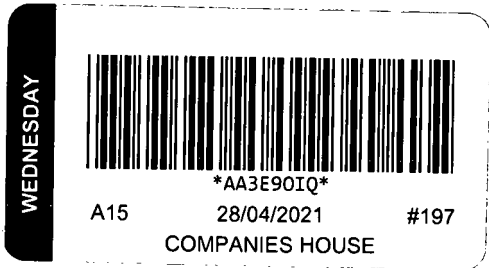


Registration number: 02020394

BlackRock Investment Management (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



BlackRock Investment Management (UK) Limited

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BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020

The Board of directors ("the Board") presents its Strategic Report for BlackRock Investment Management (UK) Limited ("the Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is the provision of investment management, advisory and administrative services. The Company manages fixed income, equity and multi-asset solutions, in addition to providing client business support to other group companies.

The Company operates branches outside the UK in Tel Aviv and Cape Town. The Company also operated branches in Amsterdam, Athens, Brussels, Vienna, Copenhagen, Frankfurt, Madrid, Munich, Milan, Paris and Stockholm until 31 December 2020 when the trade, mandates, employees and net assets of such were transferred to another group company as described in note 4 to the financial statements.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

There have not been any other significant changes in the Company's principal activities in the period under review and the directors propose that the principal activities will continue during 2021.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. This 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.

The Company's role in the global group

The Company is part of BlackRock, Inc. ("BlackRock" or "the firm"), a leading publicly traded investment management firm with \$8.7tn (2019: \$7.4tn) in assets under management ("AUM") as at 31 December 2020. With approximately 16,500 employees in more than 30 countries who serve clients in over 100 countries around the globe, BlackRock provides a broad range of investment and technology services to institutional and retail clients worldwide.

Industry profile

Global

BlackRock's diverse platform of alpha-seeking active, index and cash management investment strategies across asset classes enables BlackRock 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*, *eFront*®, *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. BlackRock does not engage in proprietary trading activities that could conflict with the interests of clients.

BlackRock serves a diverse mix of institutional and retail clients, with a regionally focused business model. Footprints in the Americas, EMEA and Asia-Pacific regions reflect strong relationships with intermediaries and an established ability to deliver 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, BlackRock's structure facilitates strong teamwork globally across both functions and regions in order to enhance the ability to leverage best practices to serve clients and continue to develop talent.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Across BlackRock, more clients are focusing on the impact of sustainability on their portfolios. This shift has been driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values, and financial markets as a whole. As a fiduciary, BlackRock is committed to helping clients build more resilient portfolios. Since sustainable investment options have the potential to offer clients better outcomes, BlackRock is making sustainability integral to the way in which the firm manages risk, constructs portfolios, designs products, and engages with companies. Over the past several years, BlackRock has been deepening the integration of sustainability into technology, risk management, and product choice and plans to accelerate those efforts.

Regional

On a regional basis, BlackRock in EMEA managed \$2.4tn (2019: \$1.9tn) of AUM for its clients. This generated \$4.9bn (2019: \$3.9bn) of revenue from a diversified client base and product range. Growth in the region in 2020 was driven by equity net inflows, reflecting strong flows into *iShares* and active equity solutions.

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, capitalising 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, systematic active, traditional fundamental 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, increasing demand for sustainable investment strategies and barbell 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*, *eFront*, *Cachematrix* and *FutureAdvisor*. This commitment is further extended by minority investments in distribution technologies including *Scalable Capital*, *iCapital*, *Acorns* and *Envestnet*.

Business review

The nature of the Company's business and the factors determining the level of regulatory capital have not changed significantly during 2020.

Throughout the reporting period, the Company continued to see strong growth in turnover across many revenue streams. The comprehensive product offering and balanced business model has allowed the Company to continue to grow despite the volatility and economic contraction that has been caused by the Covid-19 pandemic. At the height of the pandemic, the contraction experienced by the Company resulted in an AUM drop of £30.1bn. This decrease was quickly reversed with growth across numerous revenue streams, principally sub-delegated investment management and group support services provided by the Company's employees. Further, the strong performance of the Company's separately managed accounts business resulted in an increase in advisory and performance fees on those mandates.

The principal change impacting the Company's business has been the transfer of its EU operations to another group company (as detailed below). The Company's regulatory capital has been proactively managed to ensure that it has remained adequately capitalised throughout this transition. The remaining operations of the Company's business have not changed significantly in the reporting period.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

On 31 December 2020, the transition period between the UK and the EU ceased. To ensure that BlackRock's operations continued without interruption following this change, on this date the Company transferred the business, employees and mandates of its EU branches to an EU-based group company, BlackRock (Netherlands) B.V. ("BNBV"). The transfer resulted in the Company recording a significant gain in relation to the disposal of its German businesses, mandates, operations, subsidiaries and investments ("German operations"). The remaining EU operations were transferred at net book value, the consideration was in the form of an investment in the recipient company. This investment was subsequently distributed to the Company's parent on the same date. The details of this transaction are set out in note 4.

The Company has continued to generate strong operational cash flows which have facilitated excess capital being distributed to its parent in the form of dividends of £531.4m.

Key performance indicators

Assets under management

AUM has increased by 9.2% to £846.3bn as at 31 December 2020 (2019: £774.9bn) primarily due to positive market performance and strong net inflows across a number of product types including equity, fixed income, and liquidity mandates.

Turnover

Total turnover increased by 17.2% to £2,383.5m in the year ended December 2020 (13 months to December 2019: £2,033.5m) principally due to increased investment advisory and administration fee income from other group companies. Turnover within continuing operations increased 15.7% to £1,898.0m, and discontinued operations increased 23.8% to £485.5m.

Administrative expenses

Administrative expenses, consisting primarily of staff costs and charges from other group companies, increased 4.1% to £1,324.0m (2019: £1,271.4m) due to growth in staff wages and technology costs, partially offset by a decrease in travel expenses.

Profit before tax

Profit before tax for the year rose 260.1% to £1,785.9m (13 month period to 31 December 2019: £686.6m). This increase reflects the drivers mentioned above.

Net assets

Net assets increased by 39.2% to £2,195.2m at 31 December 2020 (2019: £1,577.0m) reflecting the £813.3m gain on disposal mentioned above, supplemented by increased operating profits, offset by distributions in the year of £268.9m and dividends of £531.4m.

Return on assets

The return on assets ratio for the period was 29.0% (2019: 15.6%). This increase reflects the gain on disposal of E.U. branches in the year.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness.

The Board has considered a number of potential risks and uncertainties affecting the Company's business as an investment manager and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Board, the audit committee and the risk committee on an ongoing basis.

This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust assessment at least annually.

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out as follows:

Market risk

Risk description: market risk represents the risk that a significant market downturn will impact the Company's fee revenue or the value of its balance sheet holdings. Investment management revenues are primarily comprised of management fees as a percentage of the value of assets under management or net asset value. Movements in equity prices, interest rates and credit spreads, or FX rates cause the value of the Company's assets under management and balance sheet holdings to fluctuate, creating volatility in base fees, net income, and/or operating cash flow.

Risk mitigation: market risk to revenue is regularly monitored to reflect any changes in revenue drivers and market conditions. Market risk to revenues is mitigated via the Company's business model as an asset manager: a significant portion of the Company's cost structure is variable and, as such, can be adjusted by management rapidly to respond to market conditions. Market risk's impact on the balance sheet is regularly monitored by the Treasury and Finance teams to reflect any changes in the balance sheet positions, composition and hedging of FX exposures or investments (if any).

Credit risk

Risk description: credit risk is the risk that a counterparty to the Company defaults or deteriorates in creditworthiness before the final settlement of a corporate transaction or other credit obligation. Credit risk exposure may also occur through the normal course of business from client fee receivables (which may not be paid) and from the investment of corporate cash.

Risk mitigation: the Company minimises its exposure by actively pursuing settlement of outstanding management and performance fee invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and are settled on a regular basis. The Treasury and Risk and Quantitative Analysis departments continuously monitor the creditworthiness of HSBC, the Company's main corporate bank.

Capital adequacy

Risk description: the Company is subject to certain regulatory capital requirements, which require the Company to maintain capital to support certain of its regulated business activities. Any failure to comply with any such regulations or to hold sufficient capital could result in fines and/or sanctions against the Company, as well as reputational harm, and financial loss to clients. Moreover, to the extent that these laws and regulations become more stringent, or if BlackRock is required to hold increased levels of capital to support its businesses, the Company's financial performance or plans for growth may be adversely impacted.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Risk mitigation: the Company's regulatory capital requirement is established by reference to the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by the parent of its regulatory group ("the Group"), BlackRock Group Limited ("BGL"). The detailed analysis therein considers the strategy of the Group, the risks faced in pursuing that strategy and the appropriate mitigation of those risks (one possible outcome of which may be to hold capital) to ensure the residual risk remains within the Board's risk appetite. 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.

Consideration of any dividends to be paid will have regard to the actual level of capital compared with target, as determined by the capital policy which sets out an internal requirement in excess of the regulatory requirement.

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

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

Corporate liquidity risk

Risk description: corporate liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due without adversely impacting its financial position, its ability to operate its normal course of its business, or its reputation.

Risk mitigation: the Company has a liquidity governance framework and policy that are designed to: identify, quantify, forecast and monitor the Group's liquidity needs, risks and requirements; maintain liquidity resources in excess of requirements; and maintain an appropriate governance and controls framework for the usage and allocation of corporate liquidity.

Corporate tax risk

Risk description: corporate tax risk is the risk of financial loss, reputational damage and/or loss of investor confidence arising from failure to comply with foreign and local tax regulations; ineffective controls over tax accounting or reporting; failure to manage changes in taxation rates, law, ownership, or corporate structure; or failure to disclose accurate information on a timely basis. This risk also arises where the Company's own tax treatments, policies or procedures are subject to interpretation by tax authorities that differ from the Company's or its advisors' interpretations. This can lead to the Company needing to adjust its structures, practices or strategies.

Risk mitigation: the Company's controls around tax reporting are designed to prevent errors and ensure compliance with disclosure requirements within prescribed timeframes. The Company seeks to comply with all relevant accounting and regulatory disclosure requirements to mitigate the risk of any public restatements of financial reporting information.

Non-financial (operational) risks

Risk description: non-financial risks are operational risks that arise from events or actions, other than financial transactions, that can negatively impact the operations, assets or reputation of the Company. These risks may, but do not always have, an adverse financial impact, and are often the result of inadequate internal processes, controls, people or systems, or external events. Key operational risks facing the Company include:

- *Operational (process) risk:* risk of financial loss or regulatory/reputational impact resulting from inadequate or failed internal processes and controls, human error, or systems, which may occur within the Company's internal operations across the client and trade lifecycles.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

- *Compliance risk*: risk that the Company's products, services, activities, or operations are not conducted in compliance with applicable law and regulations, including those laws and regulations which impose fiduciary obligations, that client investment guidelines are not adhered to, that conflicts of interest are not appropriately mitigated or that there is a failure to appropriately manage regulatory reporting requirements.
- *Technology risk*: risk arising from the inability to provide, maintain or recover key technology platforms or infrastructure (i.e., servers, storage devices, network components) during times that the system is required to perform business functions.
- *Information security/cyber risk*: risk arising from the inability to control and protect the Company's information from internal or external security events, which includes loss of confidentiality, integrity, and availability of information stored on computer systems. This loss may arise through employee accidents, intrusion attacks, malicious behaviour, errors, design weakness, or breakdowns in controls. Information security/cyber incidents can result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm, or legal liability.
- *Product risk*: risk arising from product launches that are not aligned with client requirements, or that the Company cannot operationally support in a risk-controlled manner. Product risk arises throughout the product lifecycle, including the introduction of new products, change to existing products, and product closure.
- *Change management risk*: risk due to failures in project governance and implementation, e.g. through the inability to successfully manage the extent or pace of change across the Company.
- *Financial crime risk*: risk arising from the failure to prevent external or internal parties from gaining access to, or utilising, customer or company assets for criminal purposes which include money laundering, breaches of economic sanctions, fraud, bribery and corruption.
- *Corporate resilience risk*: risk of physical damage or harm to the Company's properties, assets or personnel. This includes: business continuity and continuity management risk - the difficulty to operate at BlackRock's physical locations due to facility impairment and/or unavailability of personnel; physical security risk - physical security issues resulting in an adverse impact to assets or personnel; and health & safety risk - workplace health and safety incidents resulting in injury, death or legal/regulatory sanctions and fines.
- *Third party risk*: risk of financial loss or operational, regulatory, reputational harm to the Company or its clients from inadequate or failed controls, processes or systems managed or supported by third parties. The Company's use of third parties does not diminish its responsibility to ensure that outsourced activities are performed in a safe and sound manner and in compliance with applicable laws.
- *People/culture risk*: risk of failure to maintain appropriate key talent management practices and human resources operational activities, which could adversely affect the Company's performance and reputation and its ability to attract and retain staff and clients. This risk also includes the risk associated with employee relations disputes arising from the behaviour of employees and potential lawsuits.
- *Model risk*: risk resulting from an error in a model that is used by the Company for enterprise, portfolio construction, risk management or investment purposes. Model risk includes the risk that models may contain errors, do not work as planned, are applied outside of their valid context, or that their results are misinterpreted to make business decisions.
- *Financial reporting risk*: risk resulting from ineffective internal controls over financial reporting or failure to prepare and/or disclose accurate information in financial statements, which could have an adverse impact on the Company's reputation and lead to the restatement of accounts, increased regulatory scrutiny, or fines.

