Registered number: OC399377

BlackRock UK A LLP

Members' Annual Report and Financial Statements

for the Year Ended 31 December 2018

BlackRock UK A LLP
Contents

BlackRock UK A LLP
Strategic Report for the Year Ended 31 December 2018

The members present their Strategic Report for BlackRock UK A LLP (the "partnership") for the year ended 31 December 2018.

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

There have not been any significant changes in the partnership's principal activities in the period under review and the management board proposes that the principal activities will continue during 2019.

Corporate strategy
Corporate strategy is developed and reviewed at a global and regional level. The partnership holds an investment in group undertakings and seed investments in sponsored investment products. The Strategic Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the partnership provides.

Industry profile
Global
BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes and geographies enables the partnership to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares®* exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, Aladdin®, Aladdin Wealth, Cachematrix and FutureAdvisor, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. We do not engage in proprietary trading activities that could conflict with the interests of our clients.

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

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

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

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

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

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

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

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

Key Performance Indicators

Profit for the Year
The partnership made a profit for the year, which increased by €258.1m from €179.4m in 2017 to €437.5m in 2018, driven by the increase in dividends received from investments in group companies during the year.

Net assets
Net assets of the partnership have increased from €3,463.3m in 2017 to €3,492.7m in 2018, primarily due to increased cash balances and seed investments offset by an increase in intercompany creditors.

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

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

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

The specific risks and uncertainties relevant to the partnership may be categorised under three broad categories:

Operational risk:
One of the major risks faced by the partnership is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes and controls, people and systems, outsourced third party providers or from external events. This includes cyber risk. The partnership benefits from a well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The operational risk management framework supports the partnership's fiduciary obligations to clients and mitigates the potential impacts of poor customer outcomes. The strong management of risk also ensures that disruptions to delivering client services are minimised.

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

Balance sheet risk:
Balance sheet risk arises from credit risk losses on balance sheet assets or from a lack of liquidity causing the partnership to be unable to meet payment obligations.

Market risk:
Market risk arises from events whereby the partnership fails to realise the full value of the firm's assets as a result of fluctuations in interest rates.

The partnership has low exposures to credit risk and liquidity risk in relation to its cash and current asset investments. The partnership participates in BlackRock's Seed Capital Hedge Programme ("SCHP") which involves participants entering into derivative financial instrument transactions, in this case total return swaps, to economically hedge against market price exposures with respect to certain seed investments. The partnership has limited exposure to market risk in relation to its intercompany debt, specifically interest rate risk as all loan interest rates are fixed.

Approved by the Board on 18 September 2019 and signed on its behalf by:

Marten Peters
....
A Peters
Member of Management Board

BlackRock UK A LLP
Members' Report for the Year Ended 31 December 2018

The Management Board ("the Board") present their annual report together with the audited financial statements of BlackRock UK A LLP (registered number: OC399377) for the year ended 31 December 2018.

Principal activities
The principal activity of the partnership is to hold investments in group undertakings and to hold seed investments in sponsored investment products.

Management board
The management board members who held office during the year and up to the date of signing were as follows:

M Comerchero (resigned 30 May 2018)
C Thomson
A Peters
P Matsumoto (appointed 30 May 2018)

Designated members
The designated members (as defined in the Limited Liability Partnerships Act 2000) who served on the board of members ("the Board") during the period were:

BlackRock Cayman Finco Limited ("Cayman Finco")
BlackRock Cayman Capital Holdings Limited ("Cap Holdings")

Members' drawings and capital
All members are equity members and share in the profits and subscribe to the capital of the partnership.

Each member's capital account has been credited to reflect the aggregate of the amount of each member's capital contribution. Members' accounts will be credited to reflect any further capital contributions made as determined by the financing requirements of the business. The Board shall not be obliged to make any distributions unless there is sufficient cash available, which would render the partnership insolvent, or which would leave the partnership with insufficient funds to meet any future obligations.

Members' profit sharing
Net profits or net losses arising in each accounting period shall be allocated to the members in proportion to their respective capital contributions or on such different basis as may be determined by the members of the Board.

Statement of members' responsibilities
The members are responsible for preparing the members' Annual Report and Financial Statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the members 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

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

BlackRock UK A LLP
Members' Report for the Year Ended 31 December 2018

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

These responsibilities are exercised by the Management Board on behalf of the members.

Going concern

The members believe that the partnership is well placed to manage its business risks successfully. After making enquiries, the members have a reasonable expectation that the partnership has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Disclosure of information to the auditor

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

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006 as applied to limited liability partnerships.

