Registration number: SC160821

BlackRock International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

BlackRock International Limited

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BlackRock International Limited

Strategic Report for the Year Ended 31 December 2014

The directors present their Strategic Report for the year ended 31 December 2014.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading global asset management firm with $4.7tn in assets under management ("AUM"), as at 31 December 2014. BlackRock offers a range of products across the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes.

BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors.

The directors are confident that this diversity in BlackRock's business model will continue to capture asset flows and revenues in 2015. 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 2015.

Corporate strategy
Corporate strategy is developed and reviewed at a global and European, Middle East and Africa ("EMEA") regional level. The company provides investment management, advisory and administrative services to clients and other group companies in support of the corporate strategy. The Strategic Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the company provides.

Industry profile

Global
The asset management industry, both globally and regionally, continues to be highly fragmented. BlackRock Inc. has the largest market share with $4.7tn of AUM of the global managed assets of c$60tn.

The following key client trends have accounted for more than 100% of all industry flows in recent years:
• Investor appetite for index/ETF products
• Broad adoption of Alternative Investment products
• Movement towards unconstrained fixed income
• Shift to outcome and solutions investing
• Greater focus on income
• Planning for longevity and retirement
• Evolution of emerging markets

BlackRock Inc is a top 10 firm in each of these areas, both in terms of AUM and inflows. In the areas of Index, Outcome and Solutions and Emerging Markets BlackRock is the market leader, while in the remaining areas BlackRock's market share has been expanding in these growing markets.

Regional

On a regional basis, BlackRock in EMEA manages >$1.4tn of AuM for its clients. This generates $3.6bn of revenue from a diversified client base and product range. Growth in the region has been powered by Retail and iShares® growth, this growth resulted from BlackRock's ability to take advantage of key changes in the European market including:

1. Regulatory changes - banning of commission payments to intermediaries as well as capital pressures on banks has led to changes in distribution models in Europe. BlackRock maintains the largest share of managed AUM in the region.
2. Increased focus by investors on product costs has led to the increase in indexed products, where BlackRock has a c26% share.
3. Changes in investor preferences towards outcome and solutions investing where BlackRock has the largest share of AUM.
4. Client's heightened risk aversion and desire to focus on risk management and reporting where BlackRock provides both advisory services through BlackRock Solutions® and its technology solution Aladdin.

Areas of strategic focus

Against the industry profile and key industry trends the company, as part of the global group, will seek to achieve its mission of creating a better financial future for its clients through focusing on the following strategic areas:

- iShares Exchange Traded Funds
- Outcome investing
- Retirement solutions
- Income investment
- Alternatives
- Emerging Markets
- Risk management and advisory services

Specifically the company provides investment management services covering a mix of alpha and beta strategies across fixed income and equity asset classes.

Key Performance Indicators

Assets under management

Assets under management have decreased by £3.0bn (24.6%) from £12.2bn at 31 December 2013 to £9.2bn at 31 December 2014 following an outflow of funds. The value of AUM disclosed here represents the total value of all assets in portfolios managed by employees of the company whereas AUM disclosed in note 16, Interests in unconsolidated structured entities, represents the total value of all assets in portfolios for which the company provides services.

Fee income

Turnover, which largely consists of management fee and performance fee income has increased 7.6% from £39.3m in 2013 to £42.3m in 2014. This is primarily due to increased portfolio management fees from other group companies and client servicing out of the company's Dublin branch.

Administrative expenses

Administrative expenses have decreased by 2.5% to £23.6m (2013: £24.2m). The decrease is driven by a reduction in foreign exchange losses and property related lease expenses, partially offset by an increase in staff costs.

Profit after tax

Profit after tax increased by £1.2m from £54.3m in 2013 to £55.5m in 2014, driven by increased fee income and a reduction in administrative expenses. This represents a return on assets of 9.3% (2013: 10.0%).

Net assets
Net assets of the company have increased from £542.7m in 2013 to £598.5m in 2014, the increase represents profit for the period and foreign currency translation.

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

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

Principal risks and uncertainties

Principal risks and uncertainties have been identified and 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. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring and managing risks, and invests in personnel and technology accordingly.

