

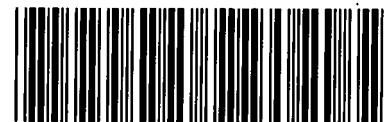
Registration number: SC160821

BlackRock International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

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BlackRock International Limited

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BlackRock International Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their Strategic Report for BlackRock International Limited (the "company") for the year ended 31 December 2018.

The company's role in the global group

The company is part of BlackRock, Inc. ("BlackRock"), a leading publicly traded investment management firm with \$5.976tn in assets under management ("AUM"), at 31 December 2018. With approximately 14,900 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment 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 2019.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. The company provides investment advisory 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

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables the company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment trusts and other pooled investment vehicles. BlackRock also offers technology services, including the investment and risk management technology platform, *Aladdin*®, *Aladdin Wealth*, *Cachematrix* and *FutureAdvisor*, as well as advisory services and solutions to a broad base of institutional and wealth management clients. BlackRock is highly regulated and manages its clients' assets as a fiduciary. We do not engage in proprietary trading activities that could conflict with the interests of our clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, with a regionally focused business model. Our footprints in the Americas, EMEA and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver our global investment expertise in funds and other products tailored to local regulations and requirements. BlackRock leverages the benefits of scale across global investment, risk and technology platforms while at the same time using local distribution presence to deliver solutions for clients. Furthermore, our structure facilitates strong teamwork globally across both functions and regions in order to enhance our ability to leverage best practices to serve our clients and continue to develop our talent.

Clients include tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals and other government entities; taxable institutions, including insurance companies, financial institutions, corporations and third-party fund sponsors, and retail investors.

BlackRock International Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

BlackRock's retail strategy is focused on an outcome-oriented approach to creating client solutions, including alpha-seeking active, index and alternative products, enhanced distribution, portfolio construction and technology offerings. Digital wealth tools are an important component of BlackRock's retail strategy, as BlackRock scales and customizes model portfolios, extends Aladdin Wealth and digital wealth partnerships globally, and helps advisors build better portfolios through portfolio construction, powered by *Aladdin®*.

iShares® ETFs growth strategy is centred on increasing scale and pursuing global growth themes in client and product segments, including Core, Financial Instruments and Precision Exposures, and Fixed Income, Smart Beta and Sustainable ETFs. BlackRock believes *iShares®* growth will continue to be driven by structural tailwinds for the ETF industry, including the growth of fee-based wealth management, ETFs as alpha tools, all-to-all networked trading and client focus on value for money.

BlackRock's institutional results will be driven by enhancing BlackRock's solutions-oriented approach: deepening client relationships through product diversification and higher value-add capabilities; and leveraging Aladdin's analytical and risk management expertise.

BlackRock continues to invest in technology services offerings, which enhance the ability to generate alpha, effectively serve clients and operate efficiently. BlackRock's technology portfolio includes *Aladdin®* and Aladdin Wealth, FutureAdvisor, Cachematrix, as well as minority investments in Scalable Capital, iCapital, Acorns and Envestnet.

Areas of strategic focus

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

- BlackRock's focus on strong performance providing alpha for active products and limited or no tracking error for index products;
- BlackRock's global reach and commitment to best practices around the world, with approximately 50% of employees outside the United States serving clients locally and supporting local investment capabilities. Approximately 40% of total AUM is managed for clients domiciled outside the United States;
- BlackRock's breadth of investment strategies, including market-cap weighted index, factors, active, high conviction alpha and illiquid alternative product offerings, which enhance its ability to tailor single and multi-asset investment solutions to address specific client needs;
- BlackRock's differentiated client relationships and fiduciary focus, which enable effective positioning toward changing client needs and macro trends including the secular shift to index investing and ETFs, a focus on income and retirement, and barbell investing using index, active and illiquid alternatives products; and
- BlackRock's longstanding commitment to innovation, technology services and the continued development of, and increased interest in, BlackRock technology products and solutions, including *Aladdin®*, Aladdin Wealth, Cachematrix and FutureAdvisor. This commitment is further extended by minority investments in distribution technologies including Scalable Capital, iCapital, Acorns and Envestnet.

Specifically the company provides investment advisory services to other group companies. Additionally, the company generates revenue by providing transitional management services.

In December 2018, the Board decided to transfer the business conducted in Ireland by the company's branch to BlackRock Investment Management (Dublin) Limited ("BIMD"). This will result in a distribution of net assets, which will complete in 2019, and is subject to the company having sufficient distributable reserves at the time of the business transfer. The revenues of the branch are currently generated by employees seconded from BIMD. The secondment agreements will terminate upon transfer of the business.

BlackRock International Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Key performance indicators

Assets under management

AUM decreased by 21.3% to £9.6bn at 31 December 2018 (2017: £12.2bn) following a combination of investor redemptions and unfavourable market movements.