Approved by the members on 18 September 2019 and signed on their behalf by:

A Peters
Member of the Management Board

BlackRock UK A LLP
Independent Auditor's Report to the Members of BlackRock UK A LLP

Report on the audit of the financial statements

Opinion
In our opinion the financial statements:

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

We have audited the financial statements of BlackRock UK A LLP (the 'limited liability partnership') which comprise:

- the profit and loss account;
- the balance sheet;
- the statements of change in equity; and
- the related notes 1 to 18.

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

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

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

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

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

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of BlackRock UK A LLP

Responsibilities of members
As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Hunter CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
18 September 2019

BlackRock UK A LLP
Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 €000	2017 €000
Net (losses)/gains on financial instruments held at fair value through profit or loss		(11,357)	6,220
Net gains/(losses) on derivative financial instruments		7,007	(1,692)
Administrative expenses		(7)	(5)
Operating (loss)/profit	4	(4,357)	4,523
Dividends received from investments in group companies		442,063	175,157
Interest payable and similar charges	6	(186)	(303)
Profit for the financial year available for discretionary division among members	7	437,520	179,377

Profit for the year derives wholly from the partnership's continuing operations.

The partnership has no other comprehensive income for the current or prior year.

The notes on pages 11 to 24 form an integral part of these financial statements.

BlackRock UK A LLP
Balance Sheet as at 31 December 2018

	Note	2018 €000	2017 €000
Fixed assets			
Investments in subsidiaries	8	3,257,797	3,257,797
Current assets			
Investments	10	358,617	197,094
Cash at bank		86,455	8,438
Debtors	11	801	165
Derivative financial instruments	13	1,522	34
		447,395	205,731
Creditors: amounts falling due within one year	12	(2,538)	(227)
Net current assets		444,857	205,504
Total assets less current liabilities		3,702,654	3,463,301
Creditors: amounts falling due after more than one year	14	(210,000)	-
Net assets attributable to members		3,492,654	3,463,301
Represented by:			
Members' capital classified as equity		3,492,654	3,463,301

The notes on pages 11 to 24 form an integral part of these financial statements.

The financial statements of BlackRock UK A LLP (registered number OC399377) on pages 8 to 10, and accompanying notes, were approved by the members and authorised for issue on 18 September 2019. They were signed on the members' behalf by:

A Peters

Member of the Management Board

BlackRock UK A LLP
Statement of Changes in Members' Interests for the Year Ended 31 December 2018

	Members' capital	Income account	Total
	€000	€000	€000
Members' interests at 1 January 2018	3,290,083	173,218	3,463,301
Profit for the financial year	-	437,520	437,520
Dividends Paid	-	(408,167)	(408,167)
Members' interests at 31 December 2018	3,290,083	202,571	3,492,654

	Members' capital	Income account	Total
	€000	€000	€000
BlackRock Cayman Capital Holdings Limited	3,287,776	202,429	3,490,205
BlackRock Cayman Finco Limited	2,307	142	2,449
Members' interests at 31 December 2018	3,290,083	202,571	3,492,654

	Members' capital	Income account	Total
	€000	€000	€000
Members' interests at 1 January 2017	3,290,083	168,998	3,459,081
Profit for the financial period	-	179,377	179,377
Dividends Paid	-	(175,157)	(175,157)
Members' interests at 31 December 2017	3,290,083	173,218	3,463,301

	Members' capital	Income account	Total
	€000	€000	€000
BlackRock Cayman Capital Holdings Limited	3,287,776	173,097	3,460,873
BlackRock Cayman Finco Limited	2,307	121	2,428
Members' interests at 31 December 2017	3,290,083	173,218	3,463,301

The notes on pages 11 to 24 form an integral part of these financial statements.

1. General information

The partnership is incorporated as a limited liability partnership under the Limited Liability Partnership Act 2000 and was incorporated and domiciled in the United Kingdom.

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

The financial statements were authorised for issue by the members on 18 September 2019.

2. Accounting policies

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

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions
As permitted by FRS 101, the partnership has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the group accounts of BlackRock, Inc. These accounts are available to the public and can be obtained as set out in note 18.

Exemption from preparing group accounts
The financial statements contain information about BlackRock UK A LLP as an individual partnership and do not contain consolidated financial information as the parent of a group.

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

2. **Accounting policies (continued)**

Going concern
The partnership's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3, along with key risks facing the partnership.

