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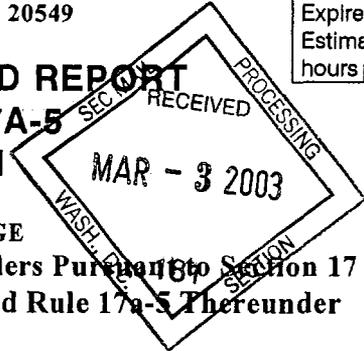
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

VF 3-6-03

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8- 2856

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: INVESCO Distributors, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4350 South Monaco Street

(No. and Street)

Denver, CO 80237

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ronald L. Grooms

720-624-6300

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

370 17th Street, Suite 3300 Denver, CO 80202

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2003

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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Handwritten initials and date: 3/20

OATH OR AFFIRMATION

I, Ronald L. Grooms, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INVESCO Distributors, Inc., as of December 31, 20 02, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Ronald L. Grooms
Signature

Sr. Vice President & Treasurer
Title

Sheila Wendland
Notary Public

My Commission Expires September 4, 2005

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the ~~Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.~~
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INVESCO DISTRIBUTORS, INC.
(Wholly Owned by INVESCO Funds Group, Inc.)
Financial Statements and Supplemental Information
Year ended December 31, 2002

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Financial Statements and Supplemental Information

Year ended December 31, 2002

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Report of Independent Auditors

The Board of Directors
INVESCO Distributors, Inc.

We have audited the accompanying statement of financial condition of INVESCO Distributors, Inc. (a Delaware corporation and a wholly owned subsidiary of INVESCO Funds Group, Inc.) as of December 31, 2002, and the related statement of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INVESCO Distributors, Inc. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 9 through 12 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

January 24, 2003

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement of Financial Condition

December 31, 2002

Assets	
Cash and cash equivalents	\$ 4,668,731
Receivables:	
Investors on unsettled fund share transactions	2,051,131
Affiliates, net	1,014,374
Compensation plan fees from affiliates and managed trust funds	<u>3,047,489</u>
	6,112,994
Deferred tax asset	191,250
Other assets	<u>11,925</u>
Total assets	<u>\$10,984,900</u>
 Liabilities and stockholder's equity	
Accounts payable:	
Investment companies on unsettled fund share transactions	\$ 2,051,131
Trade accounts payable	<u>4,329,761</u>
Total liabilities	6,380,892
 Stockholder's equity:	
Common stock, \$1 par value, per share; 5 shares authorized, issued and outstanding	5
Additional paid-in capital	757,761
Retained earnings	<u>3,846,242</u>
Total stockholder's equity	4,604,008
Total liabilities and stockholder's equity	<u>\$10,984,900</u>

See accompanying notes.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement of Operations

Year ended December 31, 2002

Revenues:	
Distribution, management, trustee and investment advisory fees <i>(Note 2)</i>	\$48,589,502
Investment income, net	59,185
	<u>48,648,687</u>
Expenses:	
Compensation and benefits charge from Parent <i>(Note 2)</i>	20,990,216
Advertising, printing, distribution and registration	17,866,947
Management charge from affiliate <i>(Note 2)</i>	1,437,000
Other	5,249,245
	<u>45,543,408</u>
Income before income tax expense	3,105,279
Income tax expense	1,558,805
Net income	<u>\$ 1,546,474</u>

See accompanying notes.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement of Changes in Stockholder's Equity

Year ended December 31, 2002

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity
	Shares	Amount			
Balances, December 31, 2001	5	\$5	\$757,761	\$6,679,768	\$7,437,534
Net income	-	-	-	1,546,474	1,546,474
Dividend to Parent	-	-	-	(4,380,000)	(4,380,000)
Balances, December 31, 2002	5	\$5	\$757,761	\$3,846,242	\$4,604,008

See accompanying notes.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement of Cash Flows

Year ended December 31, 2002

Cash flows from operating activities	
Net income	\$1,546,474
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease in compensation plan fees receivable from affiliates and managed trust funds	1,702,014
Increase in net affiliates receivable	2,622,704
Decrease in trade accounts payable	(3,037,034)
Increase in other assets	(11,925)
Net cash provided by operating activities	<u>2,822,233</u>
Cash flows from financing activities	
Dividend to Parent	<u>(4,380,000)</u>
Net cash used by financing activities	(4,380,000)
Net decrease in cash and cash equivalents	(1,557,767)
Cash and cash equivalents, beginning of year	<u>6,226,498</u>
Cash and cash equivalents, end of year	<u>\$4,668,731</u>

See accompanying notes.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Notes to Financial Statements

December 31, 2002

1. Organization and Significant Accounting Policies

The accompanying financial statements include the accounts of INVESCO Distributors, Inc., a Delaware corporation ("IDI" or the "Company"). IDI is a wholly owned subsidiary of INVESCO Funds Group, Inc. ("IFG" or "Parent") and IFG is indirectly wholly owned by INVESCO, Inc. ("INC."), who in turn is owned by AMVESCAP PLC. IDI is a registered broker/dealer that provides distributor related services to affiliated registered investment companies ("Funds") managed by IFG.

