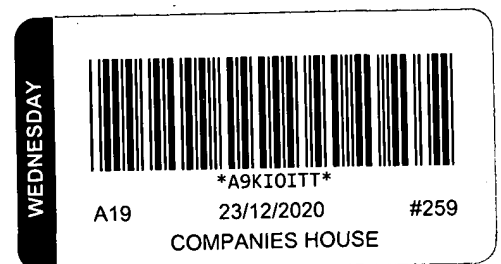


Registration number: 951043

BlackRock Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



BlackRock Group Limited

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BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their Strategic Report for BlackRock Group Limited (the "company") for the year ended 31 December 2019.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$7.43tn in assets under management ("AUM") as at 31 December 2019. With approximately 16,200 employees in more than 30 countries who serve clients in over 100 countries around the globe, BlackRock provides a broad range of investment, risk management and technology services to institutional and retail clients worldwide.

There have not been any significant changes in the company's principal activities in the period under review and the directors propose that the principal activities will continue during 2020.

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.

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, *Aladdin*®, *Aladdin Wealth*, *eFront*, *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. 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, 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, BlackRock's structure facilitates strong teamwork globally across both functions and regions in order to enhance the firm's ability to leverage best practices to serve clients and continue to develop 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.

The index investing industry has been growing rapidly, with ETFs as a major beneficiary, driven by structural tailwinds including the migration from commission-based to fee-based wealth management, clients' focus on value for money, the use of ETF as alpha tools and the growth of all-to-all networked trading. *iShares*® ETFs' growth strategy is centred on increasing scale and pursuing global growth themes in client and product segments, including Core, Strategic, which includes Fixed Income, Factors, Sustainable and Megatrend ETFs, and Precision Exposures.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

As the wealth management landscape shifts globally from individual product selection to a whole-portfolio approach, BlackRock's Retail strategy is focused on creating outcome-oriented client solutions. 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, powered by Aladdin®.

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 manage portfolios and risk, effectively serve clients and operate efficiently. Anticipated industry consolidation and regulatory requirements should continue to drive demand for holistic and flexible technology solutions. BlackRock offers investment management technology systems, risk management services, wealth management and digital distribution tools on a fee basis. BlackRock's technology portfolio includes Aladdin® and Aladdin Wealth, eFront, FutureAdvisor, Cachematrix, as well as minority investments in Scalable Capital, iCapital, Acorns and Envestnet.

Regional

On a regional basis, BlackRock in EMEA manages \$1.9tn of AUM for its clients as at 31 December 2019, which generated \$3.9bn of revenue in the reporting period from a diversified client base and product range. Growth in the region has been powered by fixed income net inflows, reflecting strong flows into iShares® and liability-driven investment solutions.

Areas of strategic focus

Against the industry profile and key industry trends the company and its subsidiaries (the "Group"), as part of the global group, will seek to deliver value for shareholders over time by, among other things, capitalising on BlackRock's differentiated competitive positioning, including:

- BlackRock's focus on strong performance providing alpha for active products and limited or no tracking error for index products;
- BlackRock's 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 breadth of investment strategies, including market-cap weighted index, factors, active, high conviction alpha and illiquid alternative product offerings, which enhance its ability to tailor single and multi-asset investment solutions to address specific client needs;
- BlackRock's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and macro trends including the secular shift to index investing and ETFs, a focus on income and retirement, increasing demand for sustainable investment strategies and barbell investing using index, active and illiquid alternatives products; 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, Cachematrix and FutureAdvisor. This commitment is further extended by minority investments in distribution technologies including Scalable Capital, iCapital, Acorns and Envestnet.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Key performance indicators

Profit after tax

Profit after tax increased from £481.6m in 2018 to £736.8m in 2019. The increase in profit after tax is in line with the increase in dividend income from £480.0m in 2018 to £734.0m in 2019.

Net assets

The balance sheet as at 31 December 2019 shows net assets of £1,334.0m (2018: £1,797.2m), a decrease of 26%. This reflects dividends paid of £1.2bn, partially offset by dividends received of £734m and profit retained for the year.

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

Emerging risks and uncertainties (not considered "principal")

During the year, the Board discussed and monitored a number of emerging risks which could potentially impact the Group's ability to meet its strategic objectives.

The Board has determined that these emerging risks and uncertainties are not currently material to the Group, and therefore are not cited as principal risks, but has nevertheless included them in this Strategic Report to enable users to understand how emerging risks have been considered in the current period. Descriptions of these emerging risks, and how they are mitigated and monitored by the Board, are as follows:

Climate change

As an asset manager, the Group has a fiduciary responsibility to protect and enhance the value of the assets clients have entrusted to it. Climate change poses risks and opportunities that may impact the long-term financial sustainability of the companies in which the company invests on behalf of its clients. Climate risk is a significant investment risk, with the potential for financial impacts that reverberate across all industries and markets, affecting long-term shareholder returns as well as economic stability.

The investment risks presented by climate change are set to accelerate a significant reallocation of capital, which will in turn have a profound impact on the pricing of risk and assets around the world. The risk arises not only in terms of the physical risk associated with rising global temperatures, but also transition risk - namely, how the global transition to a low-carbon economy could affect a company's long-term profitability.

