

3/17/2003

SECURITIES AND EXCHANGE COMMISSION
RECEIVED



03015184

ISSION

CW

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response . . . 12.00

MAR 03 2003

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III
DIVISION OF MARKET REGULATION

SEC FILE NUMBER
8-48407

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 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

EUROPEAN INVESTORS CORPORATE FINANCE, INC.

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

717 FIFTH AVENUE

OFFICIAL USE ONLY

FIRM ID. NO.

NEW YORK

(No. and Street)
NY

10022

(City)

(State)

(Zip Code)

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

OLGA BARBA

(212) 644-0794

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

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

5 Times Square

New York

NY

10036

(Address)
Code)

(City)

(State)

(Zip)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

PROCESSED

MAR 19 2003

**THOMSON
FINANCIAL**

*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).

CW

OATH OR AFFIRMATION

I, J. STUART MACKINTOSH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of EUROPEAN INVESTORS CORPORATE FINANCE, INC.

as of DECEMBER 31, 2002, 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:

FRANCES PARIBELLO
Notary Public, State of New York
No. 01PA5048063
Qualified in Westchester County
Commission Expires August 14, ~~1999~~ 2005

J Stuart Mackintosh
Signature
President
Title

Frances Paribello
Notary Public

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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims or 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 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or 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.
- (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges
- (p) Statement of Secured Amount and funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.

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

European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

Statement of Financial Condition

Years ended December 31, 2002

Contents

Report of Independent Auditors	1
Statement of Financial Condition.....	2
Notes to Statement of Financial Condition.....	3

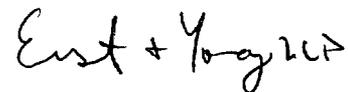
Report of Independent Auditors

To the Board of Directors and Stockholder of
European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

We have audited the accompanying statement of financial condition of European Investors Corporate Finance, Inc. (the "Company") as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of European Investors Corporate Finance, Inc. at December 31, 2002 in conformity with accounting principles generally accepted in the United States.



February 14, 2003

European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

Statement of Financial Condition

	December 31, 2002
Assets	
Cash and cash equivalents	\$ 701,500
Accounts receivable	24,742
Income tax receivable – due from Parent	25,685
Total assets	<u>\$ 751,927</u>
Liabilities and stockholder's equity	
Account payable	\$ 7,508
Intercompany payable	281,691
Total liabilities	<u>289,199</u>
Stockholder's equity:	
Common stock—\$1 par value, 10,000 shares authorized; 1,000 shares issued and outstanding	1,000
Additional paid-in capital	49,000
Retained earnings	412,728
Total stockholder's equity	<u>462,728</u>
Total liabilities and stockholder's equity	<u>\$ 751,927</u>

See notes to statement of financial condition.

European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

Notes to Statement of Financial Condition

December 31, 2002

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

European Investors Corporate Finance, Inc. (the "Company") is a wholly-owned subsidiary of European Investors Holding Company, Inc. (the "Parent"). The Company is registered as a broker dealer with the National Association of Securities Dealers, Inc. ("NASD") and advises on the structuring, negotiation and implementation of mergers, acquisitions, sales and joint ventures to European and U.S. companies engaged in cross border transactions, and the private placement of securities in connection with U.S. real estate investments on behalf of its clients.

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term cash investments and money market investments with maturities of three months or less at date of acquisition.

Fair Value of Assets and Liabilities

The Company's financial instruments and other assets and liabilities are carried at fair value or amounts approximating fair value.

European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

Notes to Statement of Financial Condition (continued)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company accounts for income taxes under the liability method prescribed by Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. Under SFAS No. 109 deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial accounting purposes and the amounts used for income tax purposes.

The Company is included in the consolidated federal, state and local income tax returns with the Parent. Tax benefits associated with net operating losses have been provided for on a separate company basis after taking into account the consolidated and combined federal, state and local taxable income.

2. Related Party Transactions

The Company shares office space with the Parent and other subsidiaries of the Parent. Another subsidiary of the Parent pays all employment costs, occupancy costs and most other administrative expenses and then allocates these costs based upon the percentage of time that the employees spend supporting the Company. Operating results of the Company may be significantly different from those that would have been obtained if the entity were autonomous.

3. Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (the "Commission") under Rule 15c3-1 and has elected to compute its net capital requirement in accordance with the Aggregate Indebtedness method. The Commission requirements also provide that equity capital may not be withdrawn if certain minimum net capital requirements are not met. At December 31, 2002, the Company had net capital of \$363,705 which was \$344,425 in excess of the amount required to be maintained at that date. The Company is exempt from the provisions of Commission Rule 15c3-3 relating to the maintenance of customer reserve accounts and the possession or control of customer securities pursuant to paragraph (k)(1) of that Rule, since the Company does not hold funds or securities of customers.

European Investors Corporate Finance, Inc.
(a wholly-owned subsidiary of European Investors Holding Company, Inc.)

Notes to Statement of Financial Condition (continued)

4. Concentrations of Risk

At December 31, 2002, the Company had approximately \$601,500 of cash and cash equivalents on deposit with one financial institution, in excess of federally insured limits.

The Company had one client that accounted for all of its fee revenues for the year ended December 31, 2002.

5. Income Taxes

Income tax receivable – due from Parent of \$25,685 represents amounts due from the Parent and affiliates for utilization of the Company's federal, state and local net operating losses, net of minimum state and local taxes due in the consolidated and combined tax returns.