

Registration number 7075607

BlackRock Finance Europe Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

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BlackRock Finance Europe Limited
Contents

Directors' Report	1 to 2
Independent Auditor's Report	3 to 4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 11

BlackRock Finance Europe Limited
Directors' Report for the Year Ended 31 December 2011

The board of directors (the "Board") present their report together with the audited financial statements of BlackRock Finance Europe Limited (the "Company") (registered number 7075607) for the year ended 31 December 2011

Principal activity

The principal activity of the company is to act as a finance company. The Directors propose that the principal activity of the Company will continue during 2012.

Results and dividends

During the year the Company made a profit after taxation of £14.5m (2010: £16.5m). Interim dividends of £10.0m were paid in 2011 (2010: £37.0m). The directors do not recommend the payment of a final dividend.

Directors of the company

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

J F DesMarais

C R Thomson

R C Tooze

A B Dyke - Company secretary

Business review

The Company has made a profit for the year of £14.5m (2010: £16.5m), a decrease of £2m (12%). The decrease is due to 2010 results covering the period from 13 November 2009 to 31 December 2010 whereas 2011 covers the 12 months ended 31 December 2011.

The net assets of the Company are £374.0m at 31 December 2011 (2010: £369.5m). This increase is due to loans that have been issued to other group companies in the year. See Note 8 for further details.

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 financial statements.

Principal risks and uncertainties

Principal risks and uncertainties are managed by BlackRock, Inc. 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, managing and analysing market and operating risks, including investments in personnel and technology.

The Company has no material exposure to currency risk or liquidity risk in relation to financial instruments. The Company has limited exposure to market risk in relation to its intercompany debt, specifically interest rate risk on loans tied to LIBOR. All loans are intercompany and the associated credit risk is deemed to be minimal.

BlackRock Finance Europe Limited
Directors' Report for the Year Ended 31 December 2011

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Statement of Directors responsibilities

The directors are responsible for preparing the Directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 applicable 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 2011 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Disclosure of information to the auditors

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

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further term.

Approved by the Board on 17 August 2012 and signed on its behalf by


A B Dyke
Company secretary

Independent Auditor's Report to the Members of BlackRock Finance Europe Limited

We have audited the financial statements of BlackRock Finance Europe Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, Balance Sheet, and the related notes set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), 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 (APB'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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

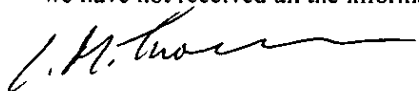
**Independent Auditor's Report to the Members of
BlackRock Finance Europe Limited**

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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



Calum Thomson F C A (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditors

London
United Kingdom

17 August 2012

BlackRock Finance Europe Limited
Profit and Loss Account for the Year Ended 31 December 2011

	Note	Year ended 31 December 2011 £ 000	Period ended 31 December 2010 (*) £ 000
Interest receivable and similar income	6	14,510	16,884
Profit on ordinary activities before taxation		14,510	16,884
Tax on profit on ordinary activities	7	-	(370)
Profit for the financial year	12	14,510	16,514

Results derive wholly from continuing operations

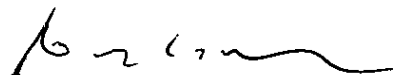
The company has no recognised gains or losses for the year other than the results above

* Period from 13 November 2009 to 31 December 2010

BlackRock Finance Europe Limited
(Registration number: 7075607)
Balance Sheet at 31 December 2011

	Note	31 December 2011 £ 000	31 December 2010 £ 000
Current assets			
Debtors amounts falling due after one year	8	369,140	366,140
Debtors amounts falling due within one year	8	4,338	3,684
Cash at bank and in hand		881	60
		<u>374,359</u>	<u>369,884</u>
Creditors Amounts falling due within one year	9	(370)	(370)
Net assets		<u>373,989</u>	<u>369,514</u>
Share capital and reserves			
Called up share capital	10	-	-
Share premium account	12	290,000	290,000
Profit and loss account	12	83,989	79,514
Shareholders funds	13	<u>373,989</u>	<u>369,514</u>

Approved by the Board on 17 August 2012 and signed on its behalf by



R C Tooze
Director

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

1 Reporting Entity

These financial statements are prepared for BlackRock Finance Europe Limited, (the "Company"), the principal activity of which is to act as a holding company. The Company is a wholly-owned subsidiary of BlackRock Group Limited and its ultimate parent company is BlackRock, Inc, a listed company incorporated in the state of Delaware in the United States of America.

The Company is a private limited company, incorporated and domiciled in Great Britain. The Registered Office is 12 Throgmorton Avenue, London, EC2N 2DL.

2 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, BlackRock, Inc.

Going concern

As disclosed in the Directors' Report, the financial statements have been prepared on a going concern basis.

