

Registration number: 07075607

BlackRock Finance Europe Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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BlackRock Finance Europe Limited

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BlackRock Finance Europe Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for BlackRock Finance Europe Limited ("the company") for the year ended 31 December 2016.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$5.1tn in assets under management ("AUM"), as at 31 December 2016. With approximately 13,000 employees in more than 30 countries, who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment and risk management 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 2017.

Key performance indicators

Profit after tax

Profit for the year is £0.5m (2015: £3.6m). The decrease is attributable to reduced interest on intercompany loans held during the year.

Net assets

The net assets of the company at year end are £30.0m (2015: £76.7m). The decrease is a result of a dividend which was paid during 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. 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.

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.

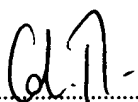
The company has no material exposure to currency risk or liquidity risk in relation to financial instruments. The company has minimal exposure to market risk in relation to its intercompany debt, specifically interest rate risk, as all loans have a fixed interest rate. All loans are intercompany and the associated credit risk is deemed minimal.

In June 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union ("EU"), commonly referred to as "Brexit", which resulted in significant volatility in several international markets. The timing and the outcome of the negotiations between the United Kingdom and the EU in connection with Brexit are highly uncertain and information regarding the long-term consequences of the vote is expected to become clearer over time. The company will continue to monitor the potential impact of Brexit on its results of operations and financial condition.

BlackRock Finance Europe Limited

Strategic Report for the Year Ended 31 December 2016 (continued)

Approved by the Board on 18 July 2017 and signed on its behalf by:


.....

C Thomson
Director

BlackRock Finance Europe Limited

Directors' Report for the Year Ended 31 December 2016

The board of directors (the "Board") present their report together with the audited financial statements of BlackRock Finance Europe Limited (registered number:07075607) for the year ended 31 December 2016.

Principal activity

The principal activity of the company is to act as a financing company.

Dividends

Dividends of £47.2m were paid in 2016 (2015: £141.1m).

Directors and officers of the company

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

N Fleming

C McDonald (appointed 15 August 2016)

A Sievwright (resigned 12 August 2016)

C Thomson

Officers:

BlackRock Company Secretarial Services (UK) Limited - Company secretary (appointed 15 August 2016)

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.

BlackRock Finance Europe Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

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.

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 2016 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.

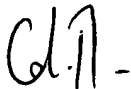
Disclosure of information to the auditors

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 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.

Reappointment of auditors

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

Approved by the Board on 18 July 2017 and signed on its behalf by:



.....
C Thomson
Director

BlackRock Finance Europe Limited

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 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes set out on pages 10 to 16. 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), including FRS 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 (set out on page 3), 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 2016 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, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

BlackRock Finance Europe Limited

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



Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Edinburgh
United Kingdom

18 July 2017

BlackRock Finance Europe Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Interest receivable and similar income	6	<u>1,216</u>	<u>3,617</u>
Profit before tax		1,216	3,617
Tax on profit on ordinary activities	7	<u>(732)</u>	<u>-</u>
Profit for the year		<u><u>484</u></u>	<u><u>3,617</u></u>

Operating profit derives wholly from continuing operations.

The company has no other comprehensive income for the year other than the results above. Consequently, no statement of comprehensive income for the year ended 31 December has been presented.

BlackRock Finance Europe Limited

(Registration number: 07075607)
Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Current assets			
Debtors: amounts falling due after one year	9	29,000	75,250
Debtors: amounts falling due within one year	8	199	490
Cash and cash equivalents		<u>1,534</u>	<u>1,007</u>
		30,733	76,747
Creditors: amounts falling due within one year	10	<u>(732)</u>	<u>-</u>
Net assets		<u>30,001</u>	<u>76,747</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>30,001</u>	<u>76,747</u>
Shareholders' funds		<u>30,001</u>	<u>76,747</u>

Approved by the Board on 18 July 2017 and signed on its behalf by:


.....
C Thomson
Director

BlackRock Finance Europe Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Profit and loss account £ 000	Total £ 000
At 1 January 2016	76,747	76,747
Profit for the year	484	484
Dividends	(47,230)	(47,230)
At 31 December 2016	<u>30,001</u>	<u>30,001</u>

	Share premium reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	132,391	81,867	214,258
Profit for the year	-	3,617	3,617
Dividends	-	(141,128)	(141,128)
Share premium conversion	<u>(132,391)</u>	<u>132,391</u>	<u>-</u>
At 31 December 2015	<u>-</u>	<u>76,747</u>	<u>76,747</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:

12 Throgmorton Avenue
London
EC2N 2DL

These financial statements were authorised for issue by the Board on 18 July 2017.