Risk mitigation: 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 risk of poor customer outcomes. The Company has adopted a risk management framework based on a three lines of defence model comprised of the following elements:

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

- Risk governance, including setting risk tolerances, establishing policies and procedures, establishing regional and global risk committees and overseeing the risk management framework.
- Risk identification and assessment, including identifying the Company's key risks and emerging risks, identifying business unit risk through tools such as risk and control self-assessments and regular meetings with business units, reviewing new products and major changes and reviewing internal and external operating events.
- Risk monitoring and measurement, quantifying and forecasting risks and monitoring against risk tolerances. This includes monitoring and investigating operating events, and recording them in a database of operating events, establishing and monitoring key risk indicators in the context of the Company's risk tolerance.
- Risk reporting, providing information and reports to functional and regional business management, boards, committees and regulators. This includes risk profile reporting and operating event and large operating event reporting.

Reputational risk

Risk description: reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners (e.g. our clients, regulators, government bodies, trading counterparties and suppliers) that could negatively impact revenue, earnings, brand value, and customer retention. Reputational risk can emerge as a standalone risk, but it also can be a consequence of another risk, for example, reputational risk is closely linked to the culture of the Company and the conduct of its employees.

Risk mitigation: BlackRock's reputation is one of its most important assets and BlackRock expects all of its employees to act with the highest level of integrity with clients and in markets. As a client-focused business, BlackRock considers reputational risk to be a fundamental aspect of all business and risk management activities. Reputational risk exposure is an integral part of the Company's Enterprise Risk Management Framework and a key focus for internal control processes around strategic decisions, products and services, operational processes, corporate governance, responsibility and communications, client and other external relationships.

Strategy/Business risk

Risk description: strategy/business risk arises from adverse business decisions or improper implementation of those decisions that could negatively impact revenue, earnings, and brand value. This includes adverse impact from factors such as competition, structural industry changes, asset class shifts, geopolitical instability, macro-economic conditions, falling behind industry changes or relationships with other entities. This risk is a function of the alignment between the Company's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. Two noteworthy examples of strategy/business risk have been:

- *Climate risk:* a growing awareness of the ongoing and potential future impact of climate change is shifting the views and expectations of BlackRock's key stakeholders including clients, regulators, shareholders, employees and the broader public as well as the way we think about climate risks as an investment risk. Climate change poses risks and opportunities that may impact the companies in which BlackRock invests on behalf of its clients. The risk arises both in terms of the physical risk associated with rising global temperatures, and also transition risk, namely, how the global transition to a low-carbon economy could affect a company's long-term profitability. The investment risks presented by climate change are set to accelerate a significant reallocation of capital, which will in turn have an impact on the pricing of risk and assets around the world.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

- *Natural disasters, pandemics or health crises:* events outside of the Company's control, including natural disasters, pandemics or health crises (such as the Covid-19 pandemic), may arise from time to time. Any such events, and responses thereto, may cause significant volatility and declines in global markets, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage. They may adversely affect the global economy or capital markets, as well as the Company's products, clients, vendors, operations and employees, which in turn may cause BlackRock's AUM, revenue and earnings to decline. In particular, as the Covid-19 pandemic increases in duration, the continuation of measures to counteract the spread of the virus (e.g. social distancing) could result in an even broader economic downturn which could have a prolonged negative impact on the Company's financial results.

Risk mitigation: the Company mitigates strategy / business risk by making extensive efforts to respond to industry uncertainties and business opportunities. The Company also anticipates business environment changes and then implements the necessary changes to generate better outcomes for the Company and its clients.

In relation to risks posed by climate change, BlackRock has committed to put sustainability at the centre of risk management, portfolio construction, product design and Company engagement. The commitment has been widely communicated to stakeholders, including a letter to shareholders during January 2021, which can be accessed at the following link:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>.

In December 2020 BlackRock, Inc. published its first Task Force on Climate-Related Financial Disclosures ("TCFD")-aligned report detailing BlackRock's climate-related risks and opportunities, which can be accessed at the following link:

<https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2020-blkinc.pdf>

In order to mitigate Covid-19 impact, market movements are closely monitored by the Company's investment research teams, and strategic decisions are taken by portfolio managers to proactively manage risk in line with each client's investment objective. BlackRock has in place a detailed business continuity management programme that is focused on maintaining business operations in the event of a crisis. BlackRock's preparedness approach includes an extensive programme to monitor, review and assess threats and, where necessary, to respond to incidents that might impact our employees and operations. The Company has updated its key protocols to ensure there are appropriate mechanisms to manage:

- staff welfare;
- process resilience and compliance, including information technology infrastructure;
- client service (including ongoing communications with clients and reporting);
- the impact on the Company's key supply chains; and
- the impact on third party service providers.

Conduct risk

Risk description: conduct risk is the risk arising from inappropriate behaviour by the Company and/or its employees which leads to detriment to the Company or its clients or has a negative impact on market integrity.

Risk mitigation: conduct risk is present in all of the Company's activities and responsibility for managing conduct risk is embedded throughout the Company's organisational and governance arrangements. All employees are expected to follow the BlackRock Principles and the Code of Business Conduct and Ethics. One of the Company's core principles is 'We are a fiduciary to our clients' and BlackRock expects all of its employees to put clients' interests first, to comply with all regulations, to abide by the law and to act with the highest level of integrity with clients and in markets.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Regulatory change risk

Risk description: regulatory change risk arises due to the uncertainty the Company faces as a result of significant changes in regulations or the regulatory environment that could adversely impact the Company's business or strategy. This risk may be compounded by uncertainty about the ultimate form, timing and impact of regulatory changes. The Company supports financial reforms that increase transparency, protect investors, and facilitate responsible growth of capital markets while also preserving consumer choice and assessing benefits versus implementation costs.

BlackRock's business and operating activities are subject to regulatory oversight in the UK and internationally, and the Company may be affected by a number of reform initiatives, including (but not limited to):

- *EU market access:* in 2019, the European Commission commenced a review of the Alternative Investment Fund Managers Directive to assess, among other things, the effectiveness of this regulation on third country fund marketing passports and the continuation of national private placement regimes. To the extent the review results in formal legislation that limits the scope of existing permitted activities and EU market access rights for asset management firms with non-EU operations, BlackRock's ability to access EU-based clients may be adversely affected.
- *Revised UK and EU capital requirements for investment firms:* in December 2017, the European Commission published a proposal for a new Investment Firm Regulation ("IFR") and Investment Firm Directive ("IFD") which contained prudential requirements for MiFID investment firms. The final texts of the IFR and IFD were published in the Official Journal of the European Union on 5 December 2019 with an effective date of 26 June 2021. During 2020, the FCA also commenced consultation on a new Investment Firm Prudential Regime ("IFPR") which is expected to align with the EU IFR, and which will have an effective date of 1 January 2022. The IFPR will result in changes to the amount of regulatory capital which the Company is required to hold in the UK and will also introduce revised disclosure obligations for large investment firms.

Such regulatory reforms could require the Company to alter its future business or operating activities, which could be time-consuming and costly, impede the Company's growth and cause its AUM, revenue and earnings to decline. Regulatory reform may also impact BlackRock's internationally-based clients, which could cause them to change their investment strategies or allocations in manners that may be adverse to BlackRock.

Risk mitigation: BlackRock ensures that it monitors publications issued by regulators and other bodies on an ongoing basis in order to identify consultations, new regulation, legislation and changes to rules which may impact on BlackRock's business or on any compliance procedures. This monitoring is complemented by content from external policy advisors and trade associations to ensure BlackRock is up-to-date with all regulatory and legislative reforms that impact its activities across the globe.

BlackRock's Legal and Compliance department undertakes detailed analysis of forthcoming regulatory and legislative change to understand the implications of such change. Where necessary, BlackRock will engage with external policy advisors for independent assessments, and will engage with peers, including through trade association meetings, to discuss forthcoming changes. Risk-based monitoring is conducted post-implementation to review delivery of regulatory driven change.

Group risk

Risk description: group risk is the risk that the financial position of the Company may be adversely impacted by its relationships with other entities in the Group or by risks that may affect the financial position of the whole group. As a member of the BlackRock, Inc. Group, the Company faces the risk that decisions made by the Group, or circumstances impacting the Group, may either directly impact the Company or may 'spill-over' and have an impact on the Company. These could include, but are not limited to strategic mergers or acquisitions, divestiture decisions, severe financial distress, reputational damage or decisions regarding the ability or willingness to provide services to the Company.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Risk mitigation: group risk is mitigated by the Company's senior management and control functions being represented in the Group's global decision-making bodies, and by the Company having documented contractual arrangements for services with the Group.

Further details on the wider risks facing BlackRock as a whole, including more in-depth descriptions of each of the above matters, can be found in the BlackRock, Inc. Form 10-K to the United States SEC.

Streamlined Energy and Carbon Reporting statement: greenhouse gas emissions and energy consumption disclosure

This is a Streamlined Energy and Carbon Reporting ("SECR") statement on the Company's annual energy consumption and greenhouse gas ("GHG") emissions for the financial year 01 January 2020 to the 31 December 2020 and the prior year, 2019. This is the Company's first SECR statement.

The Company used the main requirements of the GHG Protocol Corporate Standard (revised edition) as a basis to report on any GHG emissions in tonnes of carbon dioxide equivalent (tCO₂e), which expresses multiple greenhouse gases in terms of carbon dioxide based on their global warming potential (including methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride). Emissions considered relate to the Company's activities in the UK and globally for which the Company is responsible, and include as applicable: combustion of any fuel and operation of its facilities; and annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use and refrigerant losses. Emissions have been calculated from the above activity data using the following GHG emissions factors: IEA for electricity; US EPA for stationary combustion of fuels; UK Government DEFRA for business travel; US EPA for fugitive emissions from refrigerants. Refrigerants consumption is estimated, using The World Bank Group Greenhouse Gas Emissions Inventory Management Plan for Internal Business Operations 2014 to calculate a refrigerant intensity rate (based off assumption on the area per ton of cooling, charge per ton of cooling, and annual loss), which is then multiplied by the relevant buildings floor area to calculate an annual figure for refrigerant losses. Fuel purchased for use in employee owned or leased vehicles was estimated using expense data submitted by employees of the Company. The total reimbursed spend was converted to GBP where appropriate, before being multiplied by the UK governments advisory fuel rates (averaged for both petrol and diesel) to estimate the distance travelled. This was then multiplied by DEFRA emission factors to calculate the energy consumed and emissions produced.

The Company reports Scope 2 emissions using the GHG Protocol dual-reporting methodology, stating two figures to reflect the GHG emissions from purchased electricity, using both:

- A location-based method that reflects the average emissions intensity of the national electricity grids from which consumption is drawn; and
- A market-based method that reflects emissions from electricity specific to each supply / contract. Where electricity supplies are known to be from a certified renewable source, a zero emissions factor is used, otherwise residual mix factors are used.

In 2020, the Company was responsible for a total of 0.03GWh energy consumption (building energy and business travel in either employees owned, leased, or company cars). Of which 0% was consumed within the UK, and 100% is estimated, as actual data was unavailable for all of 2020.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

As shown in Table 3 below, the Company's combined Scope 1 + 2 + 3 GHG location-based emissions have reduced 36% between 2019 and 2020. The impacts of Covid-19 caused the majority of employees to work from home, which resulted in an anticipated reduction in electricity consumption of the Company's office facilities. However, it is acknowledged that employee's homeworking emissions, which are indirect (Scope 3) to the Company, will subsequently have increased to compensate for the reduced direct emissions. While quantifying employees home working emissions was considered, the conclusion was made that an accurate and meaningful figure could not be measured, owing to the operational complexity in assessing increases in energy usage for all BlackRock employees. Following a review of similar market participants, the Company confirms that its approach to employee emissions during the Covid-19 pandemic is in line with its peers. Following this trend, it is anticipated that direct emissions will remain at a lower level for the first half of 2021 as employees continue to work from home. However, as offices begin to reoccupy in the second half of the year, it is expected that GHG emissions will begin to increase back to the levels observed in 2019. These changing occupancy rates will disrupt the comparability of GHG emissions data over the coming reporting years, including both 2021 and 2022 at a minimum.

Although no energy efficiency actions have been taken directly by the Company during the reporting period, as a group, BlackRock operates a holistic program for utilities, energy efficiency and renewable energy. This combined approach ensures that the Company reduces energy demand through the implementation of efficiency projects, including consolidation of data centres (eliminating those which are least energy efficient), LED lighting upgrades, HVAC system adjustments, and green office design. This also enables the Company to increase its supply of renewable energy, in order to meet its 100% renewable energy commitment. This commitment was achieved in 2020 and is accomplished through a combination of local green utility programs and renewable energy certificates ("RECs"). RECs are sourced either in the nation where the electricity was used or as close as is practical.

