

FPPI LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997



Company Registration Number: 3001663

FPPI LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

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FPPI LIMITED

THE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1997

The Director submits the annual report and the financial statements of the company for the year ended 30 June 1997.

ACTIVITIES

FPPI Limited provides services to its holding company, Foster Parents Plan International, Inc. ("FPPI Inc."), a charitable not-for-profit corporation, registered in the USA. FPPI Inc. provides material aid and services to needy children, their families and communities throughout the world.

DIRECTOR

The company's sole director during the year was Machelius van der Schalk. Subsequent to the year end, on 22nd September 1997, Machelius van der Schalk resigned as director and John Greensmith was appointed director. Neither director held any beneficial interest in the shares of the company or of its parent company.

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

RESULTS

There was neither a profit nor loss for the year and no dividend is proposed (1996:nil).

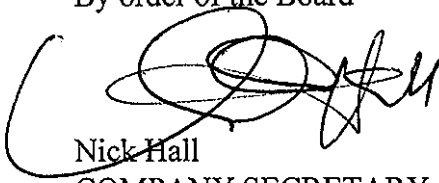
FPPI LIMITED

**THE DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 1997**

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the next annual general meeting.

By order of the Board



Nick Hall
COMPANY SECRETARY

21 November 1997

Registered Number: 3001663

FPPI LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FPPI LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the director and auditors

As described on page 1, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 director 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 30 June 1997, and of its results for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

21 November 1997

FPPI LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	<u>Notes</u>	1997 £	1996 £
TURNOVER			
Income from services to FPPI Inc.	2	7,648,866	8,141,496
COST OF SALES			
Program services		543,780	692,863
Management, finance and administration services		<u>6,409,735</u>	<u>6,708,497</u>
		6,953,515	7,401,360
Gross Profit		695,351	740,136
Contribution to Plan International (UK)	4	<u>709,896</u>	<u>742,548</u>
Operating (loss)		(14,545)	(2,412)
Interest receivable	3	<u>14,545</u>	<u>2,412</u>
Profit on ordinary activities before tax		-	-
Tax		-	-
Profit for the year		<u>-</u>	<u>-</u>

The company has no recognised gains or losses other than those disclosed in the Profit and Loss account above. All income and expenditure relates to continuing operations.

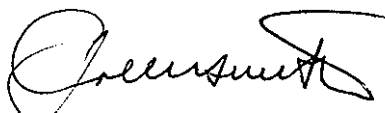
The notes on pages 6 to 10 form part of these financial statements.

FPPI LIMITED

BALANCE SHEET AT 30 JUNE 1997

	<u>Notes</u>	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	720,702	774,834
CURRENT ASSETS			
Debtors	8	232,032	501,716
Cash at bank and in hand		<u>-</u>	<u>327,777</u>
		232,032	829,493
Creditors - amounts falling due within one year	9	<u>(952,733)</u>	<u>(1,604,326)</u>
NET CURRENT LIABILITIES		<u>(720,701)</u>	<u>(774,833)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>1</u></u>	<u><u>1</u></u>
EQUITY INTERESTS:			
Share capital	10	1	1
Reserves		<u>-</u>	<u>-</u>
SHAREHOLDER'S FUNDS	11	<u><u>1</u></u>	<u><u>1</u></u>

Approved by the Board on 21 November 1997



John Greensmith (Director)

The notes on pages 6 to 10 form part of these financial statements.

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b. Depreciation

Depreciation is provided on all tangible fixed assets to write them off over their anticipated useful lives at the following annual rates on a straight line basis.

Leasehold improvements	10 years
Equipment	5 - 10 years
Vehicles	3 years

c. Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account in the period to which they relate.

d. Pension Scheme

Contributions to the company's defined contribution pension plan are charged to the profit and loss account in the period to which they relate.

e. Related Party Disclosure

In accordance with the exemption allowed by paragraph 3(c) of the Financial Reporting Standard 8, no disclosure is made of transactions with the company's parent undertaking.

f. Fundamental Accounting Concept

The financial statements have been prepared under the going concern concept, in reliance on an assurance from the parent undertaking that it intends, until at least 30 November 1998, to provide such funding as is required by the company to enable it to meet its liabilities as they fall due.

g. Cash Flow Statement

In accordance with the exemption allowed by paragraph 3(c) of the Financial Reporting Standard 1, a cash flow statement for the company has not been provided.