Turnover*

Total turnover, which consists of investment advisory fees, performance fees and transition management income has decreased by 11.2% to £50.5m in 2018 (2017: £56.9m). This is primarily due to a reduction in investment advisory fees received from other group companies as a result of the decrease in AUM.

Cost of sales*

Cost of sales, which largely consists of administration charges from other group companies, has decreased by 8.6% to £16.0m in 2018 (2017: £17.5m) and is consistent with the decrease in turnover.

Administrative expenses*

Administrative expenses have decreased by 49.7% to £16.9m in 2018 (2017: £33.6m) due to lower staff costs which were a result of reduced headcount and lower incentive based compensation in the year.

Loss after tax

A loss after tax was recorded in the year of £102.0m (2017: £42.4m profit) as a result of amounts written off investments in the year.

Net assets

Net assets have decreased by 15.3% to £565.9m (2017: £667.9m) as a result of the loss after tax recorded in the year.

*Comparative figures have been restated primarily to reflect the adoption of International Financial Reporting Standard 15 Revenue from Contracts with Customers ("IFRS 15"). See note 2 and note 25 for further details.

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.

BlackRock International Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Principal risks and uncertainties

Principal risks and uncertainties are managed by BlackRock at a global and regional level.

As a leading investment management firm, risk is an inherent part of BlackRock's business. Global markets, by their nature, are prone to uncertainty and subject participants to a variety of risks. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring and managing risks, and invests in personnel and technology accordingly.

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

- operational risk events, arising from inadequate or failed internal processes and controls, 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 credit risk losses on balance sheet assets or from a lack of liquidity causing the company to be unable to meet payment obligations; and
- market risk events, whereby the company fails to realise the full value of the company's positions as a result of fluctuations in foreign exchange rates.

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 and controls, people and systems, outsourced third party providers or from external events, including cyber risk. 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 company's fiduciary obligations to clients and mitigates the potential impacts of poor customer outcomes. The strong management of risk also ensures that disruptions to delivering client services are minimised.

BlackRock is exposed to third party outsourcing risk through inadequate or failed controls, processes or systems managed or supported by third parties other than BlackRock. BlackRock mitigates third party risks through due diligence and oversight programmes focused on critical entities that provide products, licenses, or services to BlackRock or its funds. This includes but is not limited to: custodians, fund administrators, index providers, prime brokers, transfer agents, key technology services consultants, other advisors (e.g. tax advisors, external auditors).

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 of directors (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, as defined by the Financial Conduct Authority ("FCA"), is reviewed and agreed by the EMEA Compensation Committee, the Management Development and Compensation Committee, the EMEA Executive Committee and BlackRock, Inc. board of directors to ensure a culture of excellence, monitor the business and financial performance and protect the brand and reputation of the company.

BlackRock International Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Balance sheet risk

Credit risk arises in relation to accounts receivable, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations. The risk of default in relation to accounts receivable arising from fee income debtors is considered low. The company minimises exposure to credit risk with respect to accounts receivable by actively pursuing settlement of outstanding management fee invoices and performance fee invoices within the terms and conditions of the underlying agreement. The company manages its cash through a cash-pooling arrangement between BlackRock group entities.

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

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

Market risk

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

As the company does not undertake trading on its own account, market risk is the risk associated with failure to realise the full value of the company'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 foreign operations 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 foreign operations where the functional currency is not sterling.

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

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Strategic Report for the Year Ended 31 December 2018 (continued)

Geopolitical risk

Since the Brexit vote in 2016, BlackRock has undertaken a thorough review of how the UK's exit from the European Union ("EU") will impact its business and operations in Europe. BlackRock's EMEA headquarters will remain in the UK and will continue to be a high priority in the region. BlackRock has an established cross-functional Brexit Steering Committee that is coordinating its response to Brexit, ensuring the company can continue to meet its clients' needs post-Brexit.

BlackRock has planned and continues to implement steps for a no-deal Brexit whilst retaining the flexibility to continue its existing strategy if a deal is reached through the transition period. The key revenue risks relate to the ability to provide cross-border services. Cooperation agreements between the FCA and EU National Competent Authorities will ensure that investment management services can continue even in a no-deal scenario.

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

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

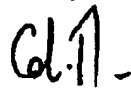
Internal Capital Adequacy Assessment Process ("ICAAP")

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

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

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

Approved by the Board on 26 February 2019 and signed on its behalf by:



C Thomson
Director

BlackRock International Limited

Directors' Report for the Year Ended 31 December 2018

The Board presents its report together with the audited financial statements of BlackRock International Limited (registered number: SC160821) for the year ended 31 December 2018.

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

Principal activity

The principal activity of the company is the provision of investment advisory and transition management services. The company operates a branch outside the UK in Dublin.

The company is authorised and regulated by the FCA.

Dividends

No dividends were paid during the financial year (2017: nil).