Table 1. The Company's 2019 and 2020 UK GHG emissions

GHG emissions (tCO ₂ e)	2020		2019		2019/2020 % Difference	
	market -based	location -based	market -based	location -based	market -based	location -based
Scope 1 - Fugitive emissions of refrigerant gases	31	31	31	31	0%	0%
Scope 1 - Business travel where fuel is purchased by the Company for use in company owned vehicles	-	-	-	-	0%	0%
Scope 1 - Stationary combustion of diesel in buildings	3	3	6	6	(50%)	(50%)
Scope 1 - Combustion of natural gas purchased by the Company	789	789	731	731	8%	8%
Scope 2 - Electricity purchased for own use	-	2,136	-	2,668	0%	(20%)
Scope 3 - Business travel where fuel is purchased by the Company for use in employee owned or leased vehicles	33	33	79	79	(58%)	(58%)
Scopes 1 + 2 + 3 - Mandatory carbon footprint disclosure	856	2,993	848	3,516	1%	(15%)
Scope 1 + 2 + 3 - Mandatory intensity ratio: emissions per total revenue (tCO₂e/\$100m)	0.36	1.24	0.45	1.87	(20%)	(34%)

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Table 2. The Company's 2019 and 2020 UK energy and refrigerants use

Consumption source	Scope	2020		2019	
		Consumption value	Unit	Consumption value	Unit
Refrigerants	Scope 1	0.02	Tonnes	0.02	Tonnes
Fuel purchased for use in Company Owned Vehicles	Scope 1	-	kWh	-	kWh
Private Aviation (Jet Fuel)*	Scope 1	-	kWh	-	kWh
Stationary Combustion of Diesel	Scope 1	13,510	kWh	25,446	kWh
Natural Gas	Scope 1	4,353,589	kWh	4,035,620	kWh
Electricity	Scope 2	10,528,897	kWh	10,812,138	kWh
Fuel Purchased for use in Employee Owned or Leased Vehicles	Scope 3	134,668	kWh	308,743	kWh

*Although Jet Fuel is consumed within the UK equal to 268,685 kWh (67 tCO₂e), this transport is owned and operated by a BlackRock US entity, and is therefore accounted for in the global reporting scope and is not directly attributable to the Company.

Table 3. The Company's 2019 and 2020 Global GHG emissions

GHG emissions (tCO ₂ e)	2020		2019		2019/2020 % Difference	
	market-based	location-based	market-based	location-based	market-based	location-based
Scope 1 - Fugitive emissions of refrigerant gases	42	42	42	42	0%	0%
Scope 1 - Business travel where fuel is purchased by the Company for use in company owned vehicles	-	-	-	-	0%	0%
Scope 1 - Stationary combustion of diesel in buildings	3	3	6	6	(50%)	(50%)
Scope 1 - Combustion of natural gas purchased by the Company	789	789	731	731	8%	8%
Scope 2 - Electricity purchased for own use	-	2,435	-	3,061	0%	(20%)
Scope 3 - Business travel where fuel is purchased by the Company for use in employee owned or leased vehicles	61	61	131	131	(53%)	(53%)
Scopes 1 + 2 + 3 - Mandatory carbon footprint disclosure	894	3,330	910	3,972	(2%)	(16%)
Scope 1 + 2 + 3 - Mandatory intensity ratio: emissions per total revenue (tCO₂e/\$100m)	0.37	1.38	0.48	2.12	(23%)	(35%)

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Table 4. The Company's 2019 and 2020 global energy and refrigerants use

Consumption source	Scope	2020		2019	
		Consumption value	Unit	Consumption value	Unit
Refrigerants	Scope 1	0.03	Tonnes	0.03	Tonnes
Fuel purchased for use in Company Owned Vehicles	Scope 1	-	kWh	-	kWh
Private Aviation (Jet Fuel)*	Scope 1	-	kWh	-	kWh
Stationary Combustion of Diesel	Scope 1	13,510	kWh	25,446	kWh
Natural Gas	Scope 1	4,353,589	kWh	4,035,620	kWh
Electricity	Scope 2	10,485,178	kWh	12,017,027	kWh
Fuel Purchased for use in Employee Owned or Leased Vehicles	Scope 3	246,052	kWh	510,642	kWh

*Although Jet Fuel is consumed within the UK equal to 268,685 kWh (67 tCO₂e), this transport is owned and operated by a BlackRock US entity, and is therefore accounted for in the global reporting scope and is not directly attributable to the Company.

GHG emissions and energy consumption statement pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the SECR Regulations).

Scope 1 emissions are direct GHG emissions from activities owned or controlled by an organisation.

Scope 2 emissions are indirect emissions associated with an organisation's consumption of purchased electricity, heat, steam and cooling. These emissions occur as a consequence of an organisation's activities at sources which the organisation does not own or control.

Scope 3 emissions are indirect emissions not otherwise accounted for that occur as a consequence of an organisation's actions, from sources not owned or controlled by the organisation.

The revenue figure used for the intensity ratio has been rounded to the nearest thousand for reporting purposes. The 2019 intensity has been pro-rated from a 13-month to a 12-month period, to account for the change in the accounting period of the Company.

For full transparency, BlackRock's global Scope 1, 2, and 3 emissions can be found in its 2020 Carbon Disclosure Project submission: <https://www.cdp.net/en/responses/1875>.

Companies Act s172 Statement

Under section 172 of the Companies Act 2006 ("s172"), the directors of the Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board have had regard to each of the above requirements of s172 during the year ended 31 December 2020 as follows:

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The likely consequences of any decision in the long term

As a subsidiary of BlackRock, the Board shares the purpose developed by the BlackRock board of directors and considers how best to implement that purpose in the Company's values, strategy and culture. The Board delegate responsibility to formulate the Company's strategy to the Head of EMEA, who serves as a member on the Board, and takes primary responsibility for: formulating the strategic objectives of the Company within the Company's risk tolerance; developing business plans, budgets and operating strategies for the Company; and defining financial objectives, plans and budgets. The Head of EMEA engages with senior management to ensure that the Company's strategy is designed and implemented in a manner that is consistent with BlackRock's global growth priorities, and in a manner that is suited to the UK market.

The Board are responsible for overseeing the implementation of the Company's long-term strategic objectives and receive regular updates from the Head of EMEA on the delivery of corporate strategy, regional and industry trends, in Board meetings and informal briefing sessions; and the Company's strategy is regularly communicated with the workforce by way of executive announcements from senior leaders and employee townhalls.

Key examples of how the Board have considered the likely consequences of any decision in the long-term for the year ended 31 December 2020 include:

- approving senior manager appointments;
- reviewing the impact of Larry Fink's CEO letters on the strategy of the EMEA region;
- approving quarterly cash repatriation transactions and liquidity management within the BlackRock group;
- reviewing the Company's business continuity plan in relation to Covid-19;
- reviewing the Company's stewardship strategy outlining how BlackRock intends to engage with companies in which it is invested;
- reviewing the Company's business continuity plan in relation to the UK's exit from the EU, including the decision to transfer business conducted by the Company's EU-based branches to BNBV;
- overseeing the management of conflicts within BlackRock's businesses; and
- identifying matters that might impact BGL's internal capital adequacy process.

The interests of the Company's employees

Individuals who are employed by the Company are subject to high standards of compliance and conduct training, in line with BlackRock's global and regional standard requirements. BlackRock's Code of Conduct requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

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 and future job prospects and working environment. Management engaged with employees throughout the year through executive communications, employee pulse surveys and regional townhalls. Employees were also encouraged to report concerns relating to business integrity through established whistleblowing processes, and anonymised concerns were reported to the Board on a quarterly basis. The Board was kept informed of the results of BlackRock employee engagement activities through reports from the EMEA Head of HR, and of employee wellbeing during Covid-19 and the work-from-home environment through regular reports from the EMEA COO.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The need to foster the Company's business relationships with suppliers, customers and others

The Company uses suppliers to help support and enhance business activities. BlackRock has a dedicated service vendor management team responsible for onboarding and monitoring of its key vendors. In addition, BlackRock has formal processes and procedures in place to manage supplier risk and service delivery, such as regular performance reviews for key suppliers. BlackRock maintains a Supplier Code of Conduct & Ethics which outlines the minimum expectations and standards of all of BlackRock's suppliers in relation to human rights, inclusion and diversity, environmental sustainability, integrity and ethics in management practices.

In response to the evolving needs of clients, BlackRock has evolved its distribution model across all BlackRock products, platforms and technology, to encourage the Company's growth as a regional business in the United Kingdom. The Head of the UK drives UK client strategy whilst being directly responsible for the UK Institutional, Wealth, Charities and Endowments, Investment Trusts and Defined Contribution/Unit Linked businesses.

The Company is subject to regulatory oversight by the FCA in the UK. The Board and Management have regular interactions with the FCA, providing open and transparent information on a proactive and reactive basis at all levels of management. A comprehensive control framework exists across Risk, Compliance and Internal Audit functions in order to oversee the Company's business operations, with regular reporting provided to the Board on regulatory matters.

Material matters relating to business relationships with suppliers, customers and other stakeholders are reported to the Board by management as required.

The impact of the Company's operations on the community and the environment

The Company's purpose - to help more and more people experience financial wellbeing - reflects the belief that BlackRock has an important role to play in helping improve people's lives, the community and the environment. BlackRock has a responsibility to millions of people around the world, and an urgent social purpose. By improving the relationship people have with their money, BlackRock can help improve their financial wellbeing - and their overall wellbeing. BlackRock has committed to integrate sustainable business practices into its strategy and operations. As a subsidiary of the BlackRock group, the Company has committed to:

- operate a sustainable corporation, recognising that long-term sustainability delivers the best outcomes for stakeholders; that the workforce is central to the Company's sustainability efforts; and pursuing a strategy that decouples company growth from the impact on the environment;
- make sustainable investing BlackRock's standard, providing sustainability-integrated portfolios and making sustainability integral to the way BlackRock manages risk, deepening the integration of environmental, social and governance ("ESG") factors into risk management and investment processes, and putting ESG analysis at the centre of BlackRock's technology platform;
- act as responsible steward of BlackRock's client assets by engaging with companies to understand how they are managing and disclosing sustainability-related risks and encouraging companies to adopt corporate governance and business practices consistent with delivering sustainable long-term financial returns; and
- make a positive social impact through charitable contributions and empowering the Company's employees to give back to their communities.

The Company's strategy in relation to sustainability and ESG factors were regularly communicated to the Board through reports from the Head of EMEA, the EMEA Head of Corporate Strategy and BlackRock Investment Stewardship. Management have communicated BlackRock's sustainability commitments to all stakeholders in a letter to shareholders of BlackRock, which can be accessed at the following link: <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The desirability of the Company maintaining a reputation for high standards of business conduct

BlackRock's culture is a key differentiator of the Company's strategy and helps to drive results and long-term growth. The Company's culture unifies the firm and helps to reinforce ethical behaviour at all levels. BlackRock's approach to instilling, reinforcing and enhancing our culture is deliberate and intentional. The Board embeds BlackRock's culture of fiduciary commitment to serve clients and stay ahead of their needs. BlackRock's Code of Conduct, and requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

The Board hold regular meetings with management, by way of formal meetings and education sessions, to ensure that oversight and control of the Company's business operations is maintained, and where necessary, constructive challenge can be provided. This enables the Company's businesses to deliver strategy in a manner consistent with the BlackRock group's purpose and culture.

The need to act fairly between members of the Company

The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and therefore the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the BlackRock group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

This statement is also available on the Company's website at:

<https://www.blackrock.com/uk/individual/literature/policies/s172-corporate-governance-statements.pdf>

Corporate Governance

The Board recognises the importance of good corporate governance to ensure that business is conducted with integrity and with due regard to the interests of all stakeholders. Under the Companies (Miscellaneous Reporting) Regulations 2018, the Board has been guided by and applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles") during the financial year ended 31 December 2020. A description of how the Board has applied the Principles has been outlined below.

Principle 1. Purpose and Leadership

An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

It is understood by the Board that purpose guides culture and provides a framework for consistent decision making. As a subsidiary of BlackRock, Inc., the Board shares the purpose developed by the BlackRock, Inc. board of directors and considers how best to implement that purpose in the Company's values, strategy and culture. The Company's purpose - to help more and more people experience financial well-being - reflects the belief that BlackRock has an important role to play in helping improve people's lives. BlackRock has a responsibility to millions of people around the world, and an urgent social purpose. By improving the relationship people have with their money, BlackRock can help improve their financial well-being - and their overall well-being.

BlackRock's vision and strategy, while initially set by BlackRock, Inc., is designed to consider specific jurisdictions and markets. The Board has delegated responsibility in the first instance for corporate strategy to the Head of EMEA, who formulates the strategic objectives of the Company within the risk tolerance set by the Board; develops business plans, budgets and operating strategies; and defines financial objectives, plan and budgets for the Company. The Head of EMEA partners with the Head of the UK and the EMEA Head of Corporate Strategy to develop strategic objectives that are suited to the UK market. The Board receives regular updates from the Head of EMEA on corporate strategy, industry trends and areas of strategic focus. The Company's strategy is regularly communicated with the workforce by way of executive announcements from senior leaders and employee townhalls.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The Board has a strong understanding of BlackRock's culture because it is the foundation for the Company's strategic plans; and remains engaged, provides informed and honest guidance and feedback, and maintains an open dialogue with management based on a clear understanding of BlackRock's strategic plans.

BlackRock's culture is a key differentiator of the Company's strategy and helps to drive results and long-term growth. The Company's culture unifies the firm and helps to reinforce ethical behaviour at all levels. BlackRock's approach to instilling, reinforcing and enhancing our culture is deliberate and intentional. The Board embeds BlackRock's culture of fiduciary commitment to serve clients and stay ahead of their needs. BlackRock's Code of Conduct requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

The Board holds regular meetings with key stakeholders, by way of formal meetings and education sessions, to ensure that oversight and control of the Company's business operations is maintained, and where necessary, constructive challenge can be provided. This enables the Company's businesses to deliver strategy in a manner consistent with the BlackRock group's purpose and culture.

Management monitors culture through employee surveys, absenteeism rates, exit interviews and board feedback sessions; and reports to the Board periodically. Employees are encouraged to report concerns relating to business integrity through established whistleblowing processes, and anonymised concerns are reported to the Board on a quarterly basis.

Principle 2. Board Composition

Effective board composition requires an effective Chair and a balance of skills, background, experience and knowledge. Directors should have sufficient capacity to make a valuable contribution to the board. The size of the board should be guided by the scale and complexity of the company.