In relation to risks posed by climate change, BlackRock has committed to put sustainability at the centre of risk management, portfolio construction, product design and company engagement. The commitment has been widely communicated to stakeholders, including a letter to shareholders of BlackRock, Inc. during January 2020, which can be accessed at the following link:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>. BlackRock continues to work to decouple company growth from environmental impact, while increasing the efficiency and resiliency of operations.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

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 company, through its role as the holding company of the Group, mainly derives its revenue from dividends received from investments in Group companies. As a result the company is indirectly exposed to the same risks and uncertainties as its operating subsidiaries.

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

Natural disasters, pandemics or health crises

Events outside of BlackRock's control, including natural disasters, pandemics or health crises (such as the coronavirus), may arise from time to time. Any such events, and responses thereto, may cause significant volatility and declines in the global markets, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as the BlackRock's products, clients, vendors, operations and employees, which may cause BlackRock's AUM, revenue and earnings to decline.

In particular, the recent spread of the Coronavirus ("Covid-19") across the globe has caused equity markets to fall significantly, which has had a negative impact on the company's results post year-end due to reduced dividend income from subsidiaries. As the pandemic increases in duration, the continuation of measures to counteract Covid-19 (e.g. social distancing) could result in an even broader economic downturn which could have a prolonged negative impact on the company's financial results.

Market movements are closely monitored by the BlackRock's investment research teams in line with each client's investment objective, and strategic decisions are taken by portfolio managers to proactively manage risk for each individual fund product managed. BlackRock has in place a detailed business continuity management programme that is focused on maintaining business operations in the event of a crisis. BlackRock's preparedness approach includes an extensive programme to monitor, review and assess threats and, where necessary, to respond to incidents that might impact our employees and operations.

Specifically, in respect of Covid-19, BlackRock has updated its business continuity and contingency plans and has fully briefed its staff on appropriate remote working arrangements, and compliance with government advice on social distancing. In particular, management has updated its key protocols to ensure there are appropriate mechanisms to manage:

- staff welfare;
- process resilience and compliance, including information technology infrastructure;
- client service (including ongoing communications with clients and reporting);
- the impact on the company's key supply chains; and
- the impact on third party service providers.

Regulatory risk

BlackRock's business and operating activities are subject to increasing regulatory oversight in the UK and the Group may be affected by a number of proposed or fully or partially implemented reform initiatives, as well as volatility associated with international regulatory uncertainty, including (but not limited to):

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

- the UK Exit from the European Union ("EU");
- reform of investment markets (such as the Markets in Financial Instruments Directive ("MiFID") governing the provision of investment services has been revised and is accompanied by an associated Regulation (together with certain secondary regulation, "MiFID II");
- EU market access due to increased regulation on third country fund marketing passports and the continuation of national private placement regimes for AIFM clients; and
- Senior Managers and Certification Regime in the UK.

Such regulatory reforms could require the Group to alter its future business or operating activities, which could be time-consuming and costly, impede the company's growth and cause its AUM, revenue and earnings to decline. Regulatory reform may also impact BlackRock's internationally-based clients, which could cause them to change their investment strategies or allocations in manners that may be adverse to BlackRock.

Further details on the wider risks facing the BlackRock group as a whole, including more in-depth descriptions of each of the above matters, can be found in the BlackRock, Inc. 10K SEC filing: <https://ir.blackrock.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=13966766>

BlackRock ensures that it monitors publications issued by regulators and other bodies on a daily basis in order to identify consultations, new regulation, legislation and changes to rules which may impact on BlackRock's business or on any compliance procedures. This monitoring is complemented by content from external policy advisors and trade associations to ensure BlackRock is up-to-date with all regulatory and legislative reforms that impact its activities across the globe.

BlackRock's Legal and Compliance department undertakes detailed analysis of forthcoming regulatory and legislative change to understand the implications of such change. Where necessary, BlackRock will engage with external policy advisors for independent assessments, and will engage with peers, including through trade association meetings, to discuss forthcoming changes. Risk-based monitoring is conducted post-implementation to review delivery of regulatory driven change.

Operational risk

One of the major risks faced by the Group is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes, people and systems, outsourced third party providers or from external events, this includes cyber risk. The Group has a well-established operational risk management framework that provides appropriate control and oversight over risk management arrangements. The operational risk management framework supports the firm'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.

The Group operates in a competitive and highly regulated environment and there are a number of factors which could increase the number and severity of operational risks faced by the Group. A detailed model approach, based on scenario analysis and statistical modelling, is used to assess the operational risk capital requirement.

The Group seeks to manage operational risk by means of a variety of controls to prevent or mitigate the occurrence of operational risk events and losses. Escalation procedures are in place and operational risks are regularly monitored and reported to senior management, the Board and relevant internal oversight committees.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

The Group also considers risk management when setting remuneration policies and practices to govern those staff whose professional activities could potentially have a material impact on the Group's risk profile. Whilst employees are compensated for strong performance in their management of client portfolios, they are required to manage risk within the risk profiles appropriate for their clients.

The list of Remuneration Code Staff is reviewed and agreed by the EMEA Compensation Committee, the Management Development and Compensation Committee, the EMEA Executive Committee and BlackRock, Inc. board of directors to ensure a culture of excellence, monitor the business and financial performance and protect the brand and reputation of the firm.

BlackRock considers information security to be of paramount importance and essential cornerstone of its operations, and has implemented 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.

Credit risk

Credit risk arises in relation to accounts receivable, 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 accounts receivable arising from fee income debtors is considered low. The company minimises exposure to credit risk with respect to accounts receivable by actively pursuing settlement of outstanding management fee invoices and performance fee invoices within the terms and conditions of the underlying agreement. The Group manages its cash through a cash-pooling arrangement between BlackRock group entities.