Directors and officer of the company

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

J Charrington - Chairman

C Clausen (appointed 5 September 2018)

R Damm

E de Freitas

E Fishwick

R Lord

S Mullin Outhwaite (appointed 27 March 2018)

P Olson

C Thomson

M Young

Officer:

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:

BlackRock International Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

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

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

Going concern

The directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. 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 2018 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 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.

BlackRock International Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 26 February 2019 and signed on its behalf by:



C Thomson
Director

BlackRock International Limited

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

Opinion

In our opinion the financial statements of BlackRock International Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 which comprise:

- the Profit and Loss Account
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related Notes to the Financial Statements 1 to 26.

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 Financial Reporting Council's ('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 International Limited

Independent Auditor's Report to the Members of BlackRock International 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 FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 or the Directors' Report.

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.

BlackRock International Limited

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

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.



Stuart McLaren (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 February 2019

BlackRock International Limited

Profit and Loss Account for the Year Ended 31 December 2018

		2018	Restated*
	Note	£ 000	2017
			£ 000
Turnover	4	50,502	56,873
Cost of sales		<u>(15,971)</u>	<u>(17,518)</u>
Gross profit		34,531	39,355
Administrative expenses		<u>(16,944)</u>	<u>(33,633)</u>
Operating profit	5	17,587	5,722
Interest receivable and similar income	9	1,492	1,237
Amounts written off investments	13	(156,000)	-
Interest payable and similar charges	10	(104)	(100)
Net (losses)/gains on derivative financial instruments		(48)	539
Dividends received		<u>35,000</u>	<u>35,000</u>
(Loss)/profit before tax		(102,073)	42,398
Tax on (loss)/profit on ordinary activities	11	<u>64</u>	<u>(45)</u>
(Loss)/profit for the year		<u>(102,009)</u>	<u>42,353</u>

Turnover and operating profit derive primarily from continuing operations in the UK.

*See note 2 and note 25 for details regarding the restatement of comparatives following the implementation of IFRS 15.

BlackRock International Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018	2017
	£ 000	£ 000
(Loss)/profit for the year	(102,009)	42,353
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gains	<u>26</u>	<u>88</u>
Total comprehensive income for the year	<u>(101,983)</u>	<u>42,441</u>

The notes on pages 17 to 41 form an integral part of these financial statements.

BlackRock International Limited
(Registration number: SC160821)
Balance Sheet as at 31 December 2018

		31 December 2018 £ 000	Restated 31 December 2017 £ 000
	Note		
Fixed assets			
Tangible fixed assets	12	7,625	8,334
Investments	13	<u>356,025</u>	<u>547,025</u>
		<u>363,650</u>	<u>555,359</u>
Current assets			
Debtors: amounts falling due after one year	15	41,000	69,000
Debtors: amounts falling due within one year	16	<u>172,638</u>	<u>58,983</u>
		213,638	127,983
Creditors: amounts falling due within one year	17	<u>(4,126)</u>	<u>(7,949)</u>
Net current assets		<u>209,512</u>	<u>120,034</u>
Total assets less current liabilities		573,162	675,393
Provisions	18	<u>(7,268)</u>	<u>(7,516)</u>
Net assets		<u>565,894</u>	<u>667,877</u>
Capital and reserves			
Called up share capital	20	1,300	1,300
Share premium reserve		353,406	353,406
Capital contribution reserve		8,019	8,019
Other reserves		485	459
Profit and loss account		<u>202,684</u>	<u>304,693</u>
Shareholders' funds		<u>565,894</u>	<u>667,877</u>

Approved by the Board on 26 February 2019 and signed on its behalf by:



 C Thomson
 Director

BlackRock International Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Share premium reserve £ 000	Capital contribution reserve £ 000	Foreign currency translation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	1,300	353,406	8,019	459	304,693	667,877
Loss for the year	-	-	-	-	(102,009)	(102,009)
Other comprehensive income	-	-	-	26	-	26
Total comprehensive income	-	-	-	26	(102,009)	(101,983)
At 31 December 2018	1,300	353,406	8,019	485	202,684	565,894

	Share capital £ 000	Share premium reserve £ 000	Capital contribution reserve £ 000	Foreign currency translation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	1,300	353,406	8,019	371	262,340	625,436
Profit for the year	-	-	-	-	42,353	42,353
Other comprehensive income	-	-	-	88	-	88
Total comprehensive income	-	-	-	88	42,353	42,441
At 31 December 2017	1,300	353,406	8,019	459	304,693	667,877

The notes on pages 17 to 41 form an integral part of these financial statements.
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BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

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

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 26 February 2019.

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 FRC. Accordingly, in the year ended 31 December 2018 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 and December 2016.

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

Summary of disclosure exemptions

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

Where required, equivalent disclosures are given in the group financial statements of BlackRock, Inc. These financial statements are available to the public and can be obtained as set out in note 26.

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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6, 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 12 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 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.