The size of the Board is guided by the scale and complexity of the Company. Careful consideration is given to the size and structure of the Board so that it is appropriate to meet the strategic needs and challenges of the organisation and enables effective decision-making. The Board believes that its size and structure is imperative to achieving the diversity of thought, experience and expertise necessary to oversee the Company's large and complex business. The range of insights and experience provided by the diverse Board supports the broad scope and multifaceted nature of the Company's business and strategic growth areas, which include index funds, illiquid alternatives, retirement solutions and technology services.

The Board comprises a Chair, Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, and three non-executive directors (in addition to the Chair), one of which is independent. Appointments to the Board promote diversity in line with the Equalities Act 2010, and the Board has committed to maintaining a minimum of 30% female representation in its composition. As at the signing date, the gender balance of the Board is 4 male and 3 female.

The Company maintains separate Chair and Chief Executive roles to ensure that there is a balance of responsibilities, accountability and effective decision-making. The Chair leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive discussion. The Chair ensures that all directors have appropriate information and sufficient time for meaningful discussion. The Chair is supported by the corporate secretariat in the provision of timely information and preservation of good communication flows between management and the Board.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The Nominations Committee oversees the director nomination process and assists the Board in identifying individuals qualified to become Board members and recommends new director nominees to the Board. In doing so, the Nominations Committee regularly reviews the overall composition of the Board and its committees to ensure there is diversity of thought, experience and expertise necessary to oversee the Company's current and future business and strategy. The Nominations Committee also leads the Board's annual review of board performance and reviews and recommends areas for future improvement and focus to strengthen overall board performance and succession planning.

The Company demonstrates a commitment to ongoing professional development of the Board through the delivery of annual training sessions for statutory directors and senior managers, at which, legal, regulatory and governance priorities are discussed with subject-matter experts. There is an induction program for all new Board members which is tailored to their specific experience and knowledge.

Principle 3. Directors' Responsibilities

A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.

BlackRock are vocal advocates for the adoption of sound corporate governance policies that include strong board leadership and strategic deliberation, prudent management practices and transparency. The Board understands that clear corporate governance policies, practices and company leadership, all working together, promote effective stewardship to deliver long-term value.

The Board is guided by its terms of reference, which provide a framework for the governance of the Company and the responsibilities of the Board. The terms of reference address matters reserved for board decision, board processes, access to management and independent advisors and the annual performance evaluations of the Board and committees. As corporate governance practices evolve over time, the Board reviews its terms of reference, committee terms of reference and other governance policies annually and approves or updates them as necessary. Additionally, both the Board and management recognise that creating long-term value for the Company's shareholders requires consideration of the concerns of the Company's other stakeholders and interested parties including clients, employees and the communities in which BlackRock operates.

The Board has established committees to effectively fulfil governance obligations owed to the Company. The responsibilities of the committees, including decision-making authority and escalation processes, are outlined in terms of reference which are reviewed annually by the Board. The committees meet regularly and report to the Board on how they have discharged their duties in accordance with their terms of reference. A brief description of each committee's role is outlined below:

- The Audit Committee assists the Board in meeting responsibilities related to ensuring the integrity of the Company's financial reporting, the effectiveness of the Company's internal controls, monitoring the effectiveness and objectivity of the Company's internal and external audit processes, reviewing whistleblowing arrangements, and reviewing assurance reports.
- The Nominations Committee reviews the composition and effectiveness of the Board to ensure that the Board is comprised of individuals who are best able to discharge the duties and responsibilities of directors.
- The Risk Committee provides leadership, direction and oversight of the overall risk management framework in place for the Company.
- The Conflicts Oversight Committee assists the Board in meeting responsibilities for overseeing the framework for the identification and management of conflicts of interest and the implementation of strategy, policies and procedures with regards to conflicts of interest.
- The Capital Committee assists the Board in overseeing capital management and capital planning processes.

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

The Board has established formal and robust internal processes to ensure systems and controls are operating effectively, and the quality and integrity of information provided to it is reliable, enabling directors to monitor and challenge the performance of the Company and make informed decisions. The Board receives regular and timely information on all matters required to maintain oversight and control of the Company's business including risks and opportunities, the Company's financial performance, strategy, operational matters, market conditions and sustainability. All information provided to the Board is prepared by subject matter experts with the relevant experience and skills necessary to ensure that the integrity of the information and impact to the Company. Where deemed necessary, the Board has access to independent advice to verify the information received or potential impact to the Company. The Board also receives assurance from independent functions such as Internal Audit, Compliance and the External Auditor on the effectiveness of internal controls and the integrity of financial information.

Principle 4. Opportunity and Risk

A board should promote the long-term success of a company by identifying opportunities to create and preserve value and establish oversight for the identification and mitigation of risk.

The Board promotes the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

The Board considers and assesses how the Company creates and preserves value over the long-term. This requires the Board to consider both tangible and intangible sources of value, and the stakeholders that contribute to it. The Head of EMEA and EMEA Chief Operating Officer provide an update at each meeting detailing key business initiatives and future plans for value creation, and non-executive directors receive regular business updates from management. Approval of material new business opportunities is a matter reserved for Board decision.

The Board has responsibility for the Company's overall approach to risk management, including reputational risk. The Board has delegated risk oversight to a Risk Committee, which is supported by a sub-committee, the Enterprise Risk Management Committee (the "ERMC"). The ERMC designs, reviews, implements and monitors the risk management framework to ensure the effective management of all significant enterprise risks. The Board approves the Company's risk appetite annually and receives regular updates from the Chief Risk Officer on risk-taking relative to performance within the EMEA region. Key risks have been outlined previously in the Strategic Report.

Principle 5. Remuneration

A board should promote executive remuneration structures aligned to sustainable long-term success of the company, taking into account pay and conditions elsewhere in the company.

The Board promotes executive remuneration structures that align to the long-term, sustainable success of the Company. Remuneration is aligned with performance, behaviours and the achievement of the Company's purpose, values and strategy. The Board understands that appropriate and fair levels of remuneration help the Company secure and retain high-quality management and workforce.

The Company's executive remuneration structures are subject to the BGL Remuneration Policy, and the Board has delegated the authority to perform various remuneration functions to the Management Development and Compensation Committee ("MDCC"), which is the global, independent remuneration committee for BlackRock, Inc. and its subsidiaries and which supports the Board (and the boards of other EMEA regulated entities) in discharging their remuneration-related obligations. In addition:

BlackRock Investment Management (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

- the Board reviews and approves various remuneration-related items which relate to both the Company and the BGL group, including
 - the BGL Remuneration Disclosure (which forms part of the annual BGL Pillar 3 disclosure document);
 - the list of BGL Material Risk Takers / FCA Remuneration Code Staff and exclusions from that list (approved twice each year) and the approach to identifying and excluding such individuals; and
 - other items which are reviewed and approved periodically, including the BGL Remuneration Policy and the rationale for not applying certain elements of the FCA Remuneration Code (which BlackRock's UK regulated entities, including the Company, can decide not to apply if they consider it appropriate);
- the Board receives periodic management information and other updates from HR on remuneration-related topics and processes, including matters reviewed and approved by the MDCC. In addition, HR facilitate an annual discussion between the MDCC Chair and the non-executive directors of the Board on remuneration matters; and

The Board also receives a summary of the findings and recommendations arising from the annual independent remuneration review conducted by external legal counsel.

Principle 6. Stakeholder Relationships and Engagement

A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce and have regard to that discussion when taking decisions. The board has a responsibility to foster good relationships based on the company's purpose.

The Board presents to stakeholders a fair, balanced and understandable assessment of the Company's position and prospects in the Company's annual financial statements, and BlackRock, Inc.'s proxy statement. The Board is clear that good corporate governance and effective communication are essential on a day-to-day basis to deliver the Company's purpose to protect the Company's brand, reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers and the local communities in which we work. The Board ensures that there are channels to receive appropriate feedback from discussions with stakeholders.

The Board's consideration in this respect is outlined in the s172 Disclosure previously within the strategic report, and highlights of the Company's stakeholder engagement practices include:

- Management engage with the workforce in quarterly, firmwide townhall meetings;
- Employees are encouraged to provide feedback by completing regular Employee Opinion Surveys;
- Client-facing business areas engage with clients daily to understand priorities and concerns;
- Sourcing and Vendor Management maintain good relations with the Company's suppliers;
- Compliance maintains the Company's relationship with regulators through formal means such as the Supervisory Review and Evaluation Process ("SREP") and ICAAP processes, and informally through regular calls, interviews and meetings; and
- BlackRock Investment Stewardships manages the framework for engagement with companies in which BlackRock invests and publishes the team's engagement priorities annually.

Approved by the Board on 20 April 2021 and signed on its behalf by:



.....
S Mullin Outhwaite
Director

BlackRock Investment Management (UK) Limited

Directors' Report for the Year Ended 31 December 2020

The Board presents its report together with the audited financial statements of BlackRock Investment Management (UK) Limited (registered number: 02020394) for the year ended 31 December 2020.

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.

Dividends

Dividends of £531.4m were paid in the year ended 31 December 2020 (2019: £100.0m).

Directors and officers 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

E de Freitas

E Fishwick

R Lord (resigned 15 April 2021)

S Mullin Outhwaite

C Thomson (resigned 11 December 2020)

M Young

The following director was appointed after the year end:

S Cohen (appointed 15 April 2021)

Officer:

BlackRock Company Secretarial Services (UK) Limited - Company Secretary

Statement of directors' responsibilities

The directors acknowledge their responsibilities 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 Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

BlackRock Investment Management (UK) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

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 and considerations explained in note 2, 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.

There are no going concern issues as a result of the Covid-19 outbreak and subsequent downturn in the global macroeconomic environment.

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 period ended 31 December 2020 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.

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.

Disclosure of information to the auditor

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

Reappointment of auditor

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

Approved by the Board on 20 April 2021 and signed on its behalf by:



.....
S Mullin Outhwaite
Director

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BlackRock Investment Management (UK) Limited:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes to financial statements 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 ("the FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and analysing management's assessment of the Company's ability to continue as a going concern for a period of twelve months from the date of financial statements;
- determining whether or not any material uncertainties exist relating to events or conditions that might cast significant doubt upon the continuing use of the going concern basis of accounting;
- obtaining and assessing management's cash flow forecasts (prepared for the BlackRock Group Limited ICAAP), and corresponding key assumptions used in the forecasts;
- assessing the calculation accuracy of the model used to prepare management's cash flow forecasts;
- assessing the appropriateness of assumptions used in the forecasts, based on (i) our understanding of the company and its environment, (ii) our assessment of the historical accuracy of forecasts prepared by management, and (iii) the amount of headroom in the forecasts with regards to cashflow and potential compliance with regulatory capital requirements;
- reviewing the latest available post year-end management accounts in order to identify unusual movements in balances or significant events subsequent to the period end;
- reading minutes of post year-end board and committee meetings in order to identify any key changes to the Company or its environment which may cast doubt over the appropriateness of the going concern basis of accounting;
- obtaining and assessing management's assessment of the impact of Brexit and Covid-19 on the Company's current operations, future prospects and forecast cash flows.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited (continued)

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, pensions legislation, Corporation Tax Act 2010 and Value Added Tax Act 1994; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's regulatory solvency requirements, requirements of the FCA, Financial Services and Markets Act 2000, regulatory licenses and stewardship, and environmental, social and governance ("ESG") regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, information technology ("IT"), valuations, regulatory compliance and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited (continued)

Fair value of investment held in Bank of China Investment Management Limited ("BoCIM")

The company's investment in BoCIM is inherently challenging to value, given the fact that the investment is an unlisted fund management entity located in China, for which there are limited observable valuation inputs or comparable transactions. In addition, we note that management is restricted in the amount, and quality, of management reporting information which it can obtain from this investment, making it more challenging for them to ascertain the investments actual performance, as well as management's forecasts. As such, management are required to use several judgements and assumptions in developing an appropriate valuation. The large number of inputs and judgements involved, and the lack of comparable market data, increases the risk that the actual value of the investment may materially differ from the estimated value.

In addition, the investment has undergone growth in recent years which was reflected in the £79.4m valuation on the Company's balance sheet at 31 December 2020 (2019: £77.5m), which is significantly in excess of the Company's audit materiality. Key assumptions to which the valuation is highly sensitive include discount for lack of marketability ("DLOM"), forecast revenue projections (notably short term growth rates) and forecast margins for earnings before interest, depreciation and tax ("EBITDA").

We therefore consider this valuation to possess a heightened risk of potential fraud or error due to the judgement involved in the valuation.

We have performed the following procedures to address this fraud risk:

- obtained an understanding of relevant controls over the valuation of investments, including management's oversight and challenge of their expert's valuation methodology and the challenge of key inputs and assumptions;
- held discussions with management's external valuation expert to understand the valuation methodologies used, the source of all underlying market data used in the calculation, and the nature of all key assumptions used in the valuation and any external sources for market data;
- obtained and reviewed the valuation workings and all underlying backup data;
- involved our internal fair value specialists to aid the audit team in challenging and concluding on key assumptions;
- assessed the objectivity and competence of management's expert;
- assessed key inputs and assumptions employed in the valuation, including growth forecasts, revenue forecasts, long term growth rates, present value discount rates and DLOM to supporting business rationale and external market data, and evaluated all corroboratory and contradictory evidence obtained; and
- developed an independent expectation of the valuation using our own independent assumptions, inputs and market data.

