

FPPI LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**



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Company Registration Number: 3001663

FPPI LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

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FPPI LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

The Directors submit the annual report and the financial statements of the company for the year ended 30 June 1999.

ACTIVITIES

FPPI Limited provides services to its holding company, Foster Parents Plan International, Inc. ("FPPI Inc."), a not-for-profit corporation, registered in the USA. FPPI Inc. strives to achieve lasting improvements in the quality of life of deprived children in developing countries. The company does not anticipate any change in its activities in the foreseeable future. A small proportion of the activities of FPPI Ltd are carried out in a branch based in the Netherlands.

DIRECTORS

John Greensmith.

Nick Hall (appointed 21 November 1998).

Subsequent to the year end Nick Hall resigned and Peter-John Greeves was appointed as director.

The directors have no beneficial interest in the shares of the company or of its parent company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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, 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

FPPI LIMITED

**THE DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 1999**

RESULTS

There was neither a profit nor loss for the year and no dividend is proposed (1998:nil).

YEAR 2000

The full range of issues in connection with ensuring that the company's systems are equipped for the change of century have been addressed. Costs were not material.

AUDITORS

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

By order of the Board

A handwritten signature in black ink that reads "Rachel Wood". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Rachel Wood
COMPANY SECRETARY

20th November 1999

Registered Number: 3001663

FPPI LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FPPI LIMITED

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of the directors and auditors

The company's directors are responsible for preparing the Annual Report, including as described on page 1 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you 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 the information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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.

Cont/.....

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 1999, and of its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

Southwark Towers
32 London Bridge Street
London SE1 9SY

20th November 1999

FPPI LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

	<u>Notes</u>	1999 £'000	1998 £'000
TURNOVER			
Income from services to FPPI Inc.	2	7,409	8,305
COST OF SALES			
Program support		(3,751)	(3,981)
Fund-raising		(928)	(1,530)
Operating		<u>(2,056)</u>	<u>(2,039)</u>
		(6,735)	(7,550)
Gross Profit		674	755
Other operating income / (expenses)			
Contribution to Plan International (UK)	3	<u>(687)</u>	<u>(772)</u>
Operating (loss)		(13)	(17)
Interest receivable	4	<u>13</u>	<u>17</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.

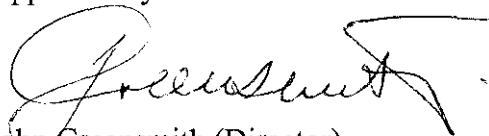
The notes on pages 7 to 11 form part of these financial statements.

FPPI LIMITED

BALANCE SHEET AT 30 JUNE 1999

	<u>Notes</u>	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	7	655	603
CURRENT ASSETS			
Debtors	8	787	869
Cash at bank and in hand		<u>630</u>	<u>316</u>
		1,417	1,185
Creditors - amounts falling due within one year	9	<u>(2,072)</u>	<u>(1,788)</u>
NET CURRENT LIABILITIES		<u>(655)</u>	<u>(603)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>-</u>
EQUITY INTERESTS:			
Share capital	10	-	-
Profit and Loss account		-	-
		<u>-</u>	<u>-</u>
SHAREHOLDER'S FUNDS	11	<u>-</u>	<u>-</u>

Approved by the Board on 20th November 1999


John Greensmith (Director)

The notes on pages 7 to 11 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.

The financial statements have also been prepared under the going concern concept, in reliance on an assurance from the parent undertaking that it intends, until at least 30 November 2000, to provide such funding as is required by the company to enable it to meet its liabilities as they fall due.

b. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard 11. Impairments thus arising are recorded in profit and loss account.

Depreciation is calculated on a straight line basis over the estimated remaining useful life. The annual percentage rates applicable to the major classes of assets are as follows:

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. Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of the Financial Reporting Standard 1, a cash flow statement for the company has not been provided.

g. Foreign exchange accounting

Transactions denominated in foreign currencies are translated into sterling at the rate ruling on the transaction date.

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. Contribution to Plan International (UK)

The expenditure of £687,050 (1998: £772,345) 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.

4. Interest receivable

	1999 £'000	1998 £'000
Bank interest	<u>13</u>	<u>17</u>

5. Profit on ordinary activity before taxation

Profit on ordinary activities before taxation is stated after charging

	1999 £'000	1998 £'000
Salaries	2,116	1,967
Social security	207	205
Other pension costs	92	85
Depreciation	163	151
Auditors' remuneration- audit fees	22	21
- other services	10	43
Operating lease rentals - plant and machinery	-	-
- other	172	157
Loss (Gain) on foreign exchange transactions	(15)	25

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

6. Directors and employees

Employees

Average number of employees by category

	1999	1998
Program support	40	35
Fund-raising	7	9
Operating	<u>15</u>	<u>14</u>
	<u>62</u>	<u>58</u>

Directors' emoluments

Salary and benefits of the directors were £133,200 (1998: £120,802) and £3,400 (1998: £nil) pension contributions were made in the period in respect of 1 director (1998: £nil).

7. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Leasehold Improvements £'000	Equipment £'000	Vehicles £'000	Total £'000
Cost at 1 July 1998	184	813	9	1,006
Additions	-	215	-	215
Disposals	-	-	(9)	(9)
At 30 June 1999	184	1,028	-	1,212
Depreciation at 1 July 1998	64	330	9	403
Charge for year	18	145	-	163
Disposals	-	-	(9)	(9)
At 30 June 1999	82	475	-	557
Net book value at 30 June 1999	102	553	-	655
Net book value at 30 June 1998	120	483	-	603

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

8. Debtors

	1999 £'000	1998 £'000
Other debtors	307	215
Prepayments and accrued income	82	294
Amounts due from FPPI Inc	-	360
Amounts due from Plan International (UK)	398	-
	<u>787</u>	<u>869</u>

9. Creditors - amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	563	558
Amounts due to Plan International (UK)	-	265
Amounts due to FPPI Inc.	929	-
Other creditors	173	178
Taxation and social security	63	59
Accruals and deferred income	344	728
	<u>2,072</u>	<u>1,788</u>

10. Called up share capital

	1999 £	1998 £
Authorised 1,000 ordinary shares £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 1 ordinary share £1 each	<u>1</u>	<u>1</u>

11. Reconciliation of movements in Shareholder's funds

	1999 £'000	1998 £'000
Profit for the year	<u>-</u>	<u>-</u>
Net addition to Shareholder's funds	-	-
Opening Shareholder's funds	<u>-</u>	<u>-</u>
Closing Shareholder's funds	<u>-</u>	<u>-</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 £92,000 (1998: £85,000).

13. Operating lease

As at 30 June 1999 the company had annual commitments under a land and building lease expiring as follows:-

	1999	1998
	£'000	£'000
Within one year	-	157
Between two and five years inclusive	-	-
After five years	218	-

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.