest payable on the outstanding loan balance and other intercompany payables. In 2021 this balance also includes a \$10,000,000 principal loan amount due to BlackRock Financial Management, Inc. In addition the amounts for 1 January 2021 represent principal loans payable. The terms of the loan notes are detailed below.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Trade and other payables (continued)

Group company	Description	Interest rate	Maturity	31 December 2022 \$'000	31 December 2021 \$'000	1 January 2021 \$'000
BlackRock Finco Limited	Cayman Tranche 1	2.54%	20 December 2021	-	-	2,500,000
BlackRock Finco Limited	Cayman Tranche 2	2.54%	20 December 2021	-	-	2,500,000
BlackRock Finco Limited	Cayman Tranche 3	2.54%	20 December 2021	-	-	1,000,000
BlackRock Management, Inc	Financial Loan BFM/Sigma	0.74%	n/a (Revolving credit)	-	10,000	-
				-	10,000	6,000,000

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Financial instruments

Group

Financial assets

Financial assets at fair value through profit or loss

Level 1 - fair value measurement derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurement derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3 - fair value measurement derived from valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

Derivative financial assets at fair value through profit and loss

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Derivative assets	24,476	40,039	24,476	40,039

The carrying value of derivative assets as at 1 January 2021 is \$13,705,000. The fair value is equal to the carrying value.

Loans and receivables

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Cash and cash equivalents	77,974	78,133	77,974	78,133
Other non-current financial assets and trade and other receivables	8,668,479	8,660,171	7,381,127	8,706,229
	<u>8,746,453</u>	<u>8,738,304</u>	<u>7,459,101</u>	<u>8,784,362</u>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Financial instruments (continued)

Valuation methods and assumptions

Receivables, other than intercompany loan notes, are typically settled in a short time frame. As a result, the fair value of these balances is considered to be approximately equal to the carrying value, after taking into account potential impairment losses.

The fair value of the intercompany loan notes with BlackRock Financial Management Inc. as at 31 December 2022 included in other non-current financial assets is \$7,288,513,000 (2021: \$8,621,923,000) compared to the carrying amount of \$8,575,865,000 (2021: \$8,575,865,000). This fair value was determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The fair value of the intercompany loan notes with BlackRock Financial Management Inc. as at 1 January 2021 included in other non-current financial assets is \$8,885,492,000 compared to the carrying amount of \$8,575,865,000.

The carrying value of cash and cash equivalents as at 1 January 2021 included in other non-current financial assets is \$64,362,000. The fair value is equal to the carrying value.

Financial liabilities

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

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Forward contract	<u>24,845</u>	<u>37,466</u>	<u>24,845</u>	<u>37,466</u>

Valuation methods and assumptions

Foreign exchange forward contracts:

At the balance sheet date foreign exchange forward contracts were in place to hedge the transactional foreign exchange exposure of entities within the group. These forwards are short-term in nature and have a tenor of less than six months. The fair values of the forwards are derived from observable inputs and therefore fall within level 2 of the fair value hierarchy.

The fair value of forward contracts as at 1 January 2021 is \$15,995,000. The carrying value is equal to the fair value.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Financial instruments (continued)

Financial liabilities at amortised cost

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Trade and other payables	90,036	53,644	90,036	53,644
Amounts due to related parties	6,894,558	6,894,558	6,158,781	6,925,906
	<u>6,984,594</u>	<u>6,948,202</u>	<u>6,248,817</u>	<u>6,979,550</u>

Valuation methods and assumptions

Trade and other payables

Payables, other than intercompany loan notes, are typically settled in a short time frame. As a result, the fair value of these balances is considered to be approximately equal to the carrying value, after taking into account potential impairment losses.

The fair value of the intercompany loan notes with BlackRock Financial Management Inc. as at 31 December 2022 is nil (2021: \$10,000,000) compared to the carrying amount of nil (2021: \$10,000,000).

The fair value of trade and other payables as at 1 January 2021 is \$6,158,839,000 compared to the carrying amount of \$6,097,558,000.

Amounts due to related parties

The fair value of the intercompany loan notes with BlackRock Cayman Finco Limited as at 31 December 2022 is \$6,158,781,000 (2021: \$6,925,906,000) compared to the carrying amount of \$6,894,558,000 (2021: \$6,894,558,000).

The fair value of the intercompany loan notes with BlackRock Cayman Finco Limited as at 1 January 2021 is \$7,164,518,000 compared to the carrying amount of \$6,860,692,000.