HSBC is the main cash management service provider. A concentration risk does exist in respect of the Group's main pan-European bank service provider, HSBC. BlackRock group companies maintain higher credit exposure on their cash with HSBC than with other banks because as HSBC is an AA- rated bank, the risk of default is considered negligible. The creditworthiness of HSBC is continuously monitored by both the Treasury and Risk and Qualitative Analysis departments.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Liquidity risk

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

Market risk

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

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

The Group is exposed to foreign exchange risk on all income, all expenditure and all transfer pricing (both income and expenditure) that arise in currencies other than sterling; or that arise in sterling, but are booked in legal entities where the functional currency is not sterling. The Group is also exposed to foreign exchange risk on the revaluation of any non-sterling net assets; or sterling net assets booked in legal entities where the functional currency is not sterling.

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

Geopolitical risk

Since the Brexit vote in 2016, BlackRock has undertaken a thorough review of how the UK's exit from the European Union ("EU") will impact its business and operations in Europe.

On 31 January 2020, the UK formally left the EU and entered a transition period, during which the UK's arrangements with the EU will remain unchanged until 31 December 2020. There is currently uncertainty as to what type of deal will be negotiated between the UK and the EU from 1 January 2021 onwards, and it remains unclear how the future relationship will impact financial services.

At present, the Board concludes that there is no need to change the company's operating model, but they will continue to monitor developments and prepare appropriate plans to ensure continuity of service post transition period.

Risks and uncertainties impacting the company

There are a number of wider risks and uncertainties posed by Brexit. However, the principal risks and uncertainties which could impact the company are as follows:

- the structure of the company's EU legal entity branch network may need to be revised;
- there may be changes to technology and operations including data, compliance rules, investment operations, service providers, and reporting; and
- trading, derivatives and market liquidity may become impacted due to uncertainty of regulatory recognition.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Third country investment management services are expected to continue as permitted by existing regulations.

In order to appropriately mitigate the above key risks and uncertainties, BlackRock has established a cross-functional Brexit Steering Committee that is coordinating its response to Brexit, in order to ensure that BlackRock's UK entities (including the company) can continue to meet clients' needs post-Brexit. This Steering Committee provides updates as and when requested by the Board.

Additionally, the company has representation on the Brexit Steering Committee through ongoing attendance and participation by certain of its Board members.

BlackRock has implemented a number of steps to prepare its business and has developed modular plans such that it can implement necessary steps as the outcome of the negotiations become final. Having closely monitored developments over the past twelve months, which included several potential dates for Brexit moving at short notice, the Board is confident that the company will be able to appropriately implement its plans in the case of a "no deal" position at short notice.

As part of BlackRock's strategy to grow the business across Europe and continue to deepen its presence in local markets, BlackRock has extended the permissions for the existing Markets in Financial Instruments Directive ("MiFID") entity in the Netherlands. This has been put in place to ensure BlackRock can continue to meet clients' needs should the UK exit the transition period without equivalent permissions being in place. Accordingly, the company has made arrangements to transfer impacted elements of its EU business (namely the assets, liabilities, and employees of the EU27 branches which the company operates) to the Netherlands entity should such circumstances arise.

Impact on the company's financial statements

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

In the case that the future UK-EU regulatory agreement does not permit the company to contract directly with EU-domiciled clients after 31 December 2020, it would be required to novate its EU investment management agreements to other BlackRock EU-domiciled entities with appropriate regulatory permissions, in order to ensure continuity of service to these clients from 1 January 2021 onwards.

If this scenario was to arise, the entity would continue to be profit-generative given that its activities are mostly in the UK. In addition, the Board have assessed the impact of this scenario arising on the company's capital position, and are confident that the company would continue to remain compliant with its capital requirements.

The management companies for BlackRock funds have appointed the company to act as Principal Distributor for them. The Principal Distribution function includes the ability to contract with third parties to provide sub-distribution services for the funds. The appointment of Principal Distributor, and the signing of contracts with sub-distributors are not regulated activities, so can continue to be performed by a UK entity even in a no-deal scenario. To the extent that BlackRock is performing any regulated functions in its distribution activities, these will be performed by appropriately regulated BlackRock entities appointed for this purpose by the Principal Distributor.

Taking the above factors into consideration, the Board does not believe there to be any impact on the company's ability to continue as a going concern for the next twelve months.

BlackRock Group Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Capital management

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern;
- to satisfy the requirements of its regulators; and
- to maintain financial strength to support new business growth.

The company is subject to a minimum regulatory capital requirement imposed by the Financial Conduct Authority ("FCA"). In order to ensure compliance with this requirement throughout the year and to fund continued business expansion and development, a surplus was maintained throughout the year as deemed appropriate by the Board.

The company ensures that it is able to continue as a going concern and has a sufficient capital surplus to meet the regulatory requirement at all times during the year. The amount of its distributable reserves and its cash flow position are considered when making any decision to pay a dividend.

Internal Capital Adequacy Assessment Process ("ICAAP")

The company's regulatory capital requirement is established by reference to the ICAAP undertaken by its immediate parent, BGL, as reviewed by the FCA. The detailed analysis therein encompasses all subsidiaries and participations of BGL that are included within its prudential consolidation.