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 2016 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 in July 2015.

The financial statements have been prepared on the historical cost basis. 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 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 15.

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 2, 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 asset 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.

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Interest income

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

Tax

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

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.

Dividends

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

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 liabilities

Classification

Financial assets are classified as loans and receivables.

Financial liabilities are classified as other financial liabilities.

Recognition and measurement

This classification depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

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

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 ("FVTPL") are recognised immediately in the profit or loss.

Effective interest method

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

Income is recognised on an effective interest basis for financial assets.

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

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

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired when there is any objective evidence that, as a result of one or more events that occurred after the initial recognition of a financial asset, the estimate of the future cash flows of the investment have been impacted.

Derecognition of financial assets

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

Other financial liabilities

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

Derecognition of financial liabilities

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

3 Critical accounting judgements and key sources of estimation uncertainty

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.

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

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

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 7.

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Aggregate emoluments	<u>4</u>	<u>4</u>

Of the 4 (2015: 3) directors that served during the year, no directors were remunerated by the company (2015: no directors). The amounts included above relate to their service as directors of the company based on an estimated time allocation basis.

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

	2016 No.	2015 No.
Received or were entitled to receive shares under service condition based schemes	2	2
Accruing benefits under defined contribution pension scheme	<u>3</u>	<u>3</u>

During the year, no directors (2015: no directors) exercised BlackRock, Inc. share options.

5 Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	<u>20</u>	<u>21</u>

The audit fee was borne by another group company in the current and prior period.

6 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest income on loans due from group companies	<u>1,216</u>	<u>3,617</u>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7 Income tax

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

	2016 £ 000	2015 £ 000
Current taxation		
Adjustments in respect of previous periods	<u>732</u>	<u>-</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015: lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	<u>1,216</u>	<u>3,617</u>
Corporation tax at standard rate	243	732
Increase (decrease) in current tax from adjustment for prior periods	732	-
Increase (decrease) arising from group relief tax reconciliation	<u>(243)</u>	<u>(732)</u>
Total tax charge	<u>732</u>	<u>-</u>

In prior years, the Company claimed group relief for nil payment from another group company. The group company surrendering this relief has an ongoing open matter with Her Majesty's Revenue and Customs. If this open matter is resolved in favour of the group company, then the Company's tax liability will decrease by approximately £732,278.

8 Debtors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Amounts due from group companies	<u>199</u>	<u>490</u>

9 Debtors: amounts falling due after one year

£29,000,000 (2015: £75,250,000) of debtors greater than one year relate to loans due from group companies and are summarised as follows:

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

9 Debtors: amounts falling due after one year (continued)

				2016	2015
				£000	£000
Group Company	Description	Interest Rate	Maturity		
BlackRock UK Holdco Limited	Tranche 1B	1.97%	30 September 2019	-	2,250
BlackRock UK Holdco Limited	Tranche 2A	2.40%	30 September 2021	-	23,750
BlackRock UK Holdco Limited	Tranche 2B	2.40%	30 September 2021	-	1,250
BlackRock UK Holdco Limited	Tranche 3A	2.74%	30 September 2023	26,600	45,600
BlackRock UK Holdco Limited	Tranche 3B	2.74%	30 September 2023	2,400	2,400
				<u>29,000</u>	<u>75,250</u>

10 Creditors: amounts falling due within one year

	2016	2015
	£ 000	£ 000
Amounts due to group companies	<u>732</u>	<u>-</u>

11 Share capital

Authorised, called up and fully paid shares

The company has 104 ordinary shares of £1 each at 31 December 2016 (2015: 104).

12 Dividends

	2016	2015
	£ 000	£ 000
Dividend of £454,134.00 (2015: £1,357,000.00) per ordinary share	<u>47,230</u>	<u>141,128</u>

13 Financial instruments

The company has no financial assets or liabilities measured at fair value.

14 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 4. 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.

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 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. These financial statements are available upon request from Investor relations website at www.blackrock.com