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

• operational risk events, arising from inadequate or failed internal processes, people and systems, or from external events, may result in direct costs and/or subsequent litigation and reputational damage;
• balance sheet risk events, arising from a short-fall of readily realisable liquid assets which may cause the company to default in respect of its payment obligations; and
• market risk events, whereby adverse economic conditions could lead to a decline in the value of clients' portfolios and hence associated revenues.

Operational risk

One of the major risks faced by the company is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes, people and systems, or from external events. The company 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 ensure that disruptions to delivering client services are at a minimum.

The company 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 company. A detailed model approach, based on scenario analysis and statistical modelling, is used to assess the operational risk capital requirement. The company 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.

The company 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 company'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.'s board of directors to ensure a culture of excellence, monitor the business and financial performance and protect the brand and reputation of the firm.

Balance sheet risk

Liquidity risk is the risk that the company is unable to meet financial obligations as they fall due without adversely affecting its financial position, the normal course of its business or its reputation.
The company has a governance framework and a Liquidity Policy aimed to:

• identify, quantify and monitor the liquidity needs, risks and requirements of the company;
• maintain liquidity resources in excess of liquidity requirements; and
• maintain rules and procedures in connection with a liquidity management framework.

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 and in some circumstances retains the right to offset unpaid invoices against any client assets. Intercompany balances are managed centrally and agreed upon and settled on a regular basis. The company manages its cash through a UK cash-pooling arrangement between BlackRock group entities, with any cash not required for working capital invested in money market instruments or highly rated and liquid sovereign debt.

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

The company is exposed to foreign exchange risk on all income, 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 company 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.

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 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 takes into account the amount of its distributable reserves and its cash flow position when making any decision to pay a dividend, thus ensuring that the company 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.

Internal Capital Adequacy Assessment Process ("ICAAP")
The company's regulatory capital requirement is established by reference to the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by its immediate parent, BlackRock Group Limited ("BGL"), as reviewed by the FCA. The detailed analysis therein encompasses all the subsidiaries of BGL.

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/simplified-prospectus/pillar-three-disclosure-uk.pdf

Approved by the Board on 25 March 2015 and signed on its behalf by:

A Caban

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A Caban
Company secretary

BlackRock International Limited

Directors' Report for the Year Ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity
The principal activities of the company are the provision of investment management, advisory and administrative services. The company operates a branch outside the UK in Dublin.

The company is authorised and regulated by the FCA.

Dividends
Interim dividends of £nil were paid in 2014 (2013: £nil). The directors do not recommend the payment of a final dividend (2013: £nil).

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

D Blumer (appointed 5 March 2014)

J Charrington

J DesMarais (resigned 25 March 2014)

E Fishwick

E de Freitas (appointed 3 April 2014)

N Hall

K Ironmonger (appointed 30 January 2014)

M Naylor (resigned 25 March 2014)

Q Price (resigned 12 March 2014)

C Prideaux (resigned 25 March 2014)

B Sklar (resigned 25 March 2014)

C Thomson

R Webb

T Webb (resigned 25 March 2014)

M Young (appointed 9 September 2014)

Officers:

A Caban - Company secretary
J Taylor - Company secretary

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the 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 applicable law and Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework. 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 UK Accounting Standards have 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.

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2014 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.

Employee consultation

It is the company's policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs or future prospects.

Disabled employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Deloitte LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continued in force under the Companies Act 2006.

Approved by the Board on 25 March 2015 and signed on its behalf by:

A Caban
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A Caban

Company secretary

BlackRock International Limited

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

We have audited the financial statements of BlackRock International Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes set out on pages 14 to 30. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

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Stuart McLaren (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

London
United Kingdom

25 March 2015

BlackRock International Limited

Profit and Loss Account for the Year Ended 31 December 2014

	Note	2014 £ 000	2013 (restated) £ 000
Turnover	5	42,287	39,332
Administrative expenses		(23,622)	(24,196)
Operating profit	6	18,665	15,136
Dividends received from investments in group companies		29,000	40,000
Other gains	7	8,875	-
Interest receivable and similar income	8	228	53
Interest payable and similar charges	9	(83)	(1,204)
Profit before tax		56,685	53,985
Tax on profit on ordinary activities	13	(1,164)	324
Profit for the year		55,521	54,309

Turnover and operating profit derive wholly from continuing operations.