In addition, details of BGL's approach to capital adequacy are included in its 'Pillar 3' Market disclosure document, which also provides information regarding the remuneration policies and practices for those staff whose professional activities could have a material impact on BGL's risk profile. This can be found at the following website address:

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

Approved by the Board on 17 June 2020 and signed on its behalf by:



.....
C Thomson
Director

BlackRock Group Limited

Directors' Report for the Year Ended 31 December 2019

The Board present their report together with the audited financial statements of BlackRock Group Limited (registered number: 951043) for the year ended 31 December 2019.

The directors have chosen, in accordance with section 414C (11) of the Companies Act 2006, to include certain additional matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

Principal activity

The principal activity of the company is to act as the United Kingdom holding company of certain companies of the BlackRock group. The Group, through its operating subsidiaries, is engaged in the provision of investment management and advisory services.

The company also operates through a branch in Luxembourg.

The Group is regulated by the FCA.

Dividends

Dividends of £1,200m were paid in 2019 (2018: £1,100m).

Directors and officers of the company

The directors, who held office during the year and up to the date of this report, were as follows:

J Charrington - Chairman

C Clausen

R A Damm (resigned 18 September 2019)

E de Freitas

E Fishwick

R Lord

S Mullin Outhwaite

P Olson (resigned 20 March 2019)

C Thomson

M Young

Officers:

BlackRock Company Secretarial Services (UK) Limited - company secretary

BlackRock Group Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Going concern

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

There are no going concern issues as a result of the Coronavirus outbreak and subsequent downturn in the global macroeconomic environment. This is explained further in note 22.

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 2019 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's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditor

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

BlackRock Group Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Approved by the Board on 17 June 2020 and signed on its behalf by:



.....
C Thomson
Director

BlackRock Group Limited

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

Opinion

In our opinion the financial statements BlackRock Group Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes to financial statements 1 to 22.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

We have nothing to report in respect of these matters.

Other information

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

BlackRock Group Limited

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

BlackRock Group Limited

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

Matters on which we are required to report by exception

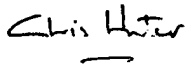
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Chris Hunter (Senior statutory auditor)
For and on behalf of Deloitte LLP, Statutory auditor

Edinburgh
United Kingdom

17 June 2020

BlackRock Group Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Income from investments in group companies	10	734,000	480,000
Administrative expenses		(23)	(711)
Other operating income		124	-
Operating profit	4	734,101	479,289
Interest receivable and similar income	7	14,839	10,158
Interest payable and similar charges	8	(16,648)	(8,327)
Net gains on financial instruments held at fair value through profit and loss		2	4
Net (losses)/gains on derivative financial instruments		(808)	450
Profit before tax		731,486	481,574
Tax on profit on ordinary activities	9	5,296	3
Profit for the year		736,782	481,577

Income and operating profit derive wholly from continuing operations.

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

The notes on pages 19 to 46 form an integral part of these financial statements.

BlackRock Group Limited
(Registration number: 951043)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Fixed assets			
Investments	10	2,331,882	2,252,696
Current assets			
Debtors	13	922,978	913,263
Other financial assets	11	73	95
Cash and cash equivalents	12	5,750	40,980
		<u>928,801</u>	<u>954,338</u>
Creditors: Amounts falling due within one year	14	<u>(925,767)</u>	<u>(1,368,859)</u>
Net current assets/(liabilities)		<u>3,034</u>	<u>(414,521)</u>
Total assets less current liabilities		2,334,916	1,838,175
Creditors: Amounts falling due after more than one year			
Loans and borrowings	15	<u>(1,000,959)</u>	<u>(41,000)</u>
Net assets		<u>1,333,957</u>	<u>1,797,175</u>
Capital and reserves			
Called up share capital	16	235,166	235,166
Share premium reserve		800,000	1,106,075
Capital contribution reserve		7,029	7,029
Profit and loss account		<u>291,762</u>	<u>448,905</u>
Shareholders' funds		<u>1,333,957</u>	<u>1,797,175</u>

Approved by the Board on 17 June 2020 and signed on its behalf by:



C Thomson
Director

The notes on pages 19 to 46 form an integral part of these financial statements.

BlackRock Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called-up share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	235,166	1,106,075	7,029	448,905	1,797,175
Profit for the year	-	-	-	736,782	736,782
Dividends	-	-	-	(1,200,000)	(1,200,000)
Share premium conversion	-	(306,075)	-	306,075	-
At 31 December 2019	<u>235,166</u>	<u>800,000</u>	<u>7,029</u>	<u>291,762</u>	<u>1,333,957</u>

	Called-up share capital £ 000	Share premium reserve £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	235,166	1,106,075	7,029	1,067,328	2,415,598
Profit for the year	-	-	-	481,577	481,577
Dividends	-	-	-	(1,100,000)	(1,100,000)
At 31 December 2018	<u>235,166</u>	<u>1,106,075</u>	<u>7,029</u>	<u>448,905</u>	<u>1,797,175</u>

The notes on pages 19 to 46 form an integral part of these financial statements.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

The address of its registered office is:

12 Throgmorton Avenue

London

EC2N 2DL

These financial statements were authorised for issue by the Board on 15 June 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 ("FRS 100") as issued by the Financial Reporting Council ("FRC"). Accordingly, in the year ended 31 December 2019 the company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC.

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

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain standards, presentation of a cash-flow statement, standards not yet effective, impairment of assets, goodwill reconciliation, share-based payments 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 21.

Exemption from preparing group accounts

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

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 10 along with principal risks and uncertainties.

