

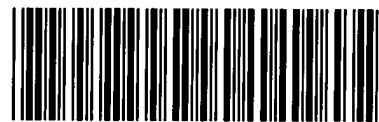
Registration number: 07075607

BlackRock Finance Europe Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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BlackRock Finance Europe Limited

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BlackRock Finance Europe Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for BlackRock Finance Europe Limited (the "company") for the year ended 31 December 2017.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$6.3tn in assets under management ("AUM"), at 31 December 2017. With approximately 13,900 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment, risk management and technology services to institutional and retail clients worldwide.

There have not been any significant changes in the company's principal activities in the period under review and the directors propose that the principal activities will continue during 2018.

Key performance indicators

Profit after tax

Profit for the year increased 60% to £0.8m (2016: £0.5m). The increase is attributable to group relief received on the taxation charge for the year.

Net assets

The net assets of the company at year end are £30.8m (2016: £30.0m). The increase is represented by the retained profit for the year.

The performance of the company is included in the results of BlackRock, Inc. group which are disclosed in the BlackRock, Inc. group annual report and on Form 10-K to the United States Securities and Exchange Commission. 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.

British exit from the European Union

Following the June 2016 vote to exit the European Union ("EU"), the United Kingdom served notice under Article 50 of the Treaty on European Union on 29 March 2017 to initiate the process of exiting from the EU, commonly referred to as "Brexit". The outcome of the negotiations between the United Kingdom and the EU in connection with Brexit is highly uncertain and information regarding the long-term consequences is expected to become clearer over time as negotiations progress. BlackRock continues to engage with European regulators to prepare for a range of potential outcomes in connection with Brexit to ensure that it continues to be able to access the EU market and service customers in those jurisdictions.

BlackRock Finance Europe Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Approved by the Board on 26 June 2018 and signed on its behalf by:


.....
N Fleming
Director

BlackRock Finance Europe Limited

Directors' Report for the Year Ended 31 December 2017

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 2017.

Principal activity

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

Dividends

No dividends were paid during the financial year (2016: £47.2m).

Directors and officers of the company

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

N Fleming

C McDonald

C Thomson

Officers:

BlackRock Company Secretarial Services (UK) Limited - Company secretary

Statement of directors' responsibilities

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

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

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

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

Going concern

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

BlackRock Finance Europe Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

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 2017 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.

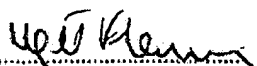
Disclosure of information to the auditors

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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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 26 June 2018 and signed on its behalf by:


.....
N Fleming
Director

BlackRock Finance Europe Limited

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BlackRock Finance Europe Limited for the year ended 31 December 2017, which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Accounting Policies; and
- the related Notes to the Financial Statements 1 to 15

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

BlackRock Finance Europe Limited

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

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 Directors' Report have been prepared in accordance with applicable legal requirements.

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

BlackRock Finance Europe Limited

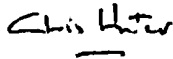
**Independent Auditor's Report to the Members of BlackRock Finance Europe Limited
(continued)**

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



.....
Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

26 June 2018

BlackRock Finance Europe Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Administrative expenses		(28)	-
Interest receivable and similar income	6	<u>795</u>	<u>1,216</u>
Profit before tax		767	1,216
Tax on profit on ordinary activities	7	<u>-</u>	<u>(732)</u>
Profit for the year		<u>767</u>	<u>484</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 2017 has been presented.

BlackRock Finance Europe Limited

(Registration number: 07075607)
Balance Sheet as at 31 December 2017

	Note	31 December 2017 £ 000	31 December 2016 £ 000
Current assets			
Debtors: amounts falling due after one year	9	29,000	29,000
Debtors: amounts falling due within one year	8	199	199
Cash and cash equivalents		<u>1,597</u>	<u>1,534</u>
		30,796	30,733
Creditors: amounts falling due within one year	10	<u>(28)</u>	<u>(732)</u>
Net assets		<u>30,768</u>	<u>30,001</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>30,768</u>	<u>30,001</u>
Shareholders' funds		<u>30,768</u>	<u>30,001</u>

Approved by the Board on 26 June 2018 and signed on its behalf by:


N Fleming
Director

BlackRock Finance Europe Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Profit and loss account £ 000	Total £ 000
At 1 January 2017	30,001	30,001
Profit for the year	767	767
At 31 December 2017	<u>30,768</u>	<u>30,768</u>

	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>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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 26 June 2018.

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 2017 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 comparative information in respect of certain standards, 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.

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 2017 (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.

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

Recognition and measurement

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

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 2017 (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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised. These estimates and assumptions are reviewed on an ongoing basis. The directors do not consider that any critical accounting estimates or significant judgements have been made in the current period.

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

4 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Aggregate emoluments	5	4
Company contributions in respect of defined contribution pension schemes	1	-
	<u>6</u>	<u>4</u>

Of the 3 (2016: 4) directors that served during the year, no directors were remunerated by the company (2016: 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:

	2017 No.	2016 No.
Received or were entitled to receive shares under service condition based schemes	3	2
Accruing benefits under defined contribution pension scheme	<u>2</u>	<u>3</u>

During the year, no directors (2016: no directors) exercised BlackRock, Inc. share options.

5 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>19</u>	<u>20</u>

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

6 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest income on loans due from group companies	<u>795</u>	<u>1,216</u>

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Income tax

Tax charged in the profit and loss account:

	2017 £ 000	2016 £ 000
Current taxation		
Adjustments in respect of previous periods	-	732

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	767	1,216
Corporation tax at standard rate	148	243
Increase (decrease) in current tax from adjustment for prior periods	-	732
Increase (decrease) arising from group relief tax reconciliation	(148)	(243)
Total tax charge	-	732

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 £732,000.

8 Debtors: amounts falling due within one year

	31 December 2017 £ 000	31 December 2016 £ 000
Amounts due from group companies	199	199
	199	199

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Debtors: amounts falling due after one year

£29,000,000 (2016: £29,000,000) of debtors greater than one year relate to loans due from group companies and are summarised as follows:

Group Company	Description	Interest Rate	Maturity	2017	2016
				£000	£000
BlackRock UK Holdco Limited	Tranche 3A	2.74%	30 September 2023	26,600	26,600
BlackRock UK Holdco Limited	Tranche 3B	2.74%	30 September 2023	2,400	2,400
				<u>29,000</u>	<u>29,000</u>

10 Creditors: amounts falling due within one year

	31 December 2017 £ 000	31 December 2016 £ 000
Amounts due to group companies	<u>28</u>	<u>732</u>

11 Share capital

Authorised, called up and fully paid shares

The company has 104 ordinary shares of £1 each at 31 December 2017 (2016: 104).

12 Dividends

	31 December 2017 £ 000	31 December 2016 £ 000
Dividend of £Nil (2016 - £454,134) per ordinary share	<u>-</u>	<u>47,230</u>

13 Financial instruments

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

BlackRock Finance Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

14 Related party transactions

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

Details of Directors' emoluments are set out in note 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.

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