Completeness, cut-off and accuracy of separately managed account ("SMA") investment advisory performance fees

The majority of calculations of SMA performance fees earned by the company are manually performed, bespoke, typically complex in nature, and may require a degree of judgement in relation to the interpretation of the Investment Management Agreement ("IMA").

In addition, there are accruals at year-end subject to a true-up process, as recorded SMA performance fee accruals are based on estimated AUM / Net Asset Value figures.

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited (continued)

Furthermore, SMA performance fee revenue is tracked manually and designed to list out all SMA clients from whom performance fees are earned and the respective lock-in dates. Due to the manual nature of this process, there is a risk that fees are recorded in the incorrect period, or not at all. In addition to the inherent risk of error, there is also a risk that management may use these manual processes to influence the recognition of SMA management fee revenue, in order to meet market expectations in the current climate.

We have performed the following procedures to address this fraud risk:

- obtained an understanding of relevant controls over SMA performance fees;
- tested relevant controls including general information technology controls over the completeness and accuracy of AUM data used in the calculation of performance fees;
- for a sample of recorded SMA performance fees, we have:
 - o recalculated performance fee amounts using the terms in the relevant IMA;
 - o validated AUM used in the performance fee computation against AUM data retrieved from *Aladdin*;
 - o performed a retrospective review of the accuracy and cut-off of performance fee estimates made at year-end by testing the post year-end accrual to actual true-ups; and
- to test the completeness of performance fee revenue, we selected a sample of mandates from an appropriate independent population and determined if the company was entitled to a performance fee, and if a performance fee accrual or invoice fee was recorded.

Completeness and accuracy of manually calculated SMA management fee revenue

Fee calculations for a number of SMA mandates are performed manually, which increases the risk of potential fraud and error. Additionally, there is a risk of error in the process of entering fee terms into billing systems (either for new contracts, for contract amendments, or for client terminations).

Furthermore, there is a risk that not all fees are recorded in the general ledger in relation to SMA management fee revenue for which the client fees are manually calculated.

In addition to the inherent risk of error, there is also a risk that management may use these manual processes to influence the recognition of SMA management fee revenue, in order to meet market expectations in the current climate.

We have performed the following procedures to address this fraud risk:

- tested relevant controls addressing (i) SMA client onboarding, (ii) amendments and terminations of SMA client terms on billing systems, and (iii) review of invoices;
- tested relevant controls over the completeness and accuracy of AUM data used in calculations;
- tested relevant controls including general information technology controls around billing systems;
- for a sample of recorded fees:
 - o recalculated the management fee amount recorded, using the terms in the most recent signed IMA, and independently obtained AUM information from billing systems;
 - o agreed management fee amounts invoiced to subsequent cash receipts; and
- to test completeness, we checked if management fees had been appropriately recorded for a selected sample of mandates.

BlackRock Investment Management (UK) Limited

Independent Auditor's Report to the Members of BlackRock Investment Management (UK) Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and FCA.

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

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information for the financial period ended 31 December 2020 included on pages 69 to 70 has been properly prepared, in all material aspects in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

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.

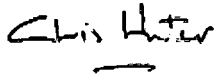
We have nothing to report in respect of these matters.

BlackRock Investment Management (UK) Limited

**Independent Auditor's Report to the Members of BlackRock Investment Management
(UK) 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.



.....
Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
21 April 2021

BlackRock Investment Management (UK) Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	Continuing operations 2020 £ 000	Discontinued operations 2020 £ 000	Total 2020 £ 000
Turnover	5	1,897,967	485,496	2,383,463
Cost of sales		<u>(136,202)</u>	<u>(910)</u>	<u>(137,112)</u>
Gross profit		1,761,765	484,586	2,246,351
Administrative expenses		<u>(1,157,682)</u>	<u>(166,333)</u>	<u>(1,324,015)</u>
Operating profit	6	604,083	318,253	922,336
Income/(expense) from shares in group undertakings and investments		62,461	(8,701)	53,760
Interest receivable and similar income	10	21,524	-	21,524
Interest payable and similar charges	11	(5,144)	(10,314)	(15,458)
Net (losses)/gains on derivative financial instruments		(6,876)	(1,149)	(8,025)
Net losses on financial instruments held at FVTPL	17	(1,523)	-	(1,523)
Gain on disposal of discontinued operations	4	<u>-</u>	<u>813,289</u>	<u>813,289</u>
Profit before tax		674,525	1,111,378	1,785,903
Tax on profit	12	<u>(304,527)</u>	<u>(102,479)</u>	<u>(407,006)</u>
Profit for the year		<u><u>369,998</u></u>	<u><u>1,008,899</u></u>	<u><u>1,378,897</u></u>

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

Profit and Loss Account for the Year Ended 31 December 2020 (continued)

	Note	Continuing operations 2019 £ 000	Discontinued operations 2019 £ 000	Total 2019 £ 000
Turnover	5	1,641,459	392,079	2,033,538
Cost of sales		<u>(119,259)</u>	<u>(1,084)</u>	<u>(120,343)</u>
Gross profit		1,522,200	390,995	1,913,195
Administrative expenses		<u>(1,117,457)</u>	<u>(153,903)</u>	<u>(1,271,360)</u>
Operating profit	6	404,743	237,092	641,835
Income/(expense) from shares in group undertakings and investments		23,120	18,642	41,762
Interest receivable and similar income	10	8,903	-	8,903
Interest payable and similar charges	11	(5,751)	(10,616)	(16,367)
Net (losses)/gains on derivative financial instruments		13,333	10	13,343
Net losses on financial instruments held at FVTPL	17	(2,912)	-	(2,912)
Gain on disposal of discontinued operations	4	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax		441,436	245,128	686,564
Tax on profit	12	<u>(85,925)</u>	<u>(57,564)</u>	<u>(143,489)</u>
Profit for the year		<u><u>355,511</u></u>	<u><u>187,564</u></u>	<u><u>543,075</u></u>

The Company transferred its EU branches to an EU domiciled group company based in the Netherlands, BNBV, on 31 December 2020, the results for which are disclosed above as discontinued operations. Further detail is provided in note 4 to the financial statements.

As a result of the accounting reference date change in the prior period, the comparatives represent a period of 13 months as opposed to the current period of 12 months and are therefore not directly comparable.

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Profit for the year		<u>1,378,897</u>	<u>543,075</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gains/(losses) in fair value of other investments designated at fair value through other comprehensive income	17	1,939	(6,042)
Actuarial losses on defined benefit schemes before tax		(54)	(5,507)
Deferred taxes on actuarial losses on defined benefit schemes		<u>232</u>	<u>632</u>
		2,117	(10,917)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gains/(losses)		<u>13,993</u>	<u>(7,774)</u>
Total comprehensive income for the year		<u><u>1,395,007</u></u>	<u><u>524,384</u></u>

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

(Registration number: 02020394)
Balance Sheet as at 31 December 2020

		31 December 2020 £ 000	31 December 2019 £ 000
Fixed assets			
Intangible assets	13	6,305	8,340
Tangible fixed assets	14	49,549	62,909
Right-of-use assets	15	155,395	186,975
Investments	16	18,101	188,255
Investments in financial assets	17	<u>268,200</u>	<u>247,464</u>
		<u>497,550</u>	<u>693,943</u>
Current assets			
Debtors: Amounts falling due after one year	19	919,665	367,159
Debtors: Amounts falling due within one year	20	2,101,919	1,904,797
Cash and cash equivalents		<u>1,228,850</u>	<u>524,198</u>
		4,250,434	2,796,154
Creditors: Amounts falling due within one year	21	<u>(1,964,580)</u>	<u>(1,519,061)</u>
Net current assets		<u>2,285,854</u>	<u>1,277,093</u>
Total assets less current liabilities		<u>2,783,404</u>	<u>1,971,036</u>
Creditors: Amounts falling due after more than one year			
Loans and borrowings	22	(366,094)	(139,536)
Deferred compensation plans		(25,431)	(26,771)
Long term lease liabilities	23	<u>(171,585)</u>	<u>(198,790)</u>
		(563,110)	(365,097)
Provisions	24	(19,143)	(21,096)
Defined benefit liability	25	<u>(5,963)</u>	<u>(7,804)</u>
Net assets		<u>2,195,188</u>	<u>1,577,039</u>
Capital and reserves			
Share capital	27	94,485	94,485
Share premium reserve		100,000	100,000
Other reserves	26	213,765	155,564
Profit and loss account		<u>1,786,938</u>	<u>1,226,990</u>
Shareholders' funds		<u>2,195,188</u>	<u>1,577,039</u>

Approved by the Board on 20 April 2021 and signed on its behalf by:



.....
S Mullin Outhwaite
Director

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium reserve £ 000	Foreign currency translation reserve £ 000	Investment revaluation reserve £ 000	Merger reserve £ 000	Share-based payment reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	94,485	100,000	(58,522)	76,399	18,309	119,378	1,226,990	1,577,039
Profit for the year	-	-	-	-	-	-	1,378,897	1,378,897
Other comprehensive income	-	-	13,993	1,939	-	-	178	16,110
Total comprehensive income	-	-	13,993	1,939	-	-	1,379,075	1,395,007
Dividends	-	-	-	-	-	-	(531,389)	(531,389)
Distribution arising from disposal of foreign branches	-	-	-	-	-	-	(268,863)	(268,863)
Dissolution of merger reserve	-	-	-	-	(18,309)	-	18,309	-
Reclassification to profit and loss on disposal of German branches	-	-	22,971	-	-	-	-	22,971
Transfer on disposal of other foreign branches	-	-	21,530	-	-	-	(21,530)	-
Share-based payment transactions	-	-	-	-	-	16,077	(15,654)	423
At 31 December 2020	<u>94,485</u>	<u>100,000</u>	<u>(28)</u>	<u>78,338</u>	<u>-</u>	<u>135,455</u>	<u>1,786,938</u>	<u>2,195,188</u>

Further information on reserves is disclosed in note 26.

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2020 (continued)

	Called-up share capital £ 000	Share premium reserve £ 000	Foreign currency translation reserve £ 000	Investment revaluation reserve £ 000	Merger reserve £ 000	Share-based payment reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 December 2018	94,485	100,000	(50,748)	82,441	18,309	99,553	803,612	1,147,652
Profit for the year	-	-	-	-	-	-	543,075	543,075
Other comprehensive income	-	-	(7,774)	(6,042)	-	-	(4,875)	(18,691)
Total comprehensive income	-	-	(7,774)	(6,042)	-	-	538,200	524,384
Dividends	-	-	-	-	-	-	(100,000)	(100,000)
Share-based payment transactions	-	-	-	-	-	19,825	(14,822)	5,003
At 31 December 2019	<u>94,485</u>	<u>100,000</u>	<u>(58,522)</u>	<u>76,399</u>	<u>18,309</u>	<u>119,378</u>	<u>1,226,990</u>	<u>1,577,039</u>

The notes on pages 36 to 68 form an integral part of these financial statements.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

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

The address of its registered office is:
12 Throgmorton Avenue
London
EC2N 2DL

These financial statements were authorised for issue by the Board on 20 April 2021.

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 periods 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 period ended 31 December 2020 the Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the FRC.

The financial statements have been prepared on the historical cost basis, except for the revaluation of any financial instruments held 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, certain disclosures in respect of revenue from contracts with customers, certain disclosure requirements in respect of leases, presentation of a cash-flow statement, standards not yet effective, impairment of assets, share-based payments and related party transactions.

Where required, equivalent disclosures are given in the group accounts of BlackRock, Inc.. These accounts are available to the public and can be obtained as set out in note 32.

Exemption from preparing group accounts

The financial statements contain information about BlackRock Investment Management (UK) 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 ultimate parent, BlackRock, Inc..

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (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 20 along with principal risks and uncertainties.

In assessing the 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 significant cash resources, and the relative low risk of its outstanding debtors (in particular the significant amounts due from other group companies as at the balance sheet date). As such, the directors consider that the Company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This, together with its proven ability to generate cash from operations, provides the directors with the confidence that the Company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Changes in accounting standards

New standards, interpretations and amendments adopted

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Turnover

Recognition

The Company earns turnover from the provision of investment management, advisory, principal distribution, administration and other related services. 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 and, in certain instances, may charge a "unitary fee" to cover these services. Such fees 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 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.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements, and how these are measured and recognised, for turnover from the provision of services:

- **Investment advisory and administration fees:** The 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 net asset value, AUM or committed capital, 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. In certain cases, fees may be invoiced quarterly in advance. In such cases, the Company records contract liabilities to the extent that it receives cash prior to meeting the turnover recognition criteria (e.g. when amounts are received from customers in advance of the relevant service being provided). Note 21 presents details of contract liabilities in the current and prior periods.
- **Investment advisory performance fees:** The Company receives fees from certain actively managed investment portfolios. 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). Significant 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 support services, investment management services, client services, research and executive level management services to other BlackRock entities. Such services are undertaken in accordance with legal agreements in place between the relevant entities, and the associated fees are determined in accordance with the arm's length principle. Fees from group companies 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. Exchange differences on monetary items are recognised in the profit and loss account in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. 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. Exchange differences on non-monetary items, measured at fair value through profit or loss ("FVTPL"), are reported as part of the fair value gain or loss in the profit and loss account in the period in which they arise. Exchange differences on non-monetary items, measured at fair value through other comprehensive income ("FVTOCI"), are reported as part of the fair value gain or loss in other comprehensive income in the period in which they arise.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

The assets and liabilities of the Company's foreign operations are translated into the Company's presentation currency, which is 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. On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to the profit and loss account.