In assessing the going concern status, the directors have taken into account the above factors, including the financial position and profitability of the company and its subsidiaries. The companies that have provided financing to BlackRock Group Limited are under common control. The loans are long term and not due for repayment at least 12 months from the date of approval of the annual report. Furthermore, the companies that have borrowed money from BlackRock Group Limited have sufficient resources to repay on demand. The company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next 12 months. This, together with the proven ability of the company's subsidiaries to generate cash from operations, provides the directors with the confidence that the company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of the annual report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Foreign currency transactions and balances

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

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

Interest income

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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.

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

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

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

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

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

Investments

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

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

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, it is probable that the economic benefits associated with the dividend will flow to the company and the amount of the dividend can be measured reliably.

Dividends payable are included in the financial statements in the period in which they are declared, being appropriately authorised and no longer at the discretion of the company.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

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

Assets which are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, excluding tangible assets, investment properties, intangible assets, deferred tax assets, income tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial asset or financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") and sales of other financial assets and financial liabilities are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities or the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income ("FVTOCI"); or
- financial assets at FVTPL.

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL or FVTOCI.

The company's financial assets measured at amortised cost comprise trade debtors, loans, and cash and cash equivalents.

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

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

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.

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial assets at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVPTL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets measured at FVTOCI comprise debt securities and equity investments not held for trading.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the profit and loss account.

Financial assets at FVTPL

Financial assets not otherwise classified above are classified and measured as FVTPL, specifically when the financial asset is either held for trading or it is designated as FVTPL.

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

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

A financial asset is classified as held for trading if:

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

The company's financial assets measured at FVTPL comprise other investments.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the profit and loss. The net gain or loss recognised in the profit and loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 18.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial liabilities at FVTPL

Financial liabilities are classified and measured at FVTPL when the financial liability is either a contingent consideration acquired in a business combination, held for trading (including derivatives) or it is designated at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

The company's financial liabilities at FVTPL comprise contingent consideration.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on a change in fair value recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability and is included in the 'foreign exchange gains and losses'. Fair value is determined in the manner described in note 18.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, 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 profit and loss account.

Any cumulative gain or loss recognised in other comprehensive income in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety but has continuing involvement in them, then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's balance sheet and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit and loss account.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the profit and loss account in the 'other gains and losses' line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in the profit and loss account in the 'other gains and losses' line item

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses ("ECL") on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt securities; and
- Trade debtors

The ECL model anticipates impairment losses by recognising them over the lifetime expected of the financial instrument including that which is forward looking.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the full amount of the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

The company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

For assets held at amortised cost, provisions for credit-impairment are recognised in the profit and loss account and are reflected in accumulated provision balances against each relevant financial instruments balance. For assets held at FVTOCI the loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

For trade debtors, the company applies a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

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

Financial liabilities and equity instruments

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

Equity instruments

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

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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 futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

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

Derivative financial instruments are recognised in the balance sheet at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

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

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

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

There are no critical accounting judgements.

Key sources of estimation uncertainty

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

Deferred tax assets

Judgement is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Full details are set out in note 9.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Critical accounting judgements (continued)

Impairment of non-financial assets

Goodwill and intangibles that are not subject to amortisation require an annual impairment review to be completed. This is also the case for assets where indicators of impairment exist, or where indicators suggest that a prior period impairment loss may have reversed.

In assessing the recoverable amount of an asset or CGU under a fair value less costs of disposal approach, management's judgement is exercised to best determine risk adjusted multipliers to reflect the risk profile of the asset or CGU under review. In assessing the recoverable amount of an asset or CGU under a value in use approach, management's judgement is exercised to best estimate future cash flows and a post-tax discount rate, based upon a group weighted average cost of capital, adjusted to reflect the risks associated with the asset or CGU.

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

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

Fair value through profit and loss

FVTPL financial assets are fair valued at the end of each reporting period.

In assessing the fair value of financial assets that qualify as financial instruments, management's judgement is exercised to best determine future cash flows, the discount for lack of marketability, growth rates and cost of equity. Management also exercises judgement in determining whether a decrease, or increase, in recoverable amount meets the prolonged or significant tests.

Full details are set out in note 18.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£000	£000
Foreign exchange (gains) losses	(124)	319
Fair value movement on contingent consideration	-	195
	<u> </u>	<u> </u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£ 000	£ 000
Aggregate emoluments	4,162	5,256
Company contributions in respect of defined contribution pension schemes	22	35
	<u> </u>	<u> </u>
	<u>4,184</u>	<u>5,291</u>

Of the 10 (2018: 10) directors that served during the period, no directors were remunerated by the company (2018: no directors). The amounts included above, which are paid by other entities, relate to their service as directors of the company based on an estimated time allocation basis except 4 (2018: 4) directors, who were paid an agreed fee.

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

	2019	2018
	No.	No.
Received or were entitled to receive shares under service condition based schemes	6	8
Received or were entitled to receive shares under market performance based schemes	4	5
Accruing benefits under defined contribution pension scheme	6	5
	<u> </u>	<u> </u>

In respect of the highest paid director:

	2019	2018
	£ 000	£ 000
Aggregate emoluments	1,409	1,507
Company contributions to defined contribution schemes	9	9
	<u> </u>	<u> </u>
	<u>1,418</u>	<u>1,516</u>

During the year the highest paid director received or was entitled to receive shares under both a service condition based incentive scheme and a market performance based incentive scheme.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Auditors' remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>52</u>	<u>52</u>
Other fees to auditors		
The auditing of accounts of any associate of the company	<u>1,904</u>	<u>2,482</u>

Auditors remuneration has been borne by another group company in the current and preceding year.