In assessing the partnership's going concern status, the members have taken into account the above factors, including the financial position of the partnership and in particular the net-cash position. The partnership has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This, together with its proven ability to generate cash from operations, provides the members with the confidence that the partnership is well placed to manage its business risks successfully.

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

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

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

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

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

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

- Loans and receivables carried at amortised cost under IAS 39 are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be measured at amortised cost.
- There were no financial assets which the partnership has previously designated as fair value through profit or loss ("FVTPL") under IAS 39 that were subject to reclassifications, or which the partnership has elected to reclassify upon adoption of IFRS 9.

2. Accounting policies (continued)

The adoption of IFRS 9 has had no impact on the classification and measurement of the partnership's financial assets

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

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

- The application of the new impairment requirements under IFRS 9 has not had a material impact on the financial statements.

Hedge accounting:
The partnership does not apply hedge accounting, the application of the IFRS 9 hedge accounting requirements does not have a material impact on the partnership's financial statements.

Foreign currency transactions and balances
The financial statements are presented in euro, which is the currency of the primary economic environment in which the partnership operates (its functional currency).

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

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

Tax
The taxation payable on profits of the partnership is a liability of the members and is not dealt with in these financial statements.

Members' remuneration
Remuneration paid to members under employment contracts, any other non-discretionary amounts payable to members and any automatic divisions of profit are recognised as an expense in the profit and loss account as incurred.

A division of profits that is discretionary on the part of the partnership is recognised as an appropriation of equity when the division occurs.

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

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

2. **Accounting policies (continued)**

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

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

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

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

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

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

Financial assets that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Amortised cost and effective interest method
The partnership's financial assets measured at amortised cost comprise loan and receivables and cash and cash equivalents.

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

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

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

2. Accounting policies (continued)

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

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

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

A financial asset is classified as held for trading if:

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

The partnership's financial assets measured at FVTPL comprise derivative financial assets and seed investments held.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'net gains on financial instruments held at fair value though profit or loss' line item within the profit and loss. Fair value is determined in the manner described in note 15.

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 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 partnership expects to receive, discounted at the original effective interest rate.

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

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

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

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

2. **Accounting policies (continued)**

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

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

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

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

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

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

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

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

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

2. Accounting policies (continued)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net gains on financial instruments held at fair value through profit or loss. Fair value is determined in the manner described in note 15.

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

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

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

Financial liabilities cannot be reclassified under IFRS 9.

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

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

Derivatives and hedging
The partnership participates in the BlackRock, Inc. Seed Capital Hedge Programme ("SCHP") which involves participants entering into derivative financial instrument transactions, in this case total return swaps and foreign currency derivative contracts, to economically hedge against market price exposures with respect to certain seed investments in sponsored investment products. It is not the partnership's policy to trade in derivative instruments. The partnership does not designate its derivative instrument as a formal hedging instrument and hedge accounting is not applied.

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the partnership's accounting policies, which are described above, the members 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 members do not consider that any critical accounting estimates or significant judgements, over and above those disclosed in the accounting policies in note 2, have been made in the current period.

4. Operating (loss)/profit

	2018 €000	2017 €000
Operating (loss)/profit is stated after charging:		
Foreign exchange losses	6	2

5. Auditor's remuneration

	2018 €000	2017 €000
Audit of the financial statements	16	16

Auditor's remuneration has been borne by another group company in the current year.
There were no non-audit fees payable by the partnership to the auditor during 2018 (2017: €nil).

6. Interest payable and similar charges

	2018 €000	2017 €000
Interest payable to group companies	-	28
Other interest	186	275
	186	303

7. Profit for the financial year available for discretionary division among members

The amount of profits to be distributed is determined after the financial statements have been finalised and approved by the members. The profits are then shared amongst the members after the end of the period in accordance with agreed profit sharing arrangements.

Members do not receive any interest on their capital contributions or any remuneration other than their share of profits in accordance with profit sharing agreements.

The average profit per member is calculated by dividing the profit for the period before members' remuneration and profit shares by the average number of members.

The average number of members during the year was two (2017: two).

The average profit per member was €218,760,000 (2017: €89,689,000).

The share of profit (including remuneration) attributable to the member with the largest entitlement to profit, consisting of profits allocated after the balance sheet date and remuneration during the year, was €437,214,000 (2017: €179,251,000).