Changes in accounting policy - adoption of new standards

Adoption of IFRS 9 Financial Instruments

In the current year the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets, for general hedge accounting and for impairment of financial assets. IFRS 9 supersedes the guidance contained in IAS 39 Financial Instruments: Recognition and Measurement. The company has applied IFRS 9 in accordance with the transitional provisions set out in IFRS 9 and has elected not to restate comparatives on initial application.

Based on an analysis of the company's financial assets and financial liabilities as at 1 January 2018 and on the facts and circumstances that existed at that date, the directors have assessed the impact of IFRS 9 to the company's financial statements as follows:

Classification and measurement

Financial assets

IFRS 9 eliminates the previous IAS 39 asset categories of held to maturity, loans and receivables and available for sale. Under IFRS 9 all recognised financial assets are required to be subsequently measured at amortised cost or fair value (with changes in fair value reflected through the profit and loss or other comprehensive income).

Under IFRS 9, the classification of financial asset debt instruments depends on both the company's business model for managing the debt instruments and the contractual cash flow characteristics of the debt instruments. The business model assessment looks at whether a business will manage its financial assets to generate cash flows from collecting the contractual cash flows, selling the financial asset or both. The contractual cash flow test considers whether the cash flows an entity receives on the instrument are made up solely of payments of principal and interest ("SPPI") or not.

The impact of the new classification and measurement guidelines on the company's financial assets is as follows:

- Loans and receivables carried at amortised cost under IAS 39 are held within a business model whose objective is to collect the contractual cash flows that are SPPI on the principal outstanding. Accordingly, these financial assets will continue to be measured at amortised cost.

The adoption of IFRS 9 has had no impact on the classification and measurement of the company's financial assets.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Financial liabilities

Under IFRS 9 financial liabilities are measured at amortised cost or fair value (with changes in fair value recognised in profit and loss or other comprehensive income). The adoption of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

Impairment

The new impairment requirements are based on an expected credit loss ("ECL") model and replace the incurred loss model under IAS 39. The ECL model anticipates impairment losses by recognising them before they are realised. The impact of the new impairment requirements under IFRS 9 has not had a material impact on the financial statements.

Hedge accounting:

The company does not apply hedge accounting. The application of the IFRS 9 hedge accounting requirements therefore did not have a material impact on the company's financial statements.

Adoption of IFRS 15 Revenues from Contracts with Customers

IFRS 15 has been adopted in these financial statements. IFRS 15 establishes a single comprehensive model for entities to use in accounting for turnover arising from contracts with customers. IFRS 15 supersedes the previous turnover recognition guidance including IAS 18 Revenue and the related interpretations.

As outlined in the audited financial statements for the year ended 31 December 2017, the primary impact of IFRS 15 on the company's financial statements has been to the presentation of turnover, which is now disclosed gross of certain retrocessions and administration servicing fees paid to group companies. The company has applied the changes retrospectively, with the prior period restated in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Note 25 summarises the impact on the prior period as a result of these changes.

Turnover

Turnover is recognised upon transfer of control of promised services to customers, i.e., when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services (the "transaction price"), net of VAT. The Company enters into contracts that can include multiple services, which are accounted for separately if they are determined to be distinct. Consideration for the Company's services is generally in the form of variable consideration because the amount of fees is subject to market conditions that are outside of the Company's influence. The Company includes variable consideration as part of its transaction price when it is highly probable that a significant reversal will not occur, i.e. when the associated uncertainty is resolved. For some contracts with customers, the Company involves third parties and related parties in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the turnover gross of related costs.

Investment Advisory and Administration Fees

Investment advisory and administration fees are recognised as the services are performed over time. Such fees are primarily based on agreed-upon percentages of net asset value, AUM or committed capital. These fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net inflows or outflows. Investment advisory and administration fees for investment funds are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers. Fees are generally invoiced monthly in arrears.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Investment Advisory Performance Fees

The company receives investment advisory performance fees from certain actively managed investment funds. These performance fees are dependent upon exceeding specified relative or absolute investment return thresholds, which may vary by product or account, and include quarterly, annual or longer measurement periods. A portion of the fees the company recognises may be partially related to the services performed in prior periods that meet the recognition criteria in the current period. Performance fees are recognised when it is highly probable that a significant reversal will not occur (such as upon the sale of a fund's investment or when the amount of AUM becomes known as of the end of a specified measurement period). Judgement is involved in making such determination. At each reporting date, the company considers various factors in estimating performance fees to be recognised. These factors include, but are not limited to, whether: (1) the fees are dependent on the market and thus are highly susceptible to factors outside the company's influence; and (2) the fees have a large number and a broad range of possible amounts.

Fees from group companies

The company provides investment management services and client services to other BlackRock entities. Fees from group companies are recognised according to legal contracts which determine the arm's length value of investment management and client services provided by the company, and are recognised as the services are performed.