7 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest income on loan notes receivable from group companies	14,574	9,641
Other finance income	<u>265</u>	<u>517</u>
	<u>14,839</u>	<u>10,158</u>

8 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest payable on loan notes payable to group companies	8,474	5,065
Bank interest	<u>8,174</u>	<u>3,262</u>
	<u>16,648</u>	<u>8,327</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Income tax

Tax charged/(credited) in the profit and loss account:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	269	-
Foreign tax adjustment to prior periods	<u>-</u>	<u>(3)</u>
Total current income tax	269	(3)
Deferred taxation		
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(5,565)</u>	<u>-</u>
Tax receipt in the profit and loss account	<u><u>(5,296)</u></u>	<u><u>(3)</u></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	<u>731,486</u>	<u>481,574</u>
Corporation tax at standard rate	138,982	91,499
(Decrease) in current tax from adjustment for prior periods	-	(3)
(Increase) from effect of revenues exempt from taxation	(139,467)	(91,200)
(Decrease) increase from effect of expenses not deductible in determining taxable profit (tax loss)	(2)	41
Increase (decrease) arising from group relief tax reconciliation	487	(340)
(Decrease) in current tax from unrecognised temporary difference from a prior period	(5,565)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>269</u>	<u>-</u>
Total tax credit	<u><u>(5,296)</u></u>	<u><u>(3)</u></u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

			Asset £ 000
2019			
Other items			<u>5,565</u>
	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2018			
Other items	<u>1</u>	<u>(1)</u>	<u>-</u>

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in profit and loss £ 000	At 31 December 2019 £ 000
Other items	<u>-</u>	<u>5,565</u>	<u>5,565</u>

The Company incurred capital losses in prior years in the amount of £1,463,000 (2018: £3,962,000). No deferred tax asset is recognised in the balance sheet in respect of these losses as the Company does not consider it probable it will have sufficient capital income against which these losses may be offset.

10 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2018	2,213,902
Additions	<u>38,794</u>
At 31 December 2018	<u>2,252,696</u>
At 1 January 2019	2,252,696
Additions	<u>79,186</u>
At 31 December 2019	<u>2,331,882</u>

Details of the subsidiaries and related undertakings as at 31 December 2019 are as follows:

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2019	2018
BlackRock Investment Management (UK) Limited	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management (UK) Limited	Finance company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock (Netherlands) B.V.	Provider of investment management services	Rembrandt Tower, Amstelplein 1, 17th Floor, 1096 HA Amsterdam, Netherlands	100%	100%
BlackRock Fund Management Company S.A.*	Unit trust management	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Finance Europe Limited*	Finance company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Luxembourg Holdco S.a.r.l.*	Holding company	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Advisors (UK) Limited	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Investor Services Limited	Provider of central group services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock International Limited*	Provider of investment management services	Exchange Place One, 1 Semple Street, Edinburgh EH3 8BL, United Kingdom	100%	100%
BlackRock Fund Managers Limited	Provider of investment management services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Deutschland AG	Provider of investment management services	Max-Joseph-Strasse 6, Munich, 80333, Germany	100%	100%
BlackRock (Luxembourg) S.A.	Provider of investment management services	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2019	2018
BlackRock Investment Management Ireland Holdings Limited	Holding company	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Investment Management (Dublin) Limited*	Provider of central group services	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Asset Management Ireland Limited	Provider of investment management services	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland	100%	100%
BlackRock Life Limited	Provider of investment management policies for unit linked pension schemes	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Schweiz AG	Sales and marketing	Claridenstrasse 25, POB 2118, CH-8022 Zürich, Switzerland	100%	100%
BlackRock UK Holdco Limited	Holding company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Property Lux S.a.r.l.*	Provider of administrative and advisory services	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Europe Development Management Limited*	Development management services	10 Diomidious, 3rd Floor, Office 401, Nicosia, 2024, Cyprus	100%	100%
BlackRock Property France SARL*	Provider of administrative and advisory services	16 Rue de quatre septembre, 75002 Paris	100%	100%
BlackRock Channel Islands Holdco Limited	Holding company	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock (Channel Islands) Limited	Provider of investment management and administrative services	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
BlackRock Private Equity III GenPar LP	General Partner	Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2019	2018
BlackRock Growth Markets II SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Infrastructure II SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
BlackRock Private Equity V SGP Limited	General Partner	Ugland House, George Town, Grand Cayman, KYI-1104, Cayman Islands	100%	100%
Mercury Carry Company Limited*	Founder Partner	First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF	100%	100%
Grosvenor Ventures Limited	Investment company	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
Mercury Private Equity MUST 3 (Jersey) Limited*	Provider of investment management services as general partner	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	100%	100%
Grosvenor Alternate Partner Limited	Provider of investment management services as general partner	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock First Partner Limited	General Partner	Regus - Suite 130, Liberation Station Esplanade, Jersey JE1 0BR	100%	100%
St. Albans House Nominees (Jersey) Ltd	Nominee of affiliated companies	Regus - Suite 130, Liberation Station Esplanade, Jersey JE1 0BR	100%	100%
BlackRock (Slovakia) s.r.o.*	Dormant entity	Karadžičova 8/a, Bratislava - mestská časť Ružinov 821 08, Slovakia	100%	100%
BlackRock Saudi Arabia*	Provider of investment management services	King Fahd Road, 18th floor, Faisaliah Towers, P.O.Box 54995, Riyadh 11524, Saudi Arabia	100%	100%
BlackRock Germany GmbH*	Dormant entity	Max-Joseph-Straße 6, 80333 / München, Germany	100%	100%

