

FPPI LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

Company Registration Number: 3001663



FPPI LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

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FPPI LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The Directors submit the annual report and the financial statements of the company for the year ended 30 June 2001.

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.

DIRECTORS

John Greensmith
Peter-John Greeves

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 2001

CREDITOR PAYMENT POLICY

For all trade creditors, it is the Company's policy to :

- Agree the terms of payment at the start of business with that of the supplier,
- Ensure that suppliers are aware of the terms of payment,
- Pay in accordance with it's contractual and legal obligations.

Trade creditors days for the company for the year ended 30 June 2001 was 25 days (18 days: 2000), based on the ratio of company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

RESULTS

There was neither a profit nor loss for the year and no dividend is proposed (2000:nil).

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



K. Rachel Wood
COMPANY SECRETARY

17th November 2001

Registered Number: 3001663

FPPI LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FPPI LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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 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. The other information comprises only the directors' report.

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 at 30 June 2001 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

1 Embankment Place
London
WC2N 6RH

17th November 2001

FPPI LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	<u>Notes</u>	2001 £'000	2000 £'000
TURNOVER			
Income from services to FPPI Inc.	2	9,709	8,337
COST OF SALES			
Program support		(4,213)	(3,778)
Fund-raising		(837)	(1,118)
Operating		<u>(3,777)</u>	<u>(2,683)</u>
		<u>(8,827)</u>	<u>(7,579)</u>
Gross Profit		882	758
Other operating income / (expenses)			
Contribution to Plan International (UK)	3	<u>(907)</u>	<u>(773)</u>
Operating (loss)		(25)	(15)
Interest receivable	4	<u>25</u>	<u>15</u>
Profit on ordinary activities before tax	5	-	-
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 expenditures relate to continuing operations.

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

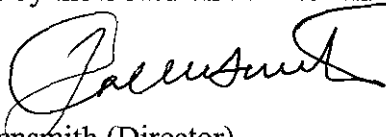
There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

FPPI LIMITED

BALANCE SHEET AT 30 JUNE 2001

	<u>Notes</u>	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	7	476	525
CURRENT ASSETS			
Debtors	8	929	820
Cash at bank and in hand		<u>778</u>	<u>1,291</u>
		1,707	2,111
Creditors - amounts falling due within one year	9	<u>(2,183)</u>	<u>(2,636)</u>
NET CURRENT LIABILITIES		<u>(476)</u>	<u>(525)</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 17th November 2001



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 2002, 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 the 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	3 - 10 years

The depreciation rate for software is now 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, certain disclosures of transactions with the company's parent undertaking have not been given.

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 £907,000 (2000: £773,000) 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

	2001 £'000	2000 £'000
Bank interest	<u>25</u>	<u>15</u>

5. Profit on ordinary activity before taxation

Profit on ordinary activities before taxation is stated after charging

	2001 £'000	2000 £'000
Salaries	2,698	2,391
Social security	281	259
Other pension costs	74	144
Depreciation	187	192
Auditors' remuneration - audit fees	22	22
- other services	10	12
Operating lease rentals - plant and machinery	-	-
- other	250	218
Loss (Gain) on foreign exchange transactions	7	-

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

6. Directors and employees

Employees

Average number of employees by category

	2001	2000
Program support	47	43
Fund-raising	4	5
Operating	<u>26</u>	<u>23</u>
	<u>77</u>	<u>71</u>

Directors' emoluments

Salary and benefits of the directors in the period were £165,850 (2000: £162,083); in addition pension contributions of £5,046 (2000: £3,613) were made in the period.

7. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Leasehold Improvements £'000	Equipment £'000	Total £'000
Cost at 1 July 2000	184	1,090	1,274
Additions	<u>-</u>	<u>138</u>	<u>138</u>
At 30 June 2001	<u>184</u>	<u>1,228</u>	<u>1,412</u>
Depreciation at 1 July 2000	100	649	749
Charge for year	<u>19</u>	<u>168</u>	<u>187</u>
At 30 June 2001	<u>119</u>	<u>817</u>	<u>936</u>
Net book value at 30 June 2001	<u>65</u>	<u>411</u>	<u>476</u>
Net book value at 30 June 2000	<u>84</u>	<u>441</u>	<u>525</u>

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

8. Debtors

	2001 £'000	2000 £'000
Other debtors	322	316
Prepayments and accrued income	108	127
Amounts due from Plan International (UK)	499	377
	<u>929</u>	<u>820</u>

9. Creditors - amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	405	256
Amounts due to FPPI Inc.	542	1,497
Other creditors	446	139
Taxation and social security	-	-
Accruals	790	744
	<u>2,183</u>	<u>2,636</u>

10. Called up share capital

	2001 £	2000 £
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

	2001 £'000	2000 £'000
Profit for the year	—	—
Net addition to Shareholder's funds	-	-
Opening Shareholder's funds	—	—
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 funded 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 £73,898 (2000: £143,680).

13. Operating lease

As at 30 June 2001 the company had annual commitments under a land and building lease expiring as follows:-

	2001 £'000	2000 £'000
Within one year		-
Between two and five years inclusive	-	-
After five years	250	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.