BlackRock International Limited

Statement of Comprehensive Income for the Year Ended 31 December 2014

	Note	2014 £ 000	2013 £ 000
Profit for the year		55,521	54,309
Other comprehensive income			
Foreign currency translation gains/(losses)		270	(103)
Total comprehensive income for the year		55,791	54,206

The notes on pages 14 to 30 form an integral part of these financial statements.

BlackRock International Limited

(Registration number: SC160821)
Balance Sheet as at 31 December 2014

	Note	31 December 2014 £ 000	31 December 2013 (restated) £ 000
Fixed assets			
Tangible fixed assets	14	10,272	10,791
Investments	15	512,025	512,025
Current assets			
Debtors amounts falling due after one year	17	28,000	-
Debtors amounts falling due within one year	18	57,790	31,115
Cash at bank and in hand		52	378
		85,842	31,493
Creditors: Amounts falling due within one year	19	(4,194)	(4,348)
Net current assets		81,648	27,145
Total assets less current liabilities		603,945	549,961
Provisions for liabilities	20	(5,439)	(7,246)
Net assets		598,506	542,715
Capital and reserves			
Called up share capital	21	1,300	1,300
Share premium reserve		353,406	353,406
Capital contribution		8,019	8,019
Foreign currency translation reserve		167	(103)
Profit and loss account		235,614	180,093
Shareholders' funds		598,506	542,715

Approved by the Board on 25 March 2015 and signed on its behalf by:

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C Thomson

Director

BlackRock International Limited

Statement of Changes in Equity for the Year Ended 31 December 2014

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Foreign currency translation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	1,300	353,406	8,019	(103)	180,093	542,715
Profit for the year	-	-	-	-	55,521	55,521
Other comprehensive income	-	-	-	270	-	270
Total comprehensive income	-	-	-	270	55,521	55,791
At 31 December 2014	1,300	353,406	8,019	167	235,614	598,506

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Foreign currency translation reserve (restated) £ 000	Profit and loss account (restated) £ 000	Total £ 000
At 1 January 2013	1,300	353,406	8,019	-	125,840	488,565
Profit for the year	-	-	-	-	54,309	54,309
Other comprehensive income	-	-	-	(103)	-	(103)
Total comprehensive income	-	-	-	(103)	54,309	54,206
Movement in equity settled share schemes	-	-	-	-	(56)	(56)
At 31 December 2013	1,300	353,406	8,019	(103)	180,093	542,715

The notes on pages 14 to 30 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:
Exchange Place One
1 Semple Street
Edinburgh
EH3 8BL

These financial statements were authorised for issue by the Board on 25 March 2015.

2 Transition to FRS 101

First time adoption of FRS 101
These financial statements, for the year ended 31 December 2014, are the first the company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 December 2013, the company prepared its financial statements in accordance with UK GAAP ("Local GAAP").

Accordingly, the company has prepared financial statements which comply with FRS 101 applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013. In preparing these financial statements, the company's balance sheet was prepared at 1 January 2013, the company's date of transition to FRS 101.

This note explains the exemptions taken and principal adjustments made by the company in restating its local GAAP financial statements into FRS 101.

Foreign Translation Reserves in Equity
The 2013 adjustment of £103,000 to administrative expenses and the foreign exchange translation reserve relates to resetting foreign exchange recognised in equity on the conversion of operations in different functional currencies to that of the consolidating entity (GBP). This exemption is permitted under IFRS 1 on first time adoption.

First time adoption disclosures
• Apply prospectively, from 1 January 2013, IAS 39 Financial Instruments: Recognition and Measurement when accounting for financial assets and financial liabilities through the profit and loss account.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year and the preceding year.

3 Accounting policies (continued)

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. Accordingly, in the year ended 31 December 2014 financial statements have been prepared in accordance with applicable law and Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework as issued by the Financial Reporting Council. The company has voluntarily applied FRS 100 and FRS 101 prior to the mandatory implementation date of 1 January 2015.

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 a cash-flow statement, standards not yet effective, impairment of assets, 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 26.