8. Fixed asset investments

	Subsidiary undertakings €000
Cost	
At 1 January & 31 December 2018	3,257,797

8. Fixed asset investments (continued)

The following are investments in subsidiary undertakings:

Name of subsidiary	Country of Incorporation and registered office address	% Holding	Principal activity
BlackRock UK 2 LLP*	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	99.93% of members' capital	To hold investments in group undertakings and seed investments
BlackRock UK 3 LLP	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	99.93% of members' capital	To hold investments in group undertakings and seed investments
BlackRock UK 4 LLP	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	99.93% of members' capital	To hold investments in group undertakings and seed investments
BlackRock Finco LLC	Wilmington, Delaware, USA	100%	Financing and intermediary holding company
BlackRock Jersey Finco 2 Limited	Suite 130, Liberation Station, Jersey, JE1 0BR, Channel Islands	100%	Financing company

*indicates direct investment of the partnership

9. Interest in unconsolidated structured entities

The partnership holds interests in investment funds, some of which are considered to be structured entities within the definition of IFRS 12. Structured entities are not consolidated as the partnership does not have "control" as defined under IFRS 10. The partnership holds an interest in these unconsolidated structured entities through a direct equity holding. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, limited partnerships and investment trusts.

The unconsolidated structured entities have various investment objectives and policies and are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

The unconsolidated structured entities are financed through a combination of equity capital provided by third party investors and seeding capital provided by the partnership. The carrying values of the partnership's interests in unconsolidated structured entities funds as recognised in the partnership's balance sheet as at 31 December 2018 are €358.6m (2017: €197.1m). The fair value losses recognised in the partnership's profit and loss account for the year ended 31 December 2018 were €11.4m (2017: gains of €6.2m).

Maximum exposure to loss

The partnership's maximum exposure to loss associated with its interest in these unconsolidated structured entities is limited to the carrying amounts detailed above.

Financial support

The partnership has not provided financial support to any of its unconsolidated structured entities during the year, and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no differences to the economic or voting rights attaching to the equity held by the partnership from those held by other investors. There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of the partnership's interest in the unconsolidated structured entities.

10. Current asset investments

	2018 €000	2017 €000
Financial assets designated at FVTPL	358,617	197,094

Financial assets designated at FVTPL relate to seed investments in sponsored investment products and alternative funds.

Any movements in the fair value of the current asset investments listed above have been included in the profit and loss account.

11. Debtors

	2018 €000	2017 €000
Other debtors	801	165

12. Creditors: Amounts falling due within one year

	2018 €000	2017 €000
Amounts due to group companies	17	-
Other creditors	2,521	227
	2,538	227

13. Derivative financial instruments

Derivatives carried at fair value:	2018 €000	2017 €000
Assets:		
Total return swap	1,522	34

At 31 December 2018 the partnership had four (2017: one) outstanding total return swaps with three (2017: one) counterparties with an aggregate notional value of €59,989,000 (2017: €10,487,000).

14. Creditors: Amounts falling due after more than one year

	2018 €000	2017 €000
Amounts due to group companies – loan notes	210,000	-
	210,000	-

Loan notes:

Group company	Interest rate	Maturity	2018 €000	2017 €000
BR Financial Management Inc	0.00%	31 May 2019	60,000	-
BR Financial Management Inc	0.00%	31 August 2019	150,000	-
			210,000	-

Amounts due to group companies are unsecured.

15. Financial instruments

Financial assets

Financial assets at fair value through profit or loss

Derivative held for trade

	2018 €000	2017 €000
Derivative financial asset	1,522	34

Valuation methods and assumptions
The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Non-derivative designated at FVTPL

	2018 €000	2017 €000
Seed investments held	358,617	197,094

Valuation methods and assumptions
Seed investments (listed)
The fair values of seed investments are determined with reference to quoted market prices.

Seed investments (unlisted)
As the investments in the financial assets are not traded in active markets, the fair value is determined using valuation techniques (see note 2). The partnership uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

15. Financial instruments (continued)

Loans and receivables

	2018 €000	2017 €000
Cash at bank and in hand	86,455	8,438
Trade and other debtors	801	165
	87,256	8,603

Financial liabilities

Other financial liabilities

	2018 €000	2017 €000
Trade and other creditors	212,538	227

16. Subsequent events

There are no subsequent events to report that occurred after the balance sheet date, but before the financial statements were authorised for issue.

17. Related party transactions

The partnership has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Details of members' remuneration are set out in note 7. There are no personnel other than members, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the partnership.

18. Ultimate controlling party

The partnership's 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 partnership and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements are available upon request from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 55 East 52nd Street, New York, NY 10055, USA or by email at invrel@blackrock.com.