Loan notes and other receivables

Loan notes and other receivables are carried at cost. Interest receivable on the loan notes is recognised on an accruals basis.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by or substantively enacted at the balance sheet date.

3 Auditor's remuneration

Auditors' remuneration has been borne by another group company in the year. Fees payable to the Company's auditors, Deloitte LLP for the 2011 audit of the Company's accounts were £17,500 (2010: £15,000).

4 Particulars of employees

The Company had no employees during the year (2010: none).

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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5 Directors' remuneration

During the year, no director received emoluments in relation to services to the Company (2010 £nil)

6 Interest receivable and similar income

	Year ended 31 December 2011 £ 000	Period ended 31 December 2010 (*) £ 000
Interest income on loan notes receivable from group undertakings	<u>14,510</u>	<u>16,884</u>

7 Taxation

Tax on profit on ordinary activities

	Year ended 31 December 2011 £ 000	Period ended 31 December 2010 (*) £ 000
Current tax		
Corporation tax charge	<u>-</u>	<u>370</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)

The differences are reconciled below

	Year ended 31 December 2011 £ 000	Period ended 31 December 2010 (*) £ 000
Profit on ordinary activities before taxation	<u>14,510</u>	<u>16,884</u>
Corporation tax at standard rate	3,845	4,728
Income not taxable for tax purposes	<u>(3,845)</u>	<u>(4,358)</u>
Total current tax	<u>-</u>	<u>370</u>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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8 Debtors

Debtors after more than one year

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings - loan notes	<u>369,140</u>	<u>366,140</u>

Debtors due within one year

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings	<u>4,338</u>	<u>3,684</u>
Loan notes		

Group Company	Description	Interest Rate	Maturity	2011 £000	2010 £000
BlackRock Investment Management Ireland Holdings Limited	Tranche 1	6.61%	30 September 2014	21,678	31,678
BlackRock Investment Management Ireland Holdings Limited	Tranche 2	7.22%	30 September 2016	40,000	40,000
BlackRock Investment Management Ireland Holdings Limited	Tranche 3	8.54%	30 September 2019	15,000	15,000
BlackRock Luxembourg Holdco S á r l	Tranche 1	3.06%	30 September 2014	-	59,462
BlackRock Luxembourg Holdco S á r l	Tranche 2	3.06%	30 September 2016	61,462	65,000
BlackRock Luxembourg Holdco S a r l	Tranche 3	3.06%	30 September 2018	35,000	35,000
BlackRock International Limited	Subordinated Loan	3.06%	30 September 2018	81,000	120,000
BlackRock Group Limited		LIBOR + 1.50%	30 June 2013	<u>115,000</u>	-
				<u>369,140</u>	<u>366,140</u>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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9 Creditors: Amounts falling due within one year

	2011 £ 000	2010 £ 000
Corporation tax	<u>370</u>	<u>370</u>

10 Share capital

Allotted, called up and fully paid shares

	2011 £	2010 £
101 Ordinary shares of 1 each	<u>101</u>	<u>101</u>

11 Dividends

	2011 £ 000	2010 £ 000
Dividends paid		
Current year interim dividend paid	<u>10,035</u>	<u>37,000</u>

12 Reserves

	Share premium account £ 000	Profit and loss account £ 000
At 1 January 2011	290,000	79,514
Profit for the year	-	14,510
Dividends	-	(10,035)
At 31 December 2011	<u>290,000</u>	<u>83,989</u>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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13 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
Profit attributable to the members of the company	14,510	16,514
Capital conversion	-	100,000
Dividends	(10,035)	(37,000)
Share premium	-	290,000
Net addition to shareholders' funds	4,475	369,514
Shareholders' funds at start of period	369,514	-
Shareholders' funds at end of period	<u>373,989</u>	<u>369,514</u>

14 Post balance sheet events

On 27 February 2012 BlackRock Luxembourg Holdco S á r l repaid £50,800,000 towards Tranche 2 loan notes (Note 8)

During March 2012 BlackRock Luxembourg Holdco S á r l repaid £10,662,000 towards Tranche 2 loan notes and £18,356,000 towards Tranche 3 (Note 8)

On 31 March 2012 the Company issued an £85,000,000 loan to BlackRock Group Limited carrying an interest rate of GBP LIBOR + 1.75% which matures on 31 March 2014

On 27 June 2012 BlackRock International Limited repaid £3,750,000 towards the Subordinated loan (Note 8)

On 27 June 2012 BlackRock Investment Management Ireland Holdings Limited repaid £11,000,000 towards Tranche 1 loan notes (Note 8)

15 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly-owned members of the group

16 Parent undertakings and ultimate controlling party

The Company's immediate parent 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 of BlackRock, Inc are available 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 e-mail at invrel@blackrock.com