Cash and Cash Equivalents

The Company considers all highly liquid instruments, including money market funds, with original maturities of three months or less to be classified as cash equivalents. At December 31, 2002, substantially all cash and cash equivalents were invested in affiliated money market funds managed by IFG.

Distribution Fees

The Company receives fees from certain Funds as compensation for costs incurred in the distribution of shares of the Funds (the "Compensation Plans"). Under the Compensation Plans, the Company receives fees (generally receives 25 basis points per year) based upon the participating Funds' net assets. During the year ended December 31, 2002, the Company recorded revenue of approximately \$44,311,000 related to distribution fees under the Compensation Plans. At December 31, 2002, the Company has recorded receivables of approximately \$3,047,489 related to the Compensation Plans.

Income Taxes

The Company's operations are included in the consolidated federal income tax returns of INC. Current income taxes are allocated to the Company by INC., and are calculated on a separate return basis. The remaining liability for such taxes (approximately \$1,558,805) has been netted in the receivable to Parent in the statement of financial position.

The current provision for income taxes represents actual or estimated amounts payable or refundable on tax returns filed or to be filed for each year as calculated on a separate return basis. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Notes to Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

amounts reported in the statement of financial condition. The overall change in deferred tax assets and liabilities for the period measures the deferred tax expense (benefit) for the year. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to income tax expense in the year of enactment. The measurement of net deferred tax assets may be reduced by assets that will not be realized. At December 31, 2002, the Company has recorded a deferred tax asset of \$191,250. The significant portion of this deferred tax asset at December 31, 2002 relates to deferred compensation and retirement benefits.

Use of Estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Transactions with Affiliates

The Company is allocated expenses, including compensation and benefits, by IFG based upon estimates of time devoted to the marketing operations of the Company and usage of shared facilities. The Company was allocated revenue of approximately \$33,300,000 from IFG (to allow an approximate operating margin of 6%) for distribution services performed. The Company was allocated a management charge from AMVESCAP PLC of \$1,437,000 for the year ended December 31, 2002 for corporate overhead and royalty charges on use of the INVESCO name.

3. Income Taxes

Income tax expense for the year ended December 31, 2002, consists of the following:

	Current Income Tax Expense	Deferred Income Tax Benefit	Total
Federal	\$1,355,039	\$ -	\$1,355,039
State	203,766	-	203,766
	<u>\$1,558,805</u>	<u>\$ -</u>	<u>\$1,558,805</u>

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Notes to Financial Statements (continued)

3. Income Taxes (continued)

Income tax expense for the year ended December 31, 2002 has been provided based upon the federal statutory income tax rate plus a provision for state income taxes.

A reconciliation of the difference between the expected income tax expense computed at the statutory income tax rate and the company's income tax expense as recorded in the accompanying statement of operations is as follows:

Expected income tax expense at statutory tax rate	\$1,188,000
The effect of:	
non-deductible expenses	<u>371,000</u>
Income tax expense	<u>\$1,559,000</u>

4. Net Capital Requirements

IDI, as a registered broker/dealer, is subject to the Securities and Exchange Commission Uniform Net Capital Rule, which requires the maintenance of a minimum level of net capital, as defined. IDI utilizes the "Alternative Standard" method of net capital computation pursuant to SEC Rule 15c3-1 which requires IDI to maintain net capital of at least \$250,000. However, the Company intends to maintain regulatory net capital of at least \$300,000 in order to be in compliance with the early warning rules. At December 31, 2002 IDI had actual net capital available of \$3,496,259.

IFG has agreed to make additional capital contributions to maintain the Company's capital at the required minimum level as necessary.

Supplemental Information

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Computation of Net Capital Under Rule 15c3-1

December 31, 2002

Total stockholder's equity	\$4,604,008
Less unallowable assets:	
Compensation plan fees from affiliates and managed trust funds	(3,047,489)
Receivable from Parent and affiliates	(1,014,374)
Add unallowable asset offsets:	
Compensation plan accrued commissions	<u>3,047,489</u>
Net capital before haircuts	3,589,634
Haircuts on other securities	<u>(93,375)</u>
Net capital available	3,496,259
Net capital required	<u>250,000</u>
Excess net capital	<u>\$3,246,259</u>

See accompanying notes.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement Regarding Rule 15c3-3

December 31, 2002

The Company is exempt from the computation of determination of reserve requirements pursuant to Rule 15c3-3 under section (k)(2)(a).

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Information Relating to the Possession or Control
Requirements Under Rule 15c3-3

December 31, 2002

Not applicable.

INVESCO Distributors, Inc.
(Wholly Owned by INVESCO Funds Group, Inc.)

Statement Regarding Rule 17a-5(d)(4)

December 31, 2002

The Computation of Net Capital under Rule 15c3-1 included in this audit report agrees to the computation included in the respondent's corresponding unaudited Form X-17a-5 Part IIA filing as of December 31, 2002.

Supplemental Report

Report of Independent Public Accountants On Internal Control Required By SEC Rule 17a-5

The Board of Directors
INVESCO Distributors, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of INVESCO Distributors, Inc. (the "Company") for the year ended December 31, 2002 we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the

Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

January 24, 2003