

BlackRock International, Ltd.

Report and Accounts

Year ended 31 December 2002

SC160821



Directors' report

The directors present their report and audited accounts for the year ended 31 December 2002.

Results and dividends

The profit for the year after taxation amounted to £4,596,000 (2001: £2,963,000) and has been transferred to reserves. The directors do not recommend the payment of a dividend.

Principal activity and review of the business

The main business of the group is investment management and the company is regulated by the Financial Services Authority.

Future developments

The directors aim to continue to conduct the business in such a way as to attract further clients.

Tangible fixed assets

Tangible fixed assets of £202,000 (2001: £453,000) were acquired during the year.

Directors and their interests

The directors who held office throughout the year were as follows:

Laurence Fink
Robert Kapito
Ralph Schlosstein

No director held an interest in the shares of the company.

Auditor

A resolution to re-appoint Deloitte & Touche as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

DMC *Director for*
DM *Company Secretary Limited*

Secretary

15 April 2003

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Independent auditors' report to the members of BlackRock International, Ltd.

We have audited the financial statements of BlackRock International, Ltd. for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Glasgow

15 April 2003

Profit and loss account

For the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover	2	18,537	17,195
Administrative expenses		(13,965)	(13,458)
Operating profit	3	4,572	3,737
Profit on disposal of fixed assets		-	2
Bank interest receivable		351	301
Income from unlisted investment		1,403	-
Profit on ordinary activities before taxation		6,326	4,040
Tax on profit on ordinary activities	5	1,730	1,077
Retained Profit for the financial year	14	4,596	2,963

The accompanying notes are an integral part of this profit and loss account.

The company's results all relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

Statement of total recognised gains and losses

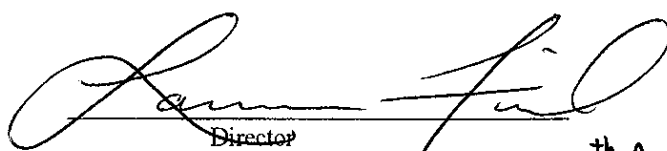
For the year ended 31 December 2002

	2002 £000	2001 £000
Profit for the financial year	4,596	2,963
Currency translation difference on foreign currency net investments	-	(123)
Total recognised gains and losses relating to the year	4,596	2,840

Balance Sheet

as at 31 December 2002

	Notes	2002 £000	2001 £000
<i>Fixed assets</i>			
Tangible assets	6	1,445	1,668
Investments	7	1,037	1,049
		<u>2,482</u>	<u>2,717</u>
<i>Current assets</i>			
Debtors	8	6,651	4,990
Cash at bank and in hand		14,070	10,444
		<u>20,721</u>	<u>15,434</u>
<i>Creditors: amounts falling due within one year</i>	9	7,776	6,673
<i>Net current assets</i>		<u>12,945</u>	<u>8,761</u>
<i>Total assets less current liabilities</i>		15,427	11,478
<i>Creditors: amounts falling due after more than one year</i>	10	-	782
<i>Provisions for liabilities and charges</i>	11	146	-
		<u>15,281</u>	<u>10,696</u>
<i>Capital and reserves</i>			
Share capital	12	1,300	1,300
Capital contributions	14	7,977	7,977
Profit and loss account	14	6,004	1,408
Foreign exchange differences	14	-	11
Equity shareholders' funds	14	<u>15,281</u>	<u>10,696</u>



Director

15th April 2003

Cash Flow Statement

for the year ended 31 December 2002

	<i>Notes</i>	2002 £000	2001 £000
<i>Net cash inflow from operating activities</i>	15	4,454	3,519
<i>Returns on investments and servicing of finance</i>			
Interest received		830	264
<i>Net cash inflow from returns on investments</i>		830	264
<i>Taxation</i>		(1,456)	(97)
<i>Capital expenditure</i>			
Payments to acquire tangible fixed assets	6	(202)	(453)
<i>Net cash outflow from capital expenditure</i>		(202)	(453)
<i>Net cash inflow before financing</i>		3,626	3,233
<i>Financing</i>			
Capital contribution	14	-	1,867
<i>Net cash inflow from financing</i>		-	1,867
<i>Increase in cash</i>		3,626	5,100

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	3,626	5,100
Net funds at 1 January	10,444	5,344
Net funds at 31 December	14,070	10,444

Analysis of changes in net funds:

	<i>At 1 January</i> <i>2002</i> <i>£000</i>	<i>Cash inflow</i> <i>2002</i> <i>£000</i>	<i>At 31 December</i> <i>2002</i> <i>£000</i>
Cash at bank and in hand	10,444	3,626	14,070

Notes to the accounts

For the year ended 31 December 2002

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Income recognition

Discretionary management fees are recognised on an accruals basis. Performance fees are recognised on a cash basis.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Computer equipment	- 3 years
Telephone equipment	- 3 years
Fixtures & fittings	- 7 years
Leasehold property	- 10 years

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax has been recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions of events that result in an obligation to pay more tax or a right to pay less tax in future exist at the balance sheet date. A deferred tax asset is recognised to the extent that a transfer of economic benefit is more likely than not in the future. Deferred tax is measured on a non-discounted basis.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Turnover

Turnover, which is stated net of value added tax, represents the amounts derived from investment management services.

Notes to the accounts

For the year ended 31 December 2002

3. Operating profit

This is stated after charging:	2002	2001
	£000	£000
Depreciation of fixed assets	425	383
Auditors' remuneration : audit	40	33
other	4	84
Operating lease rentals - motor vehicles	-	45
	<u> </u>	<u> </u>

No director received remuneration from the Company during the current or preceding year.