Interest income

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

Tax

Income tax expense represents the sum of the tax currently payable 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 tax authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

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

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and any impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic lives as follows:

<i>Asset class</i>	<i>Amortisation method and rate</i>
Management contracts and distribution agreements	Straight-line basis over five to eight years

Tangible assets

Property and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and impairment losses.

The cost of property and equipment 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:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Furniture, fittings and equipment	Straight-line basis over three to seven years
Short-term leasehold property	Straight-line basis over the shorter of the estimated useful life or the term of the lease
Right-of-use assets	Straight-line basis over the shorter of estimated useful life or the term of the lease

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.

Investments

Investments are equity holdings in subsidiaries and associates. 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.

Investments in financial assets

Investments in financial assets comprises financial assets acquired for business operations and strategic business objectives. Equity investments are designated as FVTOCI and are carried at fair value.

Collateralised loan obligations are measured at amortised cost or FVTPL. See the financial instruments policy for further details.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

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 an outflow of economic resources embodying economic benefits 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 estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Leases

Initial recognition and measurement

At lease commencement date, the Company recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments not yet paid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The lease payments are made up of fixed payments (including in-substance fixed), payments arising from purchase options (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments based on an index or rate. The Company has elected not to separate non-lease components, and therefore lease payments include associated non-lease payments.

The right-of-use asset is initially measured at the amount of the lease liability adjusted for lease prepayments (net of any lease incentives received), the Company's initial direct costs and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the liability will be reduced for payments made and increased for the unwind of interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. The corresponding adjustment is reflected in the carrying value of the right-of-use asset.

The right-of-use asset is depreciated as disclosed in the accounting policy for property and equipment. The Company also assesses the right-of-use assets for impairment when such indicators exist.

Variable lease payments not included in the measurement of the lease liability are included in operating expenses.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Short-term and low value leases

The Company has elected not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less or low-value assets. Lease payments on short-term and low value leases are accounted for on a straight-line basis over the term of the lease and are included in operating expenses in the profit and loss account.

Share-based payments

The ultimate parent company, BlackRock, Inc. issues equity-settled share-based payments to certain employees of the Company. The fair values of equity-settled schemes, long-term incentives plan ("LTIP"), restricted stock grants and restricted stock units ("RSUs") are determined at the grant date and expensed on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, based on the group's estimate of awards that will eventually vest and adjusted for the effect of non market-based vesting conditions.

RSUs are an unsecured promise to pay value in the form of BlackRock, Inc. stock. They do not carry voting rights until they are converted to stock. An RSU is deemed equivalent in fair market value to one share of common stock. Substantially all awards are settled in shares of common stock. Under these plans, such RSUs are restricted from sale, transfer or assignment until the end of the restricted period. Such shares and units are subject to forfeiture during the vesting period.

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 that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. 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.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the Projected Unit Credit Method, which views each period of employee service as giving rise to an additional unit of benefit entitlement. The liabilities are discounted, if material, using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. The difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit and loss account.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit and loss account.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, i.e. the date on which the Company commits to purchase or sell the financial assets and becomes party to the contractual provisions of the instrument.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with International Financial Reporting Standard ("IFRS") 15 'Revenue from Contracts with Customers' ("IFRS 15"), all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; and
- FVTOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the profit and loss account are presented within interest receivable, interest payable or net gains or losses on derivative financial instruments, except for impairment of trade debtors which is presented within administrative expenses.

Foreign exchange gains or losses arising on financial assets at amortised cost are presented in the profit and loss account within administrative expenses and disclosed in note 5. For financial assets at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the profit and loss account within net gains on derivative financial instruments. For equity instruments at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve. For debt instruments at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in the profit and loss account within administrative expenses. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

After initial recognition, these are measured at amortised cost using the effective interest method and income is recognised on this basis. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, rated tranches of collateralised loan obligations ("CLOs"), trade and other debtors and loans fall into this category of financial instruments.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The Company's derivative financial instruments and unrated tranches of CLOs fall into this category.

The Company may designate an amortised cost or FVTOCI financial asset at FVTPL, such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial assets at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in the profit and loss account.

Financial assets at fair value through other comprehensive income

The Company accounts for financial debt assets at FVTOCI if the assets meet the following conditions (and are not designated as FVTPL):

- they are held under a business model whose objective is both to 'hold to collect' the associated cash flows and sell the asset; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has irrevocably elected to classify certain equity investments at FVTPL. This election is made on an investment-by-investment basis.

The Company's financial assets measured at FVTOCI comprise debt securities and equity investments not held for trading.

Any gains or losses, except for dividend income, are recognised in other comprehensive income. They are recycled upon derecognition of the asset, with the exception of gains or losses recognised in respect of equity investments designated at FVTOCI. For debt instruments at FVTOCI only fair value gains and losses are recognised in other comprehensive income. Interest revenue, impairment gains and losses and foreign exchange gains and losses are recognised in the profit and loss account.

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 expected credit losses ("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.

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.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

For other financial assets, 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 ECLs are recognised. For those where credit risk has increased significantly, lifetime ECLs are recognised.

For assets held at amortised cost, any ECL is recognised in the profit and loss account 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.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for contingent consideration acquired in a business combination, held for trading liabilities (including derivatives) and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the profit and loss account.

The Company's financial liabilities at amortised cost are loans and borrowings and trade and other creditors.

The Company's financial liabilities at FVTPL are derivative financial instruments held for trading.

All interest-related charges are included in the profit and loss account within interest payable and changes in an instrument's fair value are included within net gains on derivative financial instruments.

Foreign exchange gain or losses arising on financial liabilities at amortised cost are presented in the profit and loss account within administrative expenses and disclosed in note 5. For financial liabilities at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the profit and loss account within net gains on derivative financial instruments.

Derivative financial instruments

Derivative financial instruments are contracts, the values of which are derived from one or more underlying financial instruments or indices. The Company's derivative financial instruments are forwards in the foreign exchange market.

In certain 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 instruments as formal hedging instruments and hedge accounting is not applied.

A derivative financial instrument is recognised in the balance sheet at fair value at the date a derivative contract is entered into and is subsequently re-measured to its fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately. In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's ordinary shares are classified as equity instruments.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (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.

Critical accounting judgements

There are no critical accounting judgements.

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.

Fair value assets and liabilities

In accordance with IFRS 9, Financial Instruments, certain assets and liabilities on the balance sheet are measured at fair value. An unlisted Chinese investment held by the Company is measured in accordance with IFRS 13 'Fair Value Measurement' ("IFRS 13"). IFRS 13 requires the application of judgement to best estimate the future cash flows, cost of equity, and the application of any discount for lack of marketability. The valuation analysis performed on this investment indicates a valuation range between £73.8m and £88.6m.

Full details are set out in note 30.

Income taxes

The Company is subject to income tax in numerous jurisdictions and judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. If it is probable that the tax authority will accept an uncertain tax treatment, the Company measures its income taxes in the financial statements consistently with the tax treatment used in its income tax return. Otherwise, it measures the effect of the uncertainty using either the most likely amount or expected value method. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Full details are set out in note 12.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Discontinued operations

Disposal of EU branch network

On 31 December 2020 the Company transferred the business, employees, mandates and assets of its 11 EU branches to an EU domiciled group company, BNBV. The transfer was undertaken to ensure that upon the loss of the UK's regulatory passporting rights, EU clients could continue to be serviced without interruption.

The transferred operations' results for the period have been disclosed in a separate column in the profit and loss account. Amounts have also been restated for comparative periods.

The transfer was undertaken in two separate transactions that took different legal forms. As a result, there were two different accounting treatments:

The German operations, which included the Company's two branches, a subsidiary and associate, was transferred at fair value for consideration of £956,689,000. This resulted in a gain on disposal of £813,289,000 being recorded in the Profit and Loss Account. The tax impact of this transaction has been recorded in the same statement as the underlying transaction, the Profit and Loss Account. Where deferred tax was recognised in relation to the disposed operations, upon disposal it was derecognised. The details of the tax impacts of this transaction are shown in the tax note (see note 12).

The remaining EU branches were transferred at net book value in exchange for a nominal number of shares in BNBV plus share premium of £268,863,000 which was immediately distributed up to the Company's parent for no consideration. The transfer has been accounted for as a distribution and recorded in the Statement of Changes in Equity. Due to the nominal value of the shares and their immediate distribution, this has not been recorded in the investments note (note 16).

Where the assets of branches have been transferred, they have been disclosed as disposals in the appropriate note.

Certain branch liabilities were excluded from the disposal and retained by the Company. These were primarily deferred tax liabilities and payroll liabilities, with an aggregate value of £11,729,000.

The figures presented for continuing and discontinued operations within the Profit and Loss Account exclude trading transactions between the Company and the since-disposed branches that are eliminated on consolidation. As such, the consolidated figures do not necessarily represent the activities of the branches and the Company as separate operations. During the year £71,254,000 (2019: £75,104,000) of income was receivable by the branches and incurred as costs of sales by the Company.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Turnover

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

	2020	2019
	£ 000	£ 000
Investment advisory and administration fees	2,088,157	1,741,224
Investment advisory performance fees	45,155	25,557
Fees from other group companies	240,717	259,181
Other turnover	9,434	7,576
	2,383,463	2,033,538

Included within investment advisory and administration fees and investment advisory performance fees is fee income from other group companies of £1,699,757,000 (2019: £1,322,048,000). The presentation of turnover has been further disaggregated in the current year and the comparative has been restated as a result.

The analysis of the Company's turnover for the period by geographical location is as follows:

	2020	2019
	£ 000	£ 000
United Kingdom	1,892,084	1,709,992
Overseas	491,379	323,546
	2,383,463	2,033,538

6 Operating profit

Arrived at after charging:

	2020	2019
	£ 000	£ 000
Depreciation expense	19,307	15,834
Depreciation on right-of-use assets	16,866	16,066
Amortisation expense	2,105	1,189
Foreign exchange losses	26,391	18,248
Expense on short term leases	-	11
	-	11

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Staff costs

The aggregate payroll costs were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	826,847	742,745
Social security costs	119,956	97,511
Pension costs, defined contribution scheme	39,513	39,130
Other employee expense	9,261	9,063
	<u>995,577</u>	<u>888,449</u>

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Investment professionals	651	610
Investment product strategy	257	225
Risk management	53	52
Sales and relationship management	632	613
Legal and compliance	153	154
Marketing	94	91
Investments operations	332	339
Technology	465	409
Data analytics and modelling	40	29
Corporate functions	806	878
	<u>3,483</u>	<u>3,400</u>

The presentation of staff numbers has been further disaggregated in the current year and the comparative has been restated as a result.

In addition to the above, 14 employees (2019: 12) were seconded from the Company to other group companies. The Company was reimbursed for the related cost of these employees through a secondment recharge of £19,064,000 (2019: £18,587,000).

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£ 000	£ 000
Aggregate emoluments	1,243	1,431
Company contributions in respect of defined contribution pension schemes	4	9
	<u>1,247</u>	<u>1,440</u>

Of the 8 (2019: 10) directors that served during the year, 7 were remunerated by the Company (2019: 7). The amounts included above relate to their service as directors of the Company based on an estimated time allocation basis except 4 (2019: 4) directors, who were paid an agreed fee.

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

	2020	2019
	No.	No.
Received or were entitled to receive shares under service condition based schemes	4	6
Received or were entitled to receive shares under market performance based schemes	3	4
Accruing benefits under defined contribution pension schemes	<u>3</u>	<u>6</u>

During the year, no directors (2019: no directors) exercised BlackRock, Inc. share options.

In respect of the highest paid director:

	2020	2019
	£ 000	£ 000
Aggregate emoluments	559	584
Company contributions in respect of defined contribution pension schemes	2	4
	<u>561</u>	<u>588</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 performance based incentive scheme.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Auditor's remuneration

	2020	2019
	£ 000	£ 000
Audit of the financial statements	727	550
Other fees to auditor		
The auditing of accounts of any associate of the Company	428	346
Audit-related assurance services	137	135
All other assurance services	172	60
All other non-audit services	13	-
	750	541

10 Interest receivable and similar income

	2020	2019
	£ 000	£ 000
Collateralised loan interest	5,043	5,089
Interest income on bank deposits	473	3,664
Interest on loans to group companies	16,008	150
	21,524	8,903

The collateralised loan interest earned is in relation to the CLOs disclosed in note 17. The interest income on bank deposits relates to interest received on cash and a cash-pooling arrangement, see note 20. The interest income on loans to group companies relates to loans detailed in notes 19 and 20.