Other revenue

The company provides support services and research and executive level management services to other BlackRock entities. Fees are recognised according to legal contracts which determine the arm's length value of support, research and executive level management services provided by the company, and are recognised as the services are performed. In addition, the company receives fees in relation to the provision of transition management services, fees are recognised as the services are performed.

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.

Interest income

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

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Tax

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

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

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

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

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

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

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

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

Asset class	Depreciation method and rate
Short-term leasehold property	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 from 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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Investments

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

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

Return of capital

A return of capital reflects a distribution of the original capital back to the shareholder. The receipt of a return of capital is recognised as a reduction in the carrying value of the investment in the distributing entity. The following factors are considered, which indicate that a distribution is representative of a return of capital:

- the amount distributed relates to share capital or share premium rather than retained earnings;
- the amount distributed is not funded by retained profit or loss; and
- the carrying value of the investment is impaired as a result of the distribution.

Dividends

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

Impairment of non-financial assets

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

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

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

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

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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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 or loss on a straight-line basis over the terms 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.

Future adoption of IFRS 16 Leases ("IFRS 16")

At the date of authorisation of these financial statements, IFRS 16 (effective for annual periods beginning on or after 1 January 2019), was issued but not yet effective and as such has not yet been applied by the company. The company will implement the standard, applying the modified retrospective option, on 1 January 2019.

IFRS 16 establishes a standard lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 will replace IAS 17 Leases and related interpretations when it becomes effective. Under IFRS 16, the classification 'operating leases' ceases and all leases will be brought onto the balance sheet, requiring the recognition of a 'right-of-use' asset and the related lease liability at commencement of the lease, with subsequent accounting generally similar to the finance lease model under IAS 17.

The company's leasing arrangements were analysed as at 1 January 2019 and indicate that the company will recognise a right-of-use asset and lease liability. The directors do not anticipate that the application of IFRS 16 will have a significant impact on the financial position and financial performance of the company.

Defined contribution pension obligation

Payments to defined contribution retirement benefit plans are recognised as an expense when the employees have rendered service entitling them to the contributions.

Other employee benefits

Other employee benefits are recognised when a contractual or constructive obligation exists, in accordance with IAS 19 Employee Benefits. Where expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Other employee benefits that are expected to be settled after more than one year of the reporting period are presented as other long term employee benefits. Short-term compensated absences are recognised, in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences or, in the case of non-accumulating compensated absences, when the absences occur.

Contingent liabilities

In conjunction with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, contingent liabilities are disclosed in the financial statements where a possibility of an economic outflow of resources exists. Where that possibility is deemed remote, no disclosure is made.

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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are 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 FVTPL are recognised immediately in the profit and loss.

Financial assets

Classification

The company classifies and subsequently measures its financial assets into one of the categories discussed below. This is determined at the time of initial recognition.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

By default, all other financial assets are subsequently measured at FVTPL.

Despite the above, the company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below); and
- the company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below).

Amortised cost and effective interest method

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

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) excluding expected credit losses through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are classified as FVTPL, specifically when the financial asset is either held for trading or it is designated as FVTPL.

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

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

A financial asset is classified as held for trading if:

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

The company's financial assets measured at FVTPL comprise foreign exchange forward contracts.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the profit and loss. The net gain or loss recognised in the profit and loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 23.

Foreign exchange gains and losses

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and disclosed in note 5; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and disclosed in note 5.

Impairment of financial assets

All debt-type financial assets which are not measured at FVTPL are assessed for impairment at each reporting date using a forward looking approach by identifying ECLs. ECLs are defined as the difference between the contractual cash flows that are due in accordance with the contract and the cash flows that the company expects to receive, discounted at the original effective interest rate.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

As permitted by IFRS 9, impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of the non payment of the trade receivables is assessed using the single loss-rate approach.

Impairment provisions for other financial assets are recognised based on a forward looking ECL model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where credit risk has not increased significantly since initial recognition, twelve month expected credit losses are recognised. For those where credit risk has increased significantly, lifetime expected credit losses are recognised.

For assets held at amortised cost, any ECL is recognised in the profit and loss with a corresponding adjustment to the asset's carrying value through a provision account. For assets held at FVTOCI the loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

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

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.

On derecognition of a financial asset (measured at amortised cost) in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risk and rewards of ownership and the company retains control), the company allocates the previous carrying amounts of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of transfer.

Other financial liabilities

Other financial liabilities, including trade and other payables, 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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss, note 5, for financial liabilities that are not part of a designated hedging relationship. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Derecognition of financial liabilities

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

Reclassification of financial assets and liabilities

Financial assets are reclassified under IFRS 9 only when the company's business model for managing financial assets change. In this situation all affected financial assets should be reclassified according to the basic classification and measurement criteria of IFRS 9.

Financial liabilities cannot be reclassified under IFRS 9.