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Name of subsidiary / related undertaking	Principal activity	Country of incorporation and address of registered office	Proportion of ownership interest and voting rights held	
			2019	2018
BlackRock Hungary Kft*	Provider of investment management and administrative services	1054 Budapest, Kálmán Imre utca 1, Hungary	100%	100%
BlackRock France SAS*	Provider of investment management services	Le Centuriale, 16-18, rue du Quatre Septembre, 75002 Paris, France	100%	100%
BlackRock Pensions Limited	Dormant entity	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Luxembourg GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
GID Program General Partner S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock GP Lux S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
EMMPD Fund I GP S.a.r.l.	General Partner	47, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
Global Infrastructure Solutions 3 Multi-Manager GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
Middle Market Senior Fund GP S.a.r.l.	General Partner	35A, Avenue JF Kennedy, L-1855, Luxembourg	100%	100%
BlackRock Company Secretarial Services (UK) Limited*	Company secretarial services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%

* indicates direct investment of BlackRock Group Limited

During the year BlackRock Investment Management (Dublin) Limited became a direct investment of the company. Direct control of this entity was transferred from BlackRock Investment Management Ireland Holdings Limited for consideration of £75m in the form of a loan note.

During the year a capital contribution of £4.2m was made to BlackRock France SAS.

During the year dividends of nil (2018: £150.0m) were received from BlackRock Investment Management (UK) Limited ("BIM"), dividends of nil (2018: £150.0m) were received from BlackRock Advisors (UK) Limited, dividends of £614.0m (2018: £180.0m) were received from BlackRock Finance Europe Limited and dividends of £120.0m (2018: nil) were received from BlackRock International Limited.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Investments (continued)

Associates

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2019	2018
Scalable Capital GmbH	Digital investment company	Prinzregentenstraße 48, 80538 München, Germany	38.8% / 40.9%	34.18% / 37.14%

Scalable Capital GmbH is an indirect investment of the company.

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

11 Other financial assets

	31 December 2019 £ 000	31 December 2018 £ 000
Current financial assets		
Financial assets at fair value through profit and loss	73	95

12 Cash and cash equivalents

	31 December 2019 £ 000	31 December 2018 £ 000
Cash at bank	5,630	5,640
Short-term deposits	120	35,340
	<u>5,750</u>	<u>40,980</u>

Cash management within the BlackRock group is governed by a cash-pooling arrangement. Surplus cash from certain Group companies is swept into highly rated, HSBC accounts held by BIM. The balance payable to BIM of £912,815,000 (2018: £877,922,000) in relation to this arrangement is included within note 14 - amounts due to group companies.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Debtors

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts due from group companies	5,563	3,248
Loans due from group companies	910,000	910,000
Other debtors	1	14
Deferred tax asset	5,565	1
Income tax asset	1,849	-
	<u>922,978</u>	<u>913,263</u>

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

14 Creditors: amounts falling due within one year

	31 December 2019 £ 000	31 December 2018 £ 000
Contingent consideration	-	1,754
Loans due to group companies	-	474,959
Amounts due to group companies	925,700	887,920
Other creditors	67	187
Corporation tax liability	-	4,039
	<u>925,767</u>	<u>1,368,859</u>

Excluding the loan notes shown below, all other amounts due to group companies are unsecured, interest free and repayable on demand. The terms of the loan notes are detailed in note 15.

The fair value of contingent consideration is disclosed in note 19.

15 Loans and borrowings

	31 December 2019 £ 000	31 December 2018 £ 000
Loans due to group undertakings	<u>1,000,959</u>	<u>41,000</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

15 Loans and borrowings (continued)

The company is a designated borrower on a \$4bn five year revolving syndicated bank facility. The company has a sublimit of \$1.5bn on the facility and a reserved capacity of \$600m. This facility is extended annually subject to market conditions. In March 2019, the facility was extended to March 2024 and the reserved capacity to the company decreased from \$800m to \$600m.

The company is also a designated borrower on a \$600m five year revolving credit agreement from BlackRock Financial Management, Inc. This facility is also extended annually. In March 2019, the facility was decreased from \$800m to \$600m and extended to March 2024.

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

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

Group company	Interest rate	Maturity	31 December 2019 £ 000	31 December 2018 £ 000
BlackRock UK Holdco Limited	1.17%	19/04/2019	-	180,000
BlackRock UK Holdco Limited	1.17%	29/11/2019	-	109,612
BlackRock UK Holdco Limited	1.17%	29/11/2019	-	157,347
BlackRock International Limited	1.71%	24/09/2019	-	28,000
BlackRock International Limited	1.73%	24/09/2019	-	24,000
BlackRock International Limited	1.75%	31/03/2021	17,000	17,000
BlackRock International Limited	1.13%	31/03/2022	28,000	-
BlackRock International Limited	1.13%	31/03/2022	24,000	-
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	180,000	-
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	109,612	-
BlackRock (Luxembourg) S.A.	1.2%	31/03/2022	157,347	-
BlackRock (Luxembourg) S.A.	1.05%	31/03/2022	200,000	-
BlackRock (Luxembourg) S.A.	1.06%	31/03/2022	75,000	-
BlackRock Investment Managers (UK) Limited	1.17%	31/03/2021	210,000	-
			<u>1,000,959</u>	<u>515,959</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Share capital

Allotted, called up and fully paid shares

	No. 000	2019 £ 000	No. 000	2018 £ 000
Class A Ordinary shares of £0.05 each	2,351,664	117,583	2,351,664	117,583
Class B Ordinary shares of £0.00 each	44,681,615	117,583	44,681,615	117,583
	<u>47,033,279</u>	<u>235,166</u>	<u>47,033,279</u>	<u>235,166</u>

On a poll, each member will have 171 votes for each Class A ordinary share held and each member will have 1 vote for each Class B ordinary share held.