11 Interest payable and similar charges

	2020	2019
	£ 000	£ 000
Interest payable on loan notes payable to group companies	8,897	10,724
Other finance costs	6,467	5,643
Bank interest payable	94	-
	15,458	16,367

Details of the loan notes payable to group companies are provided in note 22. Other finance costs represent lease interest charges on dilapidations and right-of-use assets.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax

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

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	124,415	85,182
UK corporation tax adjustment to prior periods	2,665	(3,478)
Double taxation relief	-	(5)
Foreign tax	74,235	51,023
Foreign tax adjustment to prior periods	47,094	11,461
Total current income tax	<u>248,409</u>	<u>144,183</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	192,042	9,245
Arising from changes in tax rates and laws	(329)	(344)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(33,116)	(9,595)
Total deferred taxation	<u>158,597</u>	<u>(694)</u>
Tax expense in the profit and loss account	<u>407,006</u>	<u>143,489</u>

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

	2020 £ 000	2019 £ 000
Deferred taxation		
Items that will not be reclassified subsequently to profit or loss:		
Deferred taxes on actuarial losses on defined benefit pension	<u>(232)</u>	<u>(632)</u>
Total income tax recognised in other comprehensive income	<u>(232)</u>	<u>(632)</u>

In addition to the amount charged to profit and loss, and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	2020 £ 000	2019 £ 000
Current taxation		
Current taxes on items credited to equity	(3,509)	(1,725)
Deferred taxation		
Deferred taxes on items credited to equity	<u>(9,308)</u>	<u>(98)</u>
Total income tax recognised in equity	<u>(12,817)</u>	<u>(1,823)</u>

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax (continued)

The tax on profit before tax for the year (2019: 13 month period) is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£ 000	£ 000
Profit before tax	<u>1,785,903</u>	<u>686,564</u>
Corporation tax at standard rate	339,322	130,447
Increase in current tax from adjustment for prior periods	49,759	7,983
Decrease from effect of revenues exempt from taxation	(7,900)	(4,393)
Increase from effect of expenses not deductible in determining taxable profit	1,166	5,137
Increase arising from overseas tax suffered	96,021	13,763
Decrease from effect of non-taxable gain on disposal	(154,525)	-
Increase from effect of de-recognition of deferred tax assets on disposal	117,182	-
Decrease from effects of double taxation relief	-	(5)
Decrease in current tax from unrecognised temporary difference from a prior period	(33,116)	(9,595)
Deferred tax (credit)/expense relating to changes in tax rates or laws	(329)	342
Other tax effects for reconciliation between accounting profit and tax income	<u>(574)</u>	<u>(190)</u>
Total tax charge	<u>407,006</u>	<u>143,489</u>

In July 2020, the Finance Act 2020 was enacted to maintain the UK corporation tax rate at 19% from 1 April 2020, superseding the reduction of the UK corporation tax rate to 17% which was enacted under Finance Act 2016. As such, the tax balances of the Company have been recognised at a rate of 19%.

During the previous reporting period group relief previously claimed by another group company was reallocated to the Company for nil payment. During the period, the Company has received further group relief from the same 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 the favour of the group company, then the Company's tax liability will decrease by approximately £161,149,000 (2019: £161,149,000).

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in profit and loss £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	3,341	808	-	-	4,149
Amortisation	154,052	(154,052)	-	-	-
Other post-employment benefits	1,215	(262)	232	-	1,185
Share-based payment	20,862	3,277	-	9,308	33,447
Provisions	1,703	3,378	-	-	5,081
Loans and borrowings	11,862	(11,862)	-	-	-
Other items	8	117	-	-	125
Net tax assets	<u>193,043</u>	<u>(158,596)</u>	<u>232</u>	<u>9,308</u>	<u>43,987</u>

Deferred tax movement during the prior period:

	At 1 December 2018 £ 000	Recognised in profit and loss £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	2,856	485	-	-	3,341
Amortisation	158,182	(4,130)	-	-	154,052
Other post-employment benefits	661	(78)	632	-	1,215
Share-based payment	19,543	1,221	-	98	20,862
Provisions	5,183	(3,480)	-	-	1,703
Loans and borrowings	3,602	8,260	-	-	11,862
Other items	1,593	(1,585)	-	-	8
Net tax assets	<u>191,620</u>	<u>693</u>	<u>632</u>	<u>98</u>	<u>193,043</u>

Within the deferred tax assets above, the amount falling due after more than one year is £19,665,000 (2019: £148,978,000).

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Intangible assets

	Management contracts and distribution agreements £ 000
Cost	
At 1 January 2020	12,276
Additions	<u>70</u>
At 31 December 2020	<u>12,346</u>
Amortisation	
At 1 January 2020	3,936
Amortisation charge	<u>2,105</u>
At 31 December 2020	<u>6,041</u>
Carrying amount	
At 31 December 2020	<u>6,305</u>
At 31 December 2019	<u>8,340</u>

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Tangible assets

	Short-term leasehold property £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2020	95,533	38,288	133,821
Additions	1,793	12,197	13,990
Disposals	(20,163)	(6,699)	(26,862)
Foreign exchange movements	983	221	1,204
At 31 December 2020	<u>78,146</u>	<u>44,007</u>	<u>122,153</u>
Depreciation			
At 1 January 2020	50,337	20,575	70,912
Charge for the year	7,184	12,123	19,307
Eliminated on disposal	(14,398)	(3,482)	(17,880)
Foreign exchange movements	342	(77)	265
At 31 December 2020	<u>43,465</u>	<u>29,139</u>	<u>72,604</u>
Carrying amount			
At 31 December 2020	<u>34,681</u>	<u>14,868</u>	<u>49,549</u>
At 31 December 2019	<u>45,196</u>	<u>17,713</u>	<u>62,909</u>

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Right-of-use assets

	Property £ 000
Cost	
At 1 January 2020	203,041
Additions	9,176
Disposals	<u>(33,107)</u>
At 31 December 2020	<u>179,110</u>
Depreciation	
At 1 January 2020	16,066
Charge for the year	16,866
Eliminated on disposal	<u>(9,217)</u>
At 31 December 2020	<u>23,715</u>
Carrying amount	
At 31 December 2020	<u>155,395</u>
At 31 December 2019	<u>186,975</u>

See note 23 for further information on leases.

16 Investments

	£ 000
Subsidiaries	
Cost	
At 1 January 2020	124,417
Disposals	<u>(106,316)</u>
At 31 December 2020	<u>18,101</u>

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

16 Investments (continued)

Details of the subsidiaries as at the current and prior period ends were as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
BlackRock Fund Managers Limited	Provider of investment management, advisory and administration services	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	100%	100%
BlackRock Asset Management Deutschland AG	Provider of investment management services	Lenbachplatz 1 1st Fl, Munich 80333, MN3, Germany	0%	100%

The Company disposed of BlackRock Asset Management Deutschland AG as part of the EU branch transfers detailed in note 4.

Associates

	£ 000
Cost	
At 1 January 2020	63,838
Disposals	<u>(63,838)</u>
At 31 December 2020	<u><u>-</u></u>

Details of the associates as at the current and prior period ends were as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Scalable Capital GmbH	Digital investment manager	Prinzregentenstraße 48, 80538 Munich, Germany	0% / 0%	38.8% / 40.9%

The Company disposed of Scalable Capital GmbH as part of the EU branch transfers detailed in note 4.

All of the above subsidiaries and associates are recorded at cost or following the adoption of FRS 101 deemed cost.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Investments in financial assets

	Fair value through other comprehensive income £ 000	Amortised cost £ 000	Fair value through profit and loss £ 000	Total £ 000
At 1 January 2020	84,946	149,535	12,983	247,464
Additions	-	11,359	952	12,311
	-	-	-	-
Gains/(losses) through profit and loss	-	8,076	(1,523)	6,553
Movement in accrued income	-	(67)	-	(67)
Gains through other comprehensive income	1,939	-	-	1,939
	<u>86,885</u>	<u>168,903</u>	<u>12,412</u>	<u>268,200</u>
At 31 December 2020	<u>86,885</u>	<u>168,903</u>	<u>12,412</u>	<u>268,200</u>

	Fair value through other comprehensive income £ 000	Amortised cost £ 000	Fair value through profit and loss £ 000	Total £ 000
At 1 December 2018	83,538	119,704	12,574	215,816
Additions	7,450	52,242	3,321	63,013
Disposals	-	(15,924)	-	(15,924)
Losses through profit and loss	-	(6,686)	(2,912)	(9,598)
Movement in accrued income	-	199	-	199
Losses through other comprehensive income	(6,042)	-	-	(6,042)
	<u>84,946</u>	<u>149,535</u>	<u>12,983</u>	<u>247,464</u>
At 31 December 2019	<u>84,946</u>	<u>149,535</u>	<u>12,983</u>	<u>247,464</u>

FVTOCI assets consists of unlisted equity shares, which by their nature have no fixed maturity date or coupon rate.

Additions and disposals in the amortised cost and FVTPL categories relate to interests in CLOs, comprising both rated and unrated tranches (2019: amortised cost additions of £37,088,000 and FVTPL additions £3,321,000). The rated senior tranches pay bi-annual interest with coupon rates as follows; Tranche 1 - 0.66%, Tranche 2 - 1.16%, Tranche 3 - 2.16%, Tranche 4 - 3.26%, Tranche 5 - 5.43%, and Tranche 6 - 6.77%. Unrated tranches pay bi-annual dividends representing residual waterfall cash flows.

At the balance sheet date the Company had an undrawn commitment to loan advances of £17,902,000 in respect of a CLO in warehousing phase (2019: undrawn commitment £2,220,000 and an undrawn contingent commitment of £13,557,000).

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Interests in unconsolidated structured entities

The AUM of the Company as at 31 December 2020 was £846.3bn (2019: £774.9bn).

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 investment advisory, administration, performance fees and income from other group companies. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, unit trusts and investment trusts.

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

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

The fees received during the period to 31 December 2020, in relation to the above, were £2,105,254,000 (2019: £1,757,332,000). The carrying value on the balance sheet as at 31 December 2020 is £28,739,000 (2019: £31,280,000), as represented by trade debtors and accrued income. Amounts relating to SMAs have been excluded as these are not classified as a structured entity.

Additionally, the Company currently holds interests related to ten CLO vehicles, comprising a vertical slice which contains both rated and unrated tranches. The Company is required to hold a 5% interest in these vehicles, and any vehicles in the warehousing stage, under risk retention rules, as disclosed in note 17 of the accounts. Further to this, the Company receives fees in respect of management of these CLOs.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interest in investment funds is limited to the carrying amounts shown above. In respect of the CLO vehicles, the maximum exposure to loss for the Company is the loss of repayments of principal, coupon payments, non-rated distributions, management fees, and the undrawn commitments to advance loans to CLOs in the warehousing stage as disclosed below and in note 17. The income received during the year in relation to interests held was £5,043,000 (2019: £5,089,000), and management fees were £15,386,000 (2019: £13,598,000) (these fees have been included as part of the unconsolidated structured entities above).

Financial support

The Company has not provided financial support, without the obligation to do so, to any of its unconsolidated structured entities during the year. However, as disclosed in note 17, at the year end the Company had undrawn commitments of £17,902,000 (2019: £13,779,000) relating to advancing loans to CLOs in the warehousing stage. These amounts are expected to be called in the future. The Company has no other contractual obligations or current intention of providing financial support in the future to its unconsolidated structured entities.

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 non-disclosed commitments that may affect the fair value or risk of the Company's interest in the unconsolidated structured entities.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Debtors: Amounts falling due after one year

	31 December 2020 £ 000	31 December 2019 £ 000
Amounts due from group companies	900,000	218,181
Deferred tax asset	19,665	148,978
	919,665	367,159

An unsecured loan to BlackRock Group Limited of £900,000,000 (2019: £210,000,000) matures 31 March 2022, on which date full principal repayment will fall due. Interest is charged at 2.1205% and is receivable six-monthly on 31 March and 30 September.

In 2019, amounts falling due after more than one year also included a Euro-denominated loan to BlackRock Cayman Z Ltd of £8,181,000. This loan now falls due within 12 months and is included in note 20 below.

20 Debtors: Amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Trade debtors	90,105	91,080
Amounts due from group companies	1,718,618	1,502,371
Accrued income	166,652	174,143
Prepayments	20,791	23,580
Other debtors	11,474	21,926
Deferred tax asset	24,322	44,065
Corporation tax asset	69,957	47,632
	2,101,919	1,904,797

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 the Company. The balances are treated as intercompany receivables and payables between the Company and the corresponding group companies. The balance due from BGL of £29,800,000 (2019: £912,815,000) in relation to this arrangement is included within amounts due from group companies.

Included within amounts due from group companies are loans due from BlackRock Finco UK Limited totalling £914,611,000 (2019: nil), and a Euro-denominated loan to BlackRock Cayman Z Limited of £8,810,000 (2019: £8,181,000). At the balance sheet date, the loans to BlackRock Finco UK Limited were repayable in full on 20 March 2021 and attract an annual interest rate of 2.027% payable semi-annually on 31 March and 30 September. As detailed in the Post Balance Sheet Events disclosure note 33, these loans were extended after the balance sheet date to mature in March 2022 (all other terms remain unchanged). The loan to BlackRock Cayman Z Limited is repayable in full on 30 June 2021 and attracts an annual interest rate of 0.546% payable on maturity.

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

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Debtors: Amounts falling due within one year (continued)

The estimated ECLs as of the reporting date for trade debtors, accrued income, amounts due from group companies, and other debtors are considered to be immaterial, and therefore no allowance has been recognised in the financial statements.

21 Creditors: Amounts falling due within one year

	31 December	31 December
	2020	2019
	£ 000	£ 000
Trade creditors	183,759	156,549
Accrued expenses	416,342	333,053
Amounts due to group companies	1,232,398	769,801
Social security and other taxes	93,174	83,621
Other creditors	897	238
Corporation tax liability	26,624	159,696
Short term lease liabilities	11,386	16,103
	1,964,580	1,519,061

Included within amounts due to group companies is £1,080,218,000 (2019: £685,072,000) in relation to the cash pooling arrangement.

Excluding the loan notes shown below, all other amounts due to group companies are unsecured, interest free and repayable on demand. The terms of the loan notes are detailed in note 22.

See note 23 for further details on lease liabilities.

22 Loans and borrowings

	31 December	31 December
	2020	2019
	£ 000	£ 000
Non-current loans and borrowings		
Loans due to group undertakings	366,094	139,536

Included above are two interest bearing Euro-denominated loan notes payable to BNBV.

The loan notes were created on 17 and 31 December 2020, and at the balance sheet date the outstanding balances including accrued interest were €243,974,000 and €165,000,000 respectively. Both bear a negative interest rate of -0.278% with interest payable semi-annually on 31 March and 30 September. Both loans are repayable in full on maturity 30 November 2021. Interest payable to the Company during the period is included in the profit and loss account as interest payable on loans notes payable to group undertakings.