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

Exemption from preparing group accounts

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

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, BlackRock Inc., a company incorporated in United States of America. The group accounts of BlackRock, Inc. are publicly available and can be obtained as set out in note 26.

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 5, along with key risks facing the company.

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

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

3 Accounting policies (continued)

Turnover
Turnover is measured at the fair value of the consideration received or receivable, net of VAT or trade discounts.

Investment management fees
Investment advisory and administration fees are recognised as the services are performed. Such fees are primarily based on pre-determined percentages of the market value of assets under management ('AUM').

The company receives performance fees or incentive allocations from alternative investment products and certain separate accounts. These are earned upon exceeding specified relative investment return thresholds. Such fees are recorded upon completion of the measurement period, which varies by product or account, and could be monthly, quarterly, annually or longer.

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

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.

The assets and liabilities of the company's foreign operations are translated into sterling using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributable to non-controlling interests as appropriate). On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

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

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

3 Accounting policies (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

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

Tangible fixed assets

Tangible fixed assets are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, using the straight-line method, as follows:

Asset class	**Depreciation method and rate**
Short leasehold land and buildings	fifteen years or term of lease if shorter
Furniture, fittings and equipment	three to seven years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise form the continued use of the asset. Any gain or loss arising on disposal or retirement is determined by the difference between sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investments

Investments in subsidiaries are accounted for at cost less any provision for impairment. Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Dividends

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

3 Accounting policies (continued)

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

Financial assets
Financial assets are classified as 'loans and receivables'.

3 Accounting policies (continued)

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

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets
The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities
Financial liabilities are classified as 'other financial liabilities'.

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

4 Critical accounting judgements and estimates

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements that the directors have made.

Disclosure of interests in other entities
Management's judgement has been exercised when applying the principles of IFRS 12 Disclosure of Interests in Other Entities to the disclosure of interests in other entities.

Full details are set out in note 16 .

Income taxes
The company is subject to income tax in numerous jurisdictions and significant judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Full details are set out in note 13 .

Deferred tax assets
Significant 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 13 .

Provisions
Provisions reflect significant levels of judgement or estimates used by management.

Full details are set out in note 20.

5 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2014 £ 000	2013 £ 000
Management fees	39,690	37,852
Performance fees	2,597	1,480
	42,287	39,332

Turnover includes net management fee income from other group companies of £22,929,000 (2013: £20,860,000).

Analysis of the company's turnover for the year by geographical location are detailed below:

	2014 £ 000	2013 £ 000
United Kingdom	40,747	36,621
Overseas	1,540	2,711
	42,287	39,332

6 Operating profit

Arrived at after charging

	2014 £ 000	2013 £ 000
Operating lease expense - land and buildings	1,572	2,204
Depreciation expense	916	1,299
Foreign exchange losses	280	2,465

7 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2014 £ 000	2013 £ 000
Other gains and losses	8,875	-

During the year, the renewable power business in connection with the branch was transferred to another group company. The gain on disposal was recognised in full in 2014.

8 Interest receivable and similar income

	2014 £ 000	2013 £ 000
Interest income on bank deposits	108	53
Other interest receivable	120	-
	228	53

Interest income on bank deposits relates to interest received on cash and UK cash-pooling arrangement (note 18).

9 Interest payable and similar charges

	2014 £ 000	2013 £ 000
Interest on loans from group undertakings	-	1,125
Other finance expenses	83	79
	83	1,204

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2014 £ 000	2013 £ 000
Wages and salaries	19,058	16,610
Social security costs	2,623	2,174
Pension costs, defined contribution scheme	271	264
	21,952	19,048

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Office and management	32	41

During 2014, 12 employees (2013: 13) were seconded to the company from another group company. The cost of these employees is borne by the company through a secondment recharge of £18,833,000 (2013: £14,308,000). In addition, 11 employees (2013: 15) were seconded to the company's Dublin branch from another group company, the secondment recharge in relation to the branch is £3,118,000 (2013: £4,740,000).