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

The fair values 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 ("level 1");
- the fair values of other financial liabilities (excluding derivative instruments) 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 ("level 2");
- the fair values of financial assets and financial liabilities derived from valuation techniques that are not based on observable market data (unobservable market inputs) ("level 3").

Derivatives and hedging

In limited circumstances, the company uses derivative financial instruments to economically hedge its risk associated with foreign exchange movements. It is not the company's policy to trade in derivative instruments. The company does not designate its derivative instrument as a formal hedging instrument and hedge accounting is not applied.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the profit and loss account immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented within debtors or creditors as amounts falling due after one year, if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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.

Key sources of estimation uncertainty

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

Impairment of non-financial assets

In assessing the recoverable amount of an asset or cash-generating unit under a fair value less costs of disposal approach, management's judgement is exercised to best determine risk adjusted multipliers to reflect the risk profile of the asset or cash-generating unit under review.

In assessing the recoverable amount of an asset or cash-generating unit under a value in use approach, management's judgement is exercised to best estimate future cash flows and a post-tax discount rate, based upon a group adjusted weighted average cost of capital, to reflect the risks associated with the asset or cash-generating unit.

Provisions

Provisions are liabilities with uncertain timing or amounts and therefore reflect significant levels of judgement or estimates used by management.

In assessing the provisions required, management exercise judgement in relation to best estimates of future cash flows and discount rates applied.

Full details are set out in note 18.

4 Turnover

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

	2018	Restated*
	£ 000	£ 000
Investment advisory and administration fees	34,325	44,027
Investment advisory performance fees	331	2,138
Other revenue	15,846	10,708
	<u>50,502</u>	<u>56,873</u>

Turnover includes management fee income from other group companies of £31,273,000 (2017: £39,223,000).

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

4 Turnover (continued)

The analysis of the company's turnover for the year by geographical location is as follows:

	2018	Restated* 2017
	£ 000	£ 000
United Kingdom	48,752	55,105
Overseas	1,750	1,768
	<u>50,502</u>	<u>56,873</u>

*See note 2 and note 25 for details regarding the restated of comparatives following the implementation of IFRS 15.

5 Operating profit

Arrived at after charging/(crediting)

	2018	2017
	£ 000	£ 000
Depreciation expense	1,027	994
Foreign exchange (gains)/losses	(646)	1,069
Operating lease expense - property	<u>1,650</u>	<u>1,664</u>

6 Staff costs

The aggregate payroll costs were as follows:

	2018	2017
	£ 000	£ 000
Wages and salaries	12,996	25,747
Social security costs	2,199	3,857
Pension costs, defined contribution scheme	<u>120</u>	<u>125</u>
	<u>15,315</u>	<u>29,729</u>

During the year, 5 employees (2017: 6) were seconded to the company from another group company. The cost of these employees is borne by the company through a secondment recharge of £14,155,000 (2017: £28,394,000). In addition, 3 employees (2017: 3) were seconded to the company's Dublin branch from another group company. The secondment recharge in relation to the branch is £1,160,000 (2017: £1,335,000).

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Aggregate emoluments	577	475
Company contributions in respect of defined contribution pension schemes	5	10
	<u>582</u>	<u>485</u>

Of the 10 (2017: 12) directors that served during the year, no directors were remunerated by the company (2017: no directors). The amounts included above relate to their service as directors of the company based on an estimated time allocation basis except 4 (2017: 6) directors, who were paid an agreed fee.

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

	2018 No.	2017 No.
Received or were entitled to receive shares under service condition based schemes	9	8
Received or were entitled to receive shares under market performance based schemes	5	2
Accruing benefits under defined contribution pension scheme	<u>5</u>	<u>5</u>

During the year, no directors (2017: no directors) exercised BlackRock, Inc. share options.

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Aggregate emoluments	116	116
Company contributions in respect of defined contribution pension schemes	4	-
	<u>120</u>	<u>116</u>

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

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

8 Auditors' remuneration

	2018	2017
	£ 000	£ 000
Audit of the financial statements	<u>160</u>	<u>140</u>
Other fees to auditors		
The auditing of accounts of any associate of the company	<u>228</u>	<u>218</u>

9 Interest receivable and similar income

	2018	2017
	£ 000	£ 000
Interest income on bank deposits	290	35
Interest income on loan notes receivable from group companies	<u>1,202</u>	<u>1,202</u>
	<u>1,492</u>	<u>1,237</u>

Interest receivable on bank deposits principally relates to interest received on cash and a cash-pooling arrangement, see note 16.

Details of the loan notes receivable from group companies are detailed in note 15.