The emoluments of the directors are paid by another Company which makes no recharge to BlackRock International, Ltd. as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group companies.

4. Staff costs

	2002	2001
	£000	£000
Wages and salaries	9,294	9,347
Social security costs	1,284	1,231
Other pension costs	360	379
	<u>10,938</u>	<u>10,957</u>

The average weekly number of employees during the period was as follows:

	2002	2001
	No.	No.
Office and management	69	62
	<u> </u>	<u> </u>

Notes to the accounts

For the year ended 31 December 2002

5. Tax on profit on ordinary activities

The tax charge is made up as follows:

	2002	2001
	£000	£000
Current tax:		
UK Corporation tax	1,584	1,077
Deferred tax:		
Origination and reversal of timing differences	146	-
	<u>1,730</u>	<u>1,077</u>

Factors affecting tax charge:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of 30%.

The difference is reconciled below:

	2002	2001
	£000	£000
Profit on ordinary activities before tax	6,326	4,039
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30.0% (2001: 30%)	1,898	1,212
Disallowed expenditure	43	128
Other timing differences	(357)	(183)
Losses utilised	-	(80)
Total current tax	<u>1,584</u>	<u>1,077</u>

6. Tangible fixed assets

	Leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Telephone equipment £000	Total £000
Cost					
At 1 January 2002	1,052	411	526	221	2,210
Additions	38	3	159	2	202
At 31 December 2002	1,090	414	685	223	2,412
Depreciation					
At 1 January 2002	114	62	277	89	542
Charge for year	107	59	186	73	425
At 31 December 2002	221	121	463	162	967
Net book value					
At 31 December 2002	869	293	222	61	1,445
At 1 January 2002	938	349	249	132	1,668

Notes to the accounts

For the year ended 31 December 2002

7. Unlisted investments

	2002 £000	2001 £000
At 1 January	1,049	1,172
Foreign exchange loss	-	(123)
Revision to original cost	(11)	-
At 31 December	1,037	1,049

The company made a loan of 200 million Japanese Yen on 31 March 1999 to a partnership and receives a coupon for this loan of 44.44 per cent of the profit before tax of Nomura BlackRock Asset Management Company Ltd., a company incorporated in Japan. This investment was previously disclosed as an associated undertaking and the carrying amount was revised at the balance sheet date to reflect year end exchange rates. The directors consider it is more appropriate to treat this as an unlisted investment and carry it at original cost.

8. Debtors

	2002 £000	2001 £000
Trade debtors	4,764	4,536
Prepayments and accrued income	126	113
Other debtors	141	178
Due from parent undertaking	595	-
Due from fellow subsidiary	101	163
Due from unlisted investment	924	-
	6,651	4,990

9. Creditors: amounts falling due within one year

	2002 £000	2001 £000
Trade creditors	89	76
Accruals	5,564	5,043
Corporation tax	800	672
Other taxes and social security costs	919	798
Due to parent undertaking	16	84
Due to fellow subsidiaries	2	-
Long-term compensation scheme	386	-
	7,776	6,673

10. Creditors: amounts falling due after more than one year

	2002 £000	2001 £000
Long term compensation scheme	-	782

The outstanding balance on the long term compensation plan is payable in 2003 and has been disclosed as a creditor falling due within one year.

Notes to the accounts

For the year ended 31 December 2002

11. Provisions for liabilities and charges

Deferred tax is provided as follows:

	2002	2001
	£000	£000
Capital allowances in excess of depreciation	24	-
Short term timing differences	122	-
	146	-
		<i>Deferred Taxation £000</i>
At 1 January 2002		-
Provided during the year		146
At 31 December 2002		146

12. Share capital

	<i>Authorised</i>		<i>Called up, allotted and fully paid</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	1,300	1,300	1,300	1,300

13. Other financial commitments

At 31 December the company had annual commitments under non-cancellable operating leases as set out below:-

	<i>Land & buildings</i>	
	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>
Leases which expire:		
within one year	-	-
in the second to fifth year inclusive	-	-
after five years	379	379
	379	379

Notes to the accounts

For the year ended 31 December 2002

14. Reconciliation of reserves and movements in equity shareholders' funds

	<i>Called up share capital £000</i>	<i>Capital contributions £000</i>	<i>Profit and loss account £000</i>	<i>Foreign exchange difference £000</i>	<i>Share- holder's funds £000</i>
At 1 January 2002	1,300	7,977	1,408	11	10,696
Retained profit for the year	-	-	4,596	-	4,596
Exchange difference on investment	-	-	-	(11)	(11)
At 31 December 2002	1,300	7,977	6,004	-	15,281

As disclosed at note 7 the directors consider it more appropriate to carry the unlisted investment at cost. Therefore the foreign exchange reserve has been taken against the investment value.

15. Reconciliation of operating profit to net cash inflow from operating activities

	<i>2002 £000</i>	<i>2001 £000</i>
Operating profit	4,572	3,737
Depreciation	425	383
Increase in debtors	(737)	(575)
Increase/(decrease) in creditors	194	(26)
	<u>4,454</u>	<u>3,519</u>

16. Contingent liabilities

There were no contingent liabilities as at 31 December 2002 (2001: £Nil)

17. Related parties

No disclosure of transactions with group undertakings has been made as permitted by FRS8.

18. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £Nil (2001: £97,000).

19. Ultimate parent company

The directors' regard The PNC Financial Services Group Inc, a Company registered in the USA, as the ultimate parent Company. BlackRock Inc is the parent Company of the smallest group of which the Company is a member. Copies of the parent Company's consolidated financial statements may be obtained from The PNC Financial Services Group, USX Tower, 600 Grant Street, Mailstop P6-PUSX-36-1, Pittsburgh PA 15219