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £ 000	2013 £ 000
Aggregate emoluments	504	793
Company contributions to defined contribution pension schemes	9	26
	513	819

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

	2014 No.	2013 No.
Received or were entitled to receive shares under service condition based schemes	12	12
Received or were entitled to receive shares under market performance based schemes	6	4
Accruing benefits under defined contribution pension scheme	8	6

During the year no directors (2013: no directors) exercised BlackRock, Inc. share options

In respect of the highest paid director:

	2014 £ 000	2013 £ 000
Aggregate emoluments	174	442
Company contributions to defined contribution pension schemes	-	3
	174	445

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

12 Auditors' remuneration

	2014 £ 000	2013 £ 000
Audit of the financial statements	151	141
Other fees to auditors		
The auditing of accounts of any associate of the company	226	260

13 Income tax

Tax charged/(credited) in profit or loss

	2014 £ 000	2013 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	(28)
Total current income tax	-	(28)
Deferred taxation		
Arising from origination and reversal of temporary differences	1,171	(343)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(7)	49
Arising from changes in tax rates and laws	-	(2)
Total deferred taxation	1,164	(296)
Tax expense/(receipt) in profit or loss	1,164	(324)

The tax on profit on ordinary activities before tax for the year is lower than the standard rate of corporation tax in the UK (2013: lower than the standard rate of corporation tax in the UK) of 21.5% (2013: 23.25%).

The differences are reconciled below:

13 Income tax (continued)

	2014 £ 000	2013 £ 000
Profit before tax	56,685	53,985
Corporation tax at standard rate	12,187	12,552
Effect of revenues exempt from taxation	(8,124)	(8,444)
Effect of expense not deductible in determining taxable profit (tax loss)	38	1
UK deferred tax expense (credit) relating to changes in tax rates or laws	-	(2)
Increase (decrease) in UK and foreign current tax from unrecognised temporary difference from a prior period	(7)	18
Movement in other short-term timing differences	1,128	(417)
Impact of rate difference between current tax and deferred tax	(3)	(2)
Group relief received for nil payment	(4,055)	(4,030)
Total tax charge/(credit)	1,164	(324)

Deferred tax

Deferred tax assets and liabilities

2014	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	-	(54)	(54)
Other items	123	-	123
	123	(54)	69

2013	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	-	(18)	(18)
Other items	1,251	-	1,251
	1,251	(18)	1,233

13 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2014 £ 000	Recognised in profit or loss £ 000	At 31 December 2014 £ 000
Accelerated tax depreciation	(18)	(36)	(54)
Other items	1,251	(1,128)	123
Net tax assets/(liabilities)	1,233	(1,164)	69

Deferred tax movement during the prior year:

	At 1 January 2013 £ 000	Recognised in profit of loss £ 000	At 31 December 2013 £ 000
Accelerated tax depreciation	105	(123)	(18)
Other items	832	419	1,251
Net tax assets/(liabilities)	937	296	1,233

14 Tangible fixed assets

	Short-term leasehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2014	9,338	2,364	11,702
Additions	423	271	694
Disposals	(297)	(387)	(684)
Transfers	(400)	400	-
At 31 December 2014	9,064	2,648	11,712
Depreciation			
At 1 January 2014	144	767	911
Charge for the year	567	349	916
Eliminated on disposal	-	(387)	(387)
At 31 December 2014	711	729	1,440
Carrying amount			
At 31 December 2014	8,353	1,919	10,272
At 31 December 2013	9,194	1,597	10,791

15 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2014	512,025
At 31 December 2014	512,025

Details of the subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2014	2013
BlackRock Life Limited ('BLL')	Provider of investment management policies for occupational pension schemes for institutional and unit linked pension schemes	UK	100%	100%
BlackRock Pensions Limited ('BPL')	Dormant	UK	100%	100%

16 Interests in unconsolidated structured entities

The company manages several investment funds, some of which are considered to be structured entities within the definition of IFRS 12, and which are not consolidated. The company receives an interest in these unconsolidated structured entities through the receipt of management, performance fees and revenue from related parties. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, limited partnerships and investment trusts. These unconsolidated structured entities invest in a range of asset classes as detailed in the table below which also sets out the carrying values of the company's interests in these unconsolidated structured entities as recognised in the balance sheet as at 31 December 2014 and the management fee, performance fee and revenue from related parties recognised in the company's profit and loss account for the year ended 31 December 2014. The total AUM for these funds amounts to £26.2 billion which primarily includes AUM for which the company is the legally contracted entity.