10 Interest payable and similar charges

	2018	2017
	£ 000	£ 000
Other finance costs	<u>104</u>	<u>100</u>

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Income tax

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

	2018 £ 000	2017 £ 000
Current taxation		
Foreign tax	41	20
Foreign tax adjustment to prior periods	<u>5</u>	<u>3</u>
	<u>46</u>	<u>23</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	26	26
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(136)</u>	<u>(4)</u>
Total deferred taxation	<u>(110)</u>	<u>22</u>
Tax (receipt)/expense in the profit and loss account	<u>(64)</u>	<u>45</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	<u>(102,073)</u>	<u>42,398</u>
Corporation tax at standard rate	(19,394)	8,160
Increase (decrease) in current tax from adjustment for prior periods	5	3
Increase (decrease) from effect of revenues exempt from taxation	(6,711)	(6,767)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	86	72
Increase (decrease) arising from group relief tax reconciliation	(3,591)	(1,436)
Increase (decrease) arising from overseas tax suffered (expensed)	40	20
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(136)	(4)
Deferred tax expense (credit) relating to changes in tax rates or laws	(3)	(3)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>29,640</u>	<u>-</u>
Total tax (credit)/charge	<u>(64)</u>	<u>45</u>

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Income tax (continued)

A provision for impairment of the company's investment in BlackRock Life Limited has been recognised in the year. Please refer to note 13 for details. The impairment is non-taxable from a UK perspective and the amount of £29,640,000 is included above as "Other tax effects for reconciliation between account profit and tax expense (income)".

The Finance Act 2016 reduced the UK corporation tax rate to 17% with effect from 1 April 2020. Accordingly, as both the 19% and 17% rates have been enacted as at the Balance Sheet date, these rates applied in the measurement of the deferred tax balances as at 31 December 2018 depending on when the temporary differences are expected to reverse.

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 £1,287,000 (2017: £1,287,000).

Deferred tax liability

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in profit and loss £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>(174)</u>	<u>110</u>	<u>(64)</u>

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in profit and loss £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	<u>(152)</u>	<u>(22)</u>	<u>(174)</u>

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

12 Tangible fixed assets

	Short-term leasehold property £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2018	9,932	2,635	12,567
Additions	217	101	318
Disposals	-	(23)	(23)
At 31 December 2018	<u>10,149</u>	<u>2,713</u>	<u>12,862</u>
Depreciation			
At 1 January 2018	2,686	1,547	4,233
Charge for the year	676	351	1,027
Eliminated on disposal	-	(23)	(23)
At 31 December 2018	<u>3,362</u>	<u>1,875</u>	<u>5,237</u>
Carrying amount			
At 31 December 2018	<u>6,787</u>	<u>838</u>	<u>7,625</u>
At 31 December 2017	<u>7,246</u>	<u>1,088</u>	<u>8,334</u>

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

13 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2018	547,025
Return of capital	<u>(35,000)</u>
At 31 December 2018	<u>512,025</u>
Provision for impairment	
At 1 January 2018	-
Recognised in the year	<u>156,000</u>
At 31 December 2018	<u>156,000</u>
Carrying amount	
At 31 December 2018	<u>356,025</u>
At 31 December 2017	<u>547,025</u>

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
BlackRock Limited ("BLL")*	Life Provider of investment management policies for occupational pension schemes for institutional and unit linked pension schemes	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Pensions Limited ("BPL")*	Dormant	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%

* indicates direct investment of the company.

During the year, two projects were implemented which derisked BlackRock's business by transferring AUM and profitability from the company's subsidiary, BlackRock Life Limited, to other BlackRock entities and an external party. A value in use calculation was performed to determine the recoverable amount of the investment, using a discount rate of 10.45%. This resulted in the value of the investment in the subsidiary being impaired by £156.0m. A provision for impairment has been recognised in the year and is included within the profit and loss account.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

14 Interests in unconsolidated structured entities

The company manages investment funds which are considered to be structured entities within the definition of IFRS 12 Disclosure of Interests in Other Entities. Structured entities are not consolidated as the company does not have "control" as defined under IFRS 10 Consolidated Financial Statements. The company receives an interest in these unconsolidated structured entities through the receipt of advisory and performance fees and revenue from related parties. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, unit trusts and investment trusts.

The unconsolidated structured entities have individual 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, third party investors 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.

The fees received during the year to 31 December 2018, in relation to the above, were £50,502,000 (2017: £56,873,000*). The carrying value on the balance sheet as at 31 December 2018 is £5,671,000 (2017: £8,032,000), as represented by trade debtors and accrued income.

The value of the AUM for the company is £9.6bn (2017: £12.2bn). In order to better reflect the nature of the company's business, the basis of the comparative AUM disclosed differs from that in the prior year financial statements.

*Amounts relating to 2017 have been restated as outlined in note 25.