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

2. Income from services to FPPI Inc.

The company provides services to FPPI Inc. for which it charges a fee of 10% on its costs.

3. Interest receivable

	1997	1996
	£	£
Bank interest	<u>14,545</u>	<u>2,412</u>

4. Contribution to Plan International (UK)

The expenditure of £709,896 (1996 £742,548) represents a donation under deed of covenant to Plan International (UK), a UK registered charity, by which FPPI Ltd donates the whole of its profits.

5. Profit on ordinary activity before taxation

Profit on ordinary activities before taxation is stated after charging

	1997	1996
	£	£
Wages and salaries	1,891,315	1,756,864
Social security	143,811	135,649
Other pension costs	70,595	67,470
Depreciation	146,772	99,279
Auditors' remuneration - audit fees	20,000	20,000
- other services	7,375	7,402
Operating lease rentals	156,800	156,800

6. Directors and employees

Employees

Average number of employees by category

	1997	1996
Program Services	6	6
Management, finance and administration services	<u>41</u>	<u>41</u>
	<u>47</u>	<u>47</u>

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

6. Directors and employees (continued)

Director's emoluments

Salary and benefits of the sole director were £83,674 (1996 £86,903) and no pension contributions were made in the period.

7. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Leasehold Improvements £	Equipment £	Vehicles £	Total £
Cost at 1 July 1996	184,017	686,125	36,797	906,939
Additions	-	92,640	-	92,640
Disposals	-	-	(9,199)	(9,199)
At 30 June 1997	184,017	778,765	27,598	990,380
Depreciation at 1 July 1996	27,603	86,103	18,399	132,105
Charge for year	18,401	111,506	16,865	146,772
Disposals	-	-	(9,199)	(9,199)
At 30 June 1997	46,004	197,609	26,065	269,678
Net book value at 30 June 1997	<u>138,013</u>	<u>581,156</u>	<u>1,533</u>	<u>720,702</u>
Net book value at 30 June 1996	<u>156,414</u>	<u>600,022</u>	<u>18,398</u>	<u>774,834</u>

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

8. Debtors

	1997	1996
	£	£
Amounts due from Plan International (UK)	-	329,222
Other	160,329	110,351
Prepayments and accrued income	71,703	62,143
	<u>232,032</u>	<u>501,716</u>

9. Creditors - amounts falling due within one year

	1997	1996
	£	£
Bank overdraft	51,042	-
Trade creditors	296,980	546,192
Amounts due to Plan International (UK)	212,072	-
Amounts due to FPPI Inc.	37,881	609,547
Other creditors	168,600	240,000
Taxation and social security	54,450	90,887
Accruals and deferred income	131,708	117,700
	<u>952,733</u>	<u>1,604,326</u>

10. Called up share capital

	£	£
Authorised	<u>1,000</u>	<u>1,000</u>
1,000 ordinary shares £1 each		
Allotted and fully paid	<u>1</u>	<u>1</u>
1 ordinary share £1 each		

11. Reconciliation of movements in Shareholder's funds

	1997	1996
	£	£
Profit for the year	-	-
Net addition to Shareholder's funds	-	-
Opening Shareholder's funds	<u>1</u>	<u>1</u>
Closing Shareholder's funds	<u>1</u>	<u>1</u>

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

12. Pension schemes

The company makes payments in respect of three defined contribution schemes. These provide pension benefits from funds accruing from contributions from both employees and the company. The combined pension costs charged in the year were £70,595 (1996 £67,470).

13. Operating lease

As at 30 June 1997 the company had annual commitments under other operating leases expiring as follows:-

	1997	1996
	£	£
Within one year	-	-
Between two and five years inclusive	156,800	156,800
After five years	-	-

14. Ultimate parent company

FPPI Limited is a wholly-owned subsidiary of Foster Parents Plan International, Inc. ("FPPI Inc."), a not-for-profit corporation organised under the laws of the State of New York having its principal office at 155 Plan Way, Warwick, Rhode Island, USA. Ultimate control of FPPI Limited rests with the directors of FPPI Inc. A copy of the combined financial statements of FPPI Inc, FPPI Ltd., and related fund-raising organisations can be obtained from FPPI Limited, Chobham House, Christchurch Way, Woking, Surrey GU21 1JG, England.