This fair value was determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Financial instruments (continued)

Company

Financial assets

Financial assets at fair value through profit or loss

Loans and receivables

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Cash and cash equivalents	2,470	2,150	2,470	2,150
Other non-current financial assets and trade and other receivables	6,939,447	6,907,278	6,173,636	6,936,636
	<u>6,941,917</u>	<u>6,909,428</u>	<u>6,176,106</u>	<u>6,938,786</u>

Valuation methods and assumptions

Receivables, other than intercompany loan notes, are typically settled in a short time frame. As a result, the fair value of these balances is considered to be approximately equal to the carrying value, after taking into account potential impairment losses.

The fair value of the intercompany loan notes with BlackRock UK (Delta) LP as at 31 December 2022 is \$6,126,170,000 (2021: \$6,921,339,000) compared to the carrying amount of \$6,891,981,000 (2021: \$6,891,981,000). This fair value was determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The fair value of the intercompany loan notes with BlackRock UK (Delta) LP as at 1 January 2021 is \$7,038,782,000 compared to the carrying amount of \$6,860,692,000.

The carrying value of cash and cash equivalents as at 1 January 2021 included in other non-current financial assets is \$4,080,000. The fair value is equal to the carrying value.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	31 December 2022 \$ 000	31 December 2021 \$ 000	31 December 2022 \$ 000	31 December 2021 \$ 000
Trade and other payables	46,295	12,256	46,295	12,256
Amounts due to related parties	<u>6,894,558</u>	<u>6,894,558</u>	<u>6,158,781</u>	<u>6,925,906</u>
	<u>6,940,853</u>	<u>6,906,814</u>	<u>6,205,076</u>	<u>6,938,162</u>

Valuation methods and assumptions

Trade and other payables

Payables, other than intercompany loan notes, are typically settled in a short time frame. As a result, the fair value of these balances is considered to be approximately equal to the carrying value, after taking into account potential impairment losses.

The fair value of trade and other payables as at 1 January 2021 \$6,153,996,000 compared to the carrying amount of \$6,046,080,000.

Amounts due to related parties

The fair value of the intercompany loan notes with BlackRock Cayman Finco Limited as at 31 December 2022 is \$6,158,781,000 (2021: \$6,925,906,000) compared to the carrying amount of \$6,894,558,000 (2021: \$6,894,558,000).

The fair value of the intercompany loan notes with BlackRock Cayman Finco Limited as at 1 January 2021 is \$1,010,521,900 compared to the carrying amount of \$860,692,000.

This fair value was determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets

Group

The FX Group is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

Credit risk and impairment

Credit risk arises in relation to intercompany receivables, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to intercompany balances is considered low as they are managed centrally and agreed upon and settled on a regular basis.

Financial assets at fair value through profit or loss credit risk exposure and management

Derivative financial assets at fair value through profit and loss

Foreign exchange forward contracts maximum amount of exposure was \$24,476,000 at 31 December 2022 (2021: \$40,039,000). This was the same as the carrying value.

Loans and receivables credit risk exposure and management

2022	Maximum amount of exposure \$ 000	Provision for doubtful debt \$ 000	Carrying value \$ 000
Cash and cash equivalents	77,974	-	77,974
Other non-current financial assets and trade and other receivables	8,668,479	-	8,668,479
	<u>8,746,453</u>	<u>-</u>	<u>8,746,453</u>
2021	Maximum amount of exposure \$ 000	Provision for doubtful debt \$ 000	Carrying value \$ 000
Cash and cash equivalents	78,133	-	78,133
Other non-current financial assets and trade and other receivables	8,660,171	-	8,660,171
	<u>8,738,304</u>	<u>-</u>	<u>8,738,304</u>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets (continued)

Concentrations of credit risk

The FX Group has a credit risk exposure with HSBC, however it is deemed negligible. The creditworthiness of HSBC is continuously monitored by both the Treasury and Risk and Quantitative Analysis departments within BlackRock.

Collateral held as security and other debt enhancements

At 31 December 2022, the FX Group held no net cash collateral (2021: no net cash collateral).

Standard & Poor's credit ratings have been used to determine the credit quality of the entity's cash at bank and receivables. Cash at bank is rated AA- and receivables are not rated.

Past due and impaired financial assets

The FX Group does not have any assets past due or impaired.