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

The unconsolidated structured entities are financed through equity capital provided by investors.

16 Interests in unconsolidated structured entities (continued)

Asset class	Net revenues £ 000	Accrued income - fees paid in arrears £ 000
Alternative mandates	11,455	320
Equity mandates	30,236	4,235
Fixed income mandates	-	4,554
Multi-asset class mandates	596	721
Total	42,287	9,830

Maximum exposure to loss

The company's maximum exposure to loss associated with its interest in these unconsolidated structured entities is limited to the carrying amount shown in the table above.

Financial support

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

Other information

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

17 Debtors amounts falling due after more than one year

Debtors amounts falling due after more than one year	31 December 2014 £ 000	31 December 2013 £ 000
Loans to group companies	28,000	-

Loans to group companies comprises a loan to BlackRock Group Limited made in one tranche, maturing on 19 September 2019. Interest is charged at LIBOR + 1%.

18 Debtors amounts falling due within one year

	31 December 2014 £ 000	31 December 2013 £ 000
Trade debtors	9,830	9,699
Amounts due from group companies	47,102	19,412
Other debtors	789	771
Deferred tax asset	69	1,233
	57,790	31,115

18 Debtors amounts falling due within one year (continued)

Cash management within the BlackRock group is governed by a UK cash-pooling arrangement. Surplus cash from BlackRock group companies is swept into HSBC accounts held by BlackRock Investment Management (UK) Limited ("BIM (UK)"). Any amounts contributed by the company are treated as an intercompany loan receivable from BIM (UK). The balance receivable from BIM (UK) of £53,325,000 (2013: £16,728,000) is included within 'Amounts due from group companies'.

Excluding cash managements balances, all other amounts due from group companies are unsecured, interest free and repayable on demand.

19 Creditors: Amounts falling due within one year

	31 December 2014 £ 000	31 December 2013 £ 000
Amounts due to group companies	3,860	2,996
Other creditors	334	1,352
	4,194	4,348

Amounts due to group companies are unsecured, interest free and repayable on demand.

20 Provisions

	Property-related provisions £ 000
At 1 January 2014	7,246
Provided in the year	1,568
Provisions utilised	(2,908)
Unused provision reversed	(550)
Increase due to unwinding of discount	83
At 31 December 2014	5,439

Property-related provisions include a rent free period on the Company's Exchange Place property with £1,568,000 being provided for during the year.

The company vacated the Torphichen Street premises in the year, an unused provision of £550,000 was reversed in the year.

21 Share capital

Authorised, called up and fully paid shares

	2014		2013		1 January 2013	
	No. 000	£ 000	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	1,300	1,300	1,300	1,300	1,300	1,300

22 Obligations under leases

Operating leases

The company has the following outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 £ 000	2013 £ 000
Within one year	-	1,025
In two to five years	7,062	5,638
In over five years	17,963	20,182
	25,025	26,845

23 Contingent liabilities

The company is an authorised institution and operates in the UK or overseas within the regulatory framework established by the FCA or overseas by local regulatory bodies.

In the normal course of business, the company may, from time to time, be subject to claims, actions or proceedings. While there can be no assurances, the directors believe, based on information currently available to them, that the likelihood of a material outflow of economic benefits is not probable.

24 Financial instruments

Fair value of financial instruments

Disclosed in the table below is the categorisation of financial instruments.

	2014 £ 000	2013 £ 000
Financial Assets		
- classified as loans and receivables		
Loans to group companies	28,000	-
- classified as other financial assets	-	-
Cash at bank and in hand	52	378
Other debtors	57,721	29,882
Financial Liabilities		
- classified as other financial liabilities		
Other creditors	4,194	4,348

Changes in value of financial instruments at fair value are disclosed on the face of the profit and loss account.

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

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

• The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
• The fair values of other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

25 Related party transactions

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

Details of Directors' emoluments are set out in note 11. 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.

26 Parent and ultimate parent undertaking

The company's immediate holding company is BlackRock Group 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.