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 amounts detailed 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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 Debtors: amounts falling due after one year

£41,000,000 (2017: £69,000,000) of debtors greater than one year relate to loans due from group companies which are unsecured, repayable on demand and summarised as follows:

				2018	2017
Group Company	Description	Interest Rate	Maturity	£000	£000
BlackRock Group Limited	Tranche 1	6M LIBOR +1%	24 September 2019	-	28,000
BlackRock Group Limited	Tranche 2	6M LIBOR +1%	24 September 2020	24,000	24,000
BlackRock Group Limited	Tranche 3	6M LIBOR +1%	31 March 2021	17,000	17,000
				<u>41,000</u>	<u>69,000</u>

Tranche 1 is now due within one year and is disclosed in note 16.

16 Debtors: amounts falling due within one year

	31 December	Restated 31 December
	2018	2017
	£ 000	£ 000
Trade debtors	963	1,871
Amounts due from group companies	136,817	48,946
Loans due from group companies	28,000	-
Accrued income	4,708	6,161
Prepayments	1,483	1,040
Other debtors	563	932
Corporation tax asset	104	33
	<u>172,638</u>	<u>58,983</u>

Cash management within the BlackRock group is governed by a cash pooling arrangement. Surplus cash from BlackRock group companies is swept into HSBC accounts held by BlackRock Investment Management (UK) Limited ("BIM"). Any balances contributed by the company are treated as an intercompany receivable from BIM.

In prior financial statements these balances were presented net of other balances with BIM. In order to better reflect the nature of the cash pooling arrangement, both the current and prior year's balances have been restated gross in both Amounts due from group companies and Amounts due to group companies. The balance due from BIM in relation to this arrangement is £128,814,000 (2017: £42,655,000).

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

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

17 Creditors: amounts falling due within one year

	31 December 2018 £ 000	Restated 31 December 2017 £ 000
Accrued expenses	351	384
Other creditors	102	4
Corporation tax liability	16	-
Amounts due to group companies	3,657	7,486
Bank overdraft	-	75
	<u>4,126</u>	<u>7,949</u>

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

In order to better reflect the nature of the cash pooling arrangement, both the current and prior year's balances have been restated gross in both Amounts due from group companies and Amounts due to group companies.

18 Provisions

	Property-related provisions £ 000	Deferred tax provisions £ 000	Total £ 000
At 1 January 2018	7,342	174	7,516
Decrease in existing provisions	(426)	(110)	(536)
Provisions utilised	(17)	-	(17)
Increase due to unwinding of discount	104	-	104
Increase due to change in discount rate	201	-	201
At 31 December 2018	<u>7,204</u>	<u>64</u>	<u>7,268</u>

Property-related provisions include an amount for the rent free period on the company's Exchange Place One property of £4,271,000 (2017: £4,714,000).

A dilapidation provision is recognised in respect of the Exchange Place One property. This amount is based on the estimated cost of returning the property to its original condition at the end of the lease term, discounted back to the current equivalent expense.

Details of the key assumptions and uncertainties relating to the measurement of the provisions are detailed in note 3.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £120,000 (2017: £125,000).

20 Share capital

Authorised, called up and fully paid shares

	No. 000	2018 £ 000	No. 000	2017 £ 000
Ordinary shares of £1 each	1,300	1,300	1,300	1,300

21 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:

	31 December 2018 £ 000	31 December 2017 £ 000
Within one year	2,074	2,074
In two to five years	8,298	8,298
In over five years	9,724	11,798
	<u>20,096</u>	<u>22,170</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,650,000 (2017: £1,664,000).

22 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.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

23 Financial instruments

Financial assets

Derivative financial assets at fair value through profit and loss held for trading

	2018 £ 000	2017 £ 000
Foreign exchange forward contracts	<u>7</u>	<u>66</u>

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

Financial liabilities

Derivative financial liabilities at fair value through profit and loss held for trading

	2018 £ 000	2017 £ 000
Foreign exchange forward contracts	<u>-</u>	<u>4</u>

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

24 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 7. 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.

25 Restatement of comparatives

As outlined in note 2, the company has adopted IFRS 15 in these financial statements, with the prior period restated in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The following table summarises the impact of these restatements on the figures presented within the Profit and Loss Account.

BlackRock International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

25 Restatement of comparatives (continued)

For the year ended 2017	Previously reported	Adjustment (i)	Adjustment (ii)	Restated
	£ 000	£ 000	£ 000	£ 000
Turnover	28,647	17,518	10,708	56,873
Cost of sales	-	(17,518)	-	(17,518)
Gross profit	28,647			39,355
Administrative expenses	(22,925)	-	(10,708)	(33,633)
Operating profit	5,722	-	-	5,722

(i) For the period ended 31 December 2017 turnover was presented net of investment advisory and administration services charges from other group companies. As outlined in note 2, under IFRS 15, turnover is presented gross. There has been no impact on the operating profit.

(ii) For the period ended 31 December 2017 certain intercompany charges were presented within administrative expenses. For consistency with the presentational changes upon adoption of IFRS 15 as outlined above, the company now presents these credits within turnover. There has been no impact on the operating profit.

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.