Market risk

Market risk is described in the Strategic report. Market risk may be impacted by changes in interest rates and foreign exchange rates as detailed below.

There are no expected credit losses.

Foreign exchange risk

Foreign exchange risk arises where the company's foreign currency assets are not matched by liabilities denominated in the same currency. In addition, foreign exchange exposures arise on a transactional basis largely in relation to taxation related expenses which are denominated in non-functional currencies.

Foreign currency exposures are monitored regularly and minimised through the use of foreign exchange forward contracts.

Sensitivity analysis

The sensitivity analysis assumes changes in market variables, most notably the USD exchange rate. It should however be noted that due to the inherent uncertainty in world financial markets the assumptions made may differ significantly from the actual outcome particularly as market risks tend to be interdependent and are therefore unlikely to move in isolation.

USD exchange rates are assumed to increase or decrease by 20%.

If the USD exchange rate increased by 20%, profit and equity would decrease by \$17m (2021: \$18m).

If the USD exchange rate decreased by 20%, profit and equity would increase by \$17m (2021: \$18m).

Interest rate risk

Interest rate risk relates to the possibility that income from the company's interest bearing financial assets will fluctuate as interest rates fluctuate. The FX Group is not exposed to any significant interest rate risk as the interest rates on the loan notes due from group companies are fixed.

Liquidity risk

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets (continued)

Liquidity risk is the risk that the FX Group's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The FX Group monitors cash flow projections and has regard to forthcoming liquidity when determining the amounts available for distribution to its shareholders.

The FX Group seeks to manage funds and liquidity requirements on a pooled basis and as such ensures that sufficient liquid assets and standby facilities are maintained to meet a prudent estimate of its net cash outflows.

Maturity analysis

	Within 30 days	Total
2022	\$ 000	\$ 000
Interest bearing borrowings	90,036	90,036

<< double-click to launch smart-table designer >>

	Within 30 days	Total
2021	\$ 000	\$ 000
Interest bearing borrowings	26,944	26,944

<< double-click to launch smart-table designer >>

Capital risk management

Capital components

The FX Group's capital consists of its share capital, share premium and profit and loss account.

Externally imposed capital requirements

The FX Group is not subject to any externally imposed capital requirements.

Capital management

The FX Group's objectives when managing capital are:

- to safeguard the FX Group's ability to continue as a going concern; and
- to maintain financial strength to support new business growth.

The FX Group has not made significant changes to its policies and processes in respect of its capital structure during the year. In order to maintain or adjust the capital structure, the FX Group may adjust the amount of dividends paid to its shareholder, return capital to its shareholder or issue new shares.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets (continued)

Company

The Company is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

Credit risk and impairment

Credit risk arises in relation to intercompany receivables, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to intercompany balances is considered low as they are managed centrally and agreed upon and settled on a regular basis.

Loans and receivables credit risk exposure and management

	Maximum amount of exposure \$ 000	Provision for doubtful debt \$ 000	Carrying value \$ 000
2022			
Cash and cash equivalents	2,470	-	2,470
Other non-current financial assets and trade and other receivables	6,939,447	-	6,939,447
	<u>6,941,917</u>	<u>-</u>	<u>6,941,917</u>
	Maximum amount of exposure \$ 000	Provision for doubtful debt \$ 000	Carrying value \$ 000
2021			
Cash and cash equivalents	2,150	-	2,150
Other non-current financial assets and trade and other receivables	6,907,278	-	6,907,278
	<u>6,909,428</u>	<u>-</u>	<u>6,909,428</u>

Concentrations of credit risk

The Company has a credit risk exposure with HSBC, however it is deemed negligible. The creditworthiness of HSBC is continuously monitored by both the Treasury and Risk and Quantitative Analysis departments within BlackRock.

Collateral held as security and other debt enhancements

At 31 December 2022, the Company held no net cash collateral (2021: no net cash collateral).

Standard & Poor's credit ratings have been used to determine the credit quality of the entity's cash at bank and receivables. Cash at bank is rated AA- and receivables are not rated.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets (continued)

Past due and impaired financial assets

The Company does not have any assets past due or impaired.

Market risk

Market risk is described in the Strategic report. Market risk may be impacted by changes in interest rates as detailed below.

Interest rate risk

Interest rate risk relates to the possibility that income from the company's interest bearing financial assets will fluctuate as interest rates fluctuate. The Company is not exposed to any significant interest rate risk as the interest rates on the loan notes due from group companies are fixed.