17 Dividends

	31 December 2019 £ 000	31 December 2018 £ 000
Interim dividend of £0.0255 (2018 - £0.0234) per ordinary share	<u>1,200,000</u>	<u>1,100,000</u>

18 Financial instruments

Assets measured at fair value 2019

	Total £ 000
Assets designated as fair value through the profit and loss - other investments	73
Derivative financial assets at fair value through profit or loss held for trading	<u>1</u>
	<u>74</u>

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Financial instruments (continued)

Assets measured at fair value 2018

	Total £ 000
Assets designated as fair value through the profit and loss - other investments	95
Derivatives held for trading - foreign exchange forward contracts	<u>3</u>
	<u>98</u>

Liabilities measured at fair value 2019

	Total £ 000
Derivatives held for trading - foreign exchange forward contracts	<u>38</u>

Liabilities measured at fair value 2018

	Total £ 000
Derivatives held for trading - foreign exchange forward contracts	<u>91</u>

The fair value of the company's equity instruments is determined with reference to quoted prices in an active market for identical assets.

The fair values of derivative instruments are calculated using quoted prices.

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

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Contingent consideration

	2019	2018
	£ 000	£ 000
Opening balance	1,754	1,247
Unwind of discount	-	177
Revision in estimate	-	195
Foreign exchange movements	-	135
Payments	(1,754)	-
	<u>-</u>	<u>1,754</u>

Significant assumptions used in determining fair value of financial liabilities:

Contingent consideration

The fair value of the contingent consideration reflects the net present value of the forecast payments to MGPA under the terms of the sale and purchase agreement. The forecast payments are based on projected annual relevant revenue, the calculation of which factors in estimated growth rates of the funds on which the revenue is generated.

Fair value adjustments to the contingent consideration are recognised in profit and loss.

The final payment was made in January 2019.

20 Related party transactions

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

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

21 Parent and ultimate parent undertaking

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

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Post balance sheet events

In March 2020 the company received a dividend of £3m from its wholly owned subsidiary BlackRock Finance Europe Limited.

In March 2020 BlackRock UK Holdco Limited issued a £15m loan to the company with an interest rate of 2.12% and a maturity date of 20 March 2022.

In March 2020 the two loans to BlackRock Finco UK Limited were extended with a new maturity date of 31 March 2022.

In March 2020 the company extended the value and maturity of a loan payable to BlackRock Investment Management (UK) Limited. The balance increased from £210m to £1bn, the interest rate increased from 1.1676% to 1.1800%, and maturity extended from 31 March 2021 to 20 March 2022.

In March 2020, the company extended the maturity of tranche 3 of its loan payable to BlackRock International Limited. The new maturity date is 20th March 2022 and the interest rate increased from 1.7466% to 2.1205%.

In June 2020 the company received a dividend of £180m from its wholly owned subsidiary BlackRock Finance Europe Limited. The company also received a dividend of £69m from BlackRock International Limited.

In June 2020 BlackRock (Luxembourg) S.A. issued a £131m loan to the company.

In June 2020 the company paid a dividend of £124m to BlackRock Finco UK Limited. The company also paid a dividend of £7m to BlackRock Cayman West Bay IV Limited.

In June 2020 the company repaid loan notes of £28m, £24m and £17m to BlackRock International Limited and accrued interest of £239k. The company also made a partial loan repayment of £100m to BlackRock Investment Management (UK) Limited.

Global markets have experienced high levels of volatility and a downturn in the global economic environment subsequent to 31 December 2019 as a result of the Covid-19 outbreak.

Covid-19 and the consequent impact on the global economy is considered a non-adjusting post balance sheet event. Consequently, no adjustments are required to be made to the financial position at 31 December 2019 as a result of this event.

Impact on fair value of financial instruments post year-end

Additionally, the impact Covid-19 has had on the global economy may impact the valuation of certain financial instruments recognised on the balance sheet, where the financial instruments are fair-valued and linked to market inputs, or unobservable inputs.

The quantum of the effect of Covid-19 on these financial instrument values cannot be practically determined at the date of these financial statements, however the company is monitoring the situation and considering the effect it may have on the valuation of any impacted underlying instruments in the future.

BlackRock Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Post balance sheet events (continued)

Impairment of non-financial assets

Further, impairment assessments may require an impairment expense to be recorded against investments in subsidiaries and associates.

The quantum of the effect of Covid-19 on the quantum of any impairment cannot be practically determined at the date of these financial statements, however the company is monitoring the situation and considering the effect it may have on the recoverable amount of any impacted underlying assets subject to impairment reviews in the future.

Impact on business operations

From an operational perspective, the company and the broader BlackRock group as a whole, continues to operate as expected. With business continuity plans ensuring minimal disruption to its business or the company's ability to discharge its obligations to its various stakeholder.