Prior year loans represent balances due from a branch that was disposed of as part of the EU branch transfers detailed in note 4.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

23 Leases

	31 December 2020 £ 000	31 December 2019 £ 000
Short term lease liabilities (included in note 21)	11,386	16,103
Long term lease liabilities	171,585	198,790
	182,971	214,893

The Company has leases for office buildings. The average lease term is 4 years (2019: 4 years). With the exception of short-term and low-value leases, each lease is reflected on the balance sheet as a right-of-use asset and a corresponding lease liability. Payments which are variable in nature and do not depend on an index or rate may include common area maintenance charges and are expensed on the basis that they are not recognised as a lease liability.

Some leases contain an option to extend the lease for a further term or an option to terminate the lease early. Such options are taken into effect in determining the term of the lease.

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2020 £ 000	31 December 2019 £ 000
Less than one year	16,297	21,488
1 - 5 years	62,779	74,827
More than 5 years	141,780	162,280
Total lease liabilities (undiscounted)	220,856	258,595

Total cash outflow for leases for the year ended 31 December 2020 was £21,830,000 (2019: £21,196,000).

24 Provisions

	Property-related provisions £ 000
At 1 January 2020	21,096
Decrease through disposals	(1,386)
Reversal of unused provision	(1,950)
Increase due to unwinding of discount	884
Increase due to foreign exchange differences	128
At 31 December 2020	18,772

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

24 Provisions (continued)

The balance at 31 December 2020 represents a dilapidation provision on the Drapers Gardens 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.

25 Pension and other schemes

Defined contribution pension scheme

The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £39,513,000 (2019: £39,130,000).

Defined benefit schemes

Post retirement medical benefit scheme

The Company operates a number of defined benefit schemes. The largest one is the post-retirement medical benefit scheme ("PRMB"), and is disclosed below. The PRMB liability is calculated by an external actuary using the projected unit credit method.

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	31 December 2020	31 December 2019
Discount rate	1.40	2.00
Medical cost inflation initial rate (%)	6.00	6.50
Medical cost inflation ultimate rate (%)	4.30	4.40
Year ultimate inflation rate reached	<u>2023</u>	<u>2023</u>

During the period, £99,000 (2019: £123,000) was charged to the profit and loss and a debit of £955,000 (2019: £2,719,000) taken to other comprehensive income, resulting in the PRMB liability moving from £4,832,000 as at 31 December 2019 to £5,886,000 as at 31 December 2020.

Total liability for all defined benefit schemes at the balance sheet date was £5,963,000 (2019: £7,804,000).

26 Reserves

Foreign currency translation reserve

The exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Amounts relating to disposed operations have been eliminated per note 4.

Investment revaluation reserve

This reserve comprises of the accumulated gains and losses arising from the changes in fair value of the Company's financial assets measured at FVTOCI.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

26 Reserves (continued)

Merger reserve

The merger reserve arose following past business combinations under common control, which are outside the scope of IFRS 3 'Business Combinations'. Consequently, following International Accounting Standards ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Company adopted the pooling of interests method of accounting. This treatment resulted in the recognition of a separate merger reserve within equity, which during the year was transferred to profit and loss reserves on realisation as a result of the disposal of the related business and the associated deferred tax asset.

Share-based payment reserve

The Company records the accumulated equity component of the share-based payment schemes it offers to its employees as a separate component of equity as allowed under IFRS 2 'Share-based Payment'.

27 Share capital

Allotted, called-up and fully paid shares

	No. 000	31 December 2020 £ 000	No. 000	31 December 2019 £ 000
Ordinary shares of £1 each	<u>94,485</u>	<u>94,485</u>	<u>94,485</u>	<u>94,485</u>

28 Dividends

	31 December 2020 £ 000	31 December 2019 £ 000
Dividend of £5.62 (2019: £1.06) per ordinary share	<u>531,389</u>	<u>100,000</u>

29 Share-based payments

Restricted stock and RSUs

Restricted stock and RSUs are issued by the ultimate parent company, BlackRock, Inc., and RSUs are converted into shares of on each of the vesting dates. Substantially all restricted stock and RSUs vest over periods ranging from one to three years, although conditions vary between different types of award. Dividend equivalents on restricted stock and RSU are subject to forfeiture prior to vesting of the award, and as such are not paid to employees until that date.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

29 Share-based payments (continued)

Market performance based stock options

The Company granted stock options with a market performance condition in 2017. The vesting of these options is dependent upon the achievement of certain share price targets for BlackRock, Inc. common stock over a performance period of five years from the grant date and the attainment of certain performance measures. If both hurdles are achieved, the option will vest in three equal instalments at the end of years five, six and seven. Vested options can be exercised up to nine years following the grant date. The options are generally forfeited if the employee leaves the Company before the respective vesting date. The expense for each tranche is amortised over the respective requisite service period. The Company assumes the performance condition will be achieved. If such condition is not met, no compensation cost is recognised and any recognised compensation cost is reversed.

Service condition awards

The majority of restricted stock and RSU awards are granted with a service condition only. These awards are valued at their grant-date fair value as measured by common stock price. The total fair value amortised over the vesting period is adjusted for future forfeitures based on management's best estimate of restrictions and behavioural considerations.

Performance condition awards

The Company commenced granting stock awards with a performance condition ("BlackRock Performance Incentive Plan Awards") in 2015. The number of awards that vest is dependent upon the achievement of certain performance measures for BlackRock, Inc. over a performance period of three years from the grant date. The awards consist of a base number of RSUs granted multiplied by a percentage determined in accordance with the level of attainment of selected BlackRock, Inc. performance measures during the performance period which could be higher or lower than the original RSUs at grant date. The awards are generally forfeited if the employee leaves before the vesting date. These awards are amortised over the service period of three years.

30 Fair value measurement

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

Level 1 - fair value measurement derived from quoted prices (unadjusted) in active market prices for identical assets or liabilities.

Level 2 - fair value measurement derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3 - fair value measurement derived from valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following tables provide the fair value measurement of the Company's assets and liabilities.

Assets measured at fair value

2020

	Total £ 000
Assets at FVTPL - subordinated collateralised loan obligations	12,412
Assets at FVTPL - foreign exchange forward contract derivatives	1,187
Assets designated as FVTOCI - unlisted investments	<u>86,884</u>
	<u>100,483</u>

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

30 Fair value measurement (continued)

Assets measured at fair value

2019

	Total £ 000
Assets at FVTPL - subordinated collateralised loan obligations	12,983
Assets at FVTPL - foreign exchange forward contract derivatives	851
Assets designated as FVTOCI - unlisted investments	84,946
	<u>98,780</u>

Liabilities measured at fair value

2020

	Total £ 000
Liabilities at FVTPL - foreign exchange forward contract derivatives	<u>1,067</u>

Liabilities measured at fair value

2019

	Total £ 000
Liabilities at FVTPL - foreign exchange forward contract derivatives	<u>156</u>

Valuation methods and assumptions

Subordinated collateralised loan obligations:

The fair value of subordinated collateralised loan obligations are determined using valuation techniques based on the calculation of the present value of expected future cash flows. These cash flows are based on the performance of a pool of unlisted corporate debt instruments, which are subsequently collateralised. These investments therefore fall within level 3 of the fair value hierarchy.

Unlisted investments:

The fair value of unlisted FVOCI equity shares has been estimated using an income approach. In applying this approach, in the absence of forecasts, management have used historical management accounts and financial statements, and applied assumptions to create projected cashflows, this includes the application of long-term growth rates. The projected cashflows have then been discounted at a rate of 17.5% to reflect the appropriate cost of equity. These investments therefore fall within level 3 of the fair value hierarchy.

Foreign exchange forward contracts:

The fair values of derivative instruments are calculated using observable inputs and therefore categorised as level 2 securities in the fair value hierarchy. At the balance sheet date foreign exchange forward contracts were in place to hedge the transactional foreign exchange exposure of the Company. These forwards are short term in nature and normally have a tenure of less than one month.

There were no changes to the valuation techniques during the period.

BlackRock Investment Management (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

31 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 8. 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.

32 Parent and ultimate parent undertaking

The Company's immediate holding company is BlackRock Finance Europe 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.

33 Non adjusting events after the financial period

Loans totalling £910,000,000 due from related group company BlackRock Finco UK Limited and included within Debtors less than one year (note 20) were extended after the balance sheet date to mature on 31 March 2024, with a revised annual interest rate of 0.9411%. All other terms relating to these loans remain unchanged.

The loan of £900,000,000 due from related group company BlackRock Group Limited and included within Debtors falling due after one year (note 19) was extended after the balance sheet date to mature on 31 March 2023, with a revised annual interest rate of 0.5665%. All other terms relating to this loan remain unchanged.

In March 2021, the Company received a dividend of £39,100,000 from its wholly owned subsidiary BlackRock Fund Managers Limited.

In April 2021 the Board approved distributions including a return of capital of £910,703,000 relating to the gain realised on the transfer of its German business, along with a dividend of £250,000,000 to its parent, BlackRock Finance Europe Limited.

BlackRock Investment Management (UK) Limited

Country by Country Reporting for the Year Ended 31 December 2020

The Company presents information on a consolidated basis on its establishments in existence during the year, in accordance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council and Statutory Instrument 2013/3118 Capital Requirements (Country-by-Country Reporting) Regulations 2013.

2020 Jurisdiction	Turnover £ 000	Profit/(loss) before tax £ 000	Corporation tax paid £ 000	Total charge £ 000	Average number of employees No.
UK*	2,689,693	1,525,340	128,279	130,691	3,070
Germany	242,767	93,678	168,044	202,069	148
Italy	88,732	59,397	13,846	23,693	67
Netherlands	86,667	65,475	31,021	23,228	60
France	35,602	13,830	4,149	4,348	49
Spain	41,117	32,960	8,167	8,240	25
Denmark	14,386	7,005	1,745	1,541	23
Belgium	24,864	17,514	4,187	4,379	16
Sweden	28,985	19,551	2,650	4,184	18
Austria	15,781	11,600	1,433	2,184	10
South Africa	-	34	1	9	1
Greece	3,705	140	1,353	34	8
Israel	5,883	1,520	20	234	9

Jurisdiction Name of establishment

Provider of investment management, advisory and administrative services

UK BlackRock Investment Management (UK) Limited
 BlackRock Fund Managers Limited

Germany BlackRock Asset Management Deutschland AG

Provider of local sales and marketing support

Germany BlackRock Investment Management (UK) Limited - German branch, Munich
 BlackRock Investment Management (UK) Limited - German branch, Frankfurt on Main

Italy BlackRock Investment Management (UK) Limited - Milan branch

Netherlands BlackRock Investment Management (UK) Limited - Amsterdam branch

France BlackRock Investment Management (UK) Limited - Paris branch

Spain BlackRock Investment Management (UK) Limited - Madrid branch

Denmark BlackRock Investment Management (UK) Limited - Copenhagen branch

Belgium BlackRock Investment Management (UK) Limited - Brussels branch

Sweden BlackRock Investment Management (UK) Limited - Stockholm branch

Austria BlackRock Investment Management (UK) Limited - Vienna branch

South Africa BlackRock Investment Management (UK) Limited - Cape Town branch

Greece BlackRock Investment Management (UK) Limited - Athens branch

BlackRock Investment Management (UK) Limited

Country by Country Reporting for the Year Ended 31 December 2020 (continued)

Jurisdiction	Name of establishment
Israel	BlackRock Investment Management (UK) Limited - Tel Aviv branch

* UK Corporate tax payments are made in instalments prior to the end of the period to which they relate. They are therefore based on forecast profits and forecast tax liabilities, which can vary from the final accrual in the financial statements. UK Corporate tax payments for the period can also be reduced by amounts carried forward from prior periods.

UK Corporation tax may be reduced by factors such as income received that is not subject to UK taxation such as dividends, or losses incurred by other UK group companies and surrendered for nil payment. Please refer to the income tax note, note 12, in the financial statements for a reconciliation of the tax charge.

As detailed in note 4 to the financial statements, on 31 December 2020 the Company disposed of the branches and subsidiaries in Germany, Italy, Netherlands, France, Spain, Denmark, Belgium, Sweden, Austria and Greece.

The table above provides information on:

Turnover

Turnover is stated net of VAT.

Profit/(loss) before tax

Profit/(loss) before tax represents accounting profits under FRS 101.

Corporation tax paid

All corporate income tax payments and refunds are made and received during the year in the respective country. Corporation taxes paid in the year rarely relate to the profits earned in the year in which they are paid since income tax for a given period is generally paid across multiple years and as such timing differences will exist between cash tax payments and accruals.

Total income tax charge

Current and deferred income tax charges relating to the current year booked to the profit and loss statement in the year.

Average number of employees

The number of employees has been calculated as the average number of employees on a full time equivalents basis, who were permanent employees during the period.

Additional information

The Company's directors have also included the combined results for the Company (excluding non UK branches) and BlackRock Advisors (UK) Limited (excluding non UK branches). BlackRock Advisors (UK) Limited is also subject to the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The combined results provide a more coherent view of their profile on the basis that, in substance, they operate as one business.

Combined turnover for the companies was £2,511,154,000, combined profit was £1,895,484,000, combined corporate income tax paid was £132,655,000 and the combined total income tax charge for 2020 was £142,144,000.

The average number of employees for BlackRock Investment Management (UK) Limited which are at the disposal of BlackRock Advisors (UK) Limited was 3070.