Liquidity risk

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The Company monitors cash flow projections and has regard to forthcoming liquidity when determining the amounts available for distribution to its shareholders.

The Company seeks to manage funds and liquidity requirements on a pooled basis and as such ensures that sufficient liquid assets and standby facilities are maintained to meet a prudent estimate of its net cash outflows.

Maturity analysis

	Within 30 days	Total
	\$ 000	\$ 000
2022		
Trade and other payables	46,295	46,295
< < double-click to launch smart-table designer >>		
	Within 30 days	Total
	\$ 000	\$ 000
2021		
Trade and other payables	12,256	12,256

< < double-click to launch smart-table designer >>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Financial risk management and impairment of financial assets (continued)

Capital risk management

Capital components

The Company's capital consists of its share capital, share premium and profit and loss account.

Externally imposed capital requirements

The Company is not subject to any externally imposed capital requirements.

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 has not made significant changes to its policies and processes in respect of its capital structure during the year. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder or issue new shares.

18 Related party transactions

Summary of transactions with fellow subsidiaries

The definition of related parties includes fellow BlackRock group companies, as well as the Company and FX Group's key management which includes its directors (see note 6 for their remuneration disclosure). Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

The FX Group provides financing and foreign exchange trading services to entities within the BlackRock Group. As a result there is related financing income and financing costs within the Income Statement. In addition there are related party debtors and creditors in the Balance Sheet as well as loan balances receivable and payable.

The Company provides financing to entities within the BlackRock Group. As a result there is related financing income and financing costs within the Income Statement. In addition there are related party loan balances receivable and payable in the Balance Sheet.

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Related party transactions (continued)

Income and receivables from related parties

2022

Group - finance income from related party

**Fellow
subsidiaries
\$ 000**

244,247

<< double-click to launch smart-table designer >>

2021

Group - finance income from related party

**Fellow
subsidiaries
\$ 000**

244,247

<< double-click to launch smart-table designer >>

Expenditure with and payables to related parties

2022

Group - finance costs to related party

**Fellow
subsidiaries
\$ 000**

185,725

<< double-click to launch smart-table designer >>

2021

Group - finance costs to related party

**Fellow
subsidiaries
\$ 000**

184,513

<< double-click to launch smart table designer >>

Group loans to related parties

2022

At start of period

At end of period

**Fellow
subsidiaries
\$ 000**

8,575,865

8,575,865

<< double-click to launch smart-table designer >>

2022

At start of period

At end of period

**Fellow
subsidiaries
\$ 000**

8,575,865

8,575,865

<< double click to launch smart-table designer >>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Related party transactions (continued)

Company loans to related parties

	Fellow subsidiaries \$ 000
2022	
At start of period	6,891,981
At end of period	<u>6,891,981</u>

<< double-click to launch smart-table designer >>

	Fellow subsidiaries \$ 000
2021	
At start of period	6,891,981
At end of period	<u>6,891,981</u>

<< double-click to launch smart-table designer >>

Group loans from related parties

	Fellow subsidiaries \$ 000
2022	
At start of period	6,984,558
At end of period	<u>6,984,558</u>

<< double-click to launch smart-table designer >>

	Fellow subsidiaries \$ 000
2021	
At start of period	6,984,558
At end of period	<u>6,984,558</u>

<< double-click to launch smart-table designer >>

Company loans from related parties

	Fellow subsidiaries \$ 000
2022	
At start of period	6,984,558
At end of period	<u>6,984,558</u>

<< double-click to launch smart-table designer >>

	Fellow subsidiaries \$ 000
2021	
At start of period	6,984,558
At end of period	<u>6,984,558</u>

<< double-click to launch smart-table designer >>

BlackRock UK (Alpha) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Related party transactions (continued)

Terms of loans from related parties

Full details of the terms of the loans with fellow subsidiaries are contained in Notes 10 and 14.

19 Parent and ultimate parent undertaking

The Company and FX Group's immediate holding company is BR Jersey International Holdings LP 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 50 Hudson Yards, New York, NY 10001, USA or by email at invrel@blackrock.com.

20 Repayment of illegal dividend

The Management Committee of BR Jersey International Holdings LP have agreed to repay the unlawful portion of the dividend paid by the Company in March 2022 and therefore a receivable of \$700,000 has been included in these financial statements. This amount was recovered in August 2023 following a BR Jersey International Holdings LP Board meeting in July 2023.