

FPPI LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003



Company Registration Number: 3001663

FPPI LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

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FPPI LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

The Directors submit the annual report and the financial statements of the company for the year ended 30 June 2003.

ACTIVITIES

FPPI Limited provides services to its holding company, Plan International, Inc. (formerly Foster Parents Plan International, Inc., which changed its name on 1 July 2003) ("Plan International"), a not-for-profit corporation, registered in the USA. Plan International 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

James Emerson (appointed 9 December 2002)

Peter-John Greeves (resigned 9 December 2002)

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 2003

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 the supplier;
- ensure that suppliers are aware of the terms of payment;
- pay in accordance with its contractual and legal obligations.

Trade creditors' days for the company for the year ended 30 June 2003 were 36 days (2002: 25 days), 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

FPPI Ltd made a net loss of £6,000 in 2003 (£68,000 in 2002 restated). This resulted in overall negative reserves of £193,000 in 2003 (£187,000 in 2002 restated). This does not impact the going concern of FPPI Ltd as it has received assurance from the parent company that it will provide funding to enable the company to meet its liabilities, for the foreseeable future.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2003 and the directors appointed its successor, Pricewaterhouse Coopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the general meeting at which this annual report and the financial statements for the year ended 30 June 2003 will be presented.

By order of the Board



K. Rachel Wright
COMPANY SECRETARY

17 February 2004

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 which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

Cont/.....

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 at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London

17 February 2004

FPPI LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

		2003	2002
	<u>Notes</u>	£'000	Restated £'000
TURNOVER			
Income from services to Plan International	2	8,564	8,663
COST OF SALES			
Program support		(4,274)	(3,626)
Fund-raising		(14)	(380)
Operating		<u>(3,502)</u>	<u>(3,750)</u>
		<u>(7,790)</u>	<u>(7,756)</u>
Gross Profit		774	907
Other operating income / (expenses)			
Contribution to Plan International (UK)	3	<u>(820)</u>	<u>(1,292)</u>
Operating Loss		(46)	(385)
Loss on Disposal of Fixed Assets		(5)	(119)
Interest receivable	4	<u>10</u>	<u>11</u>
Loss on ordinary activities before tax	5	(41)	(493)
Tax on loss on ordinary activities	8	<u>35</u>	<u>425</u>
Loss for the financial year		<u>(6)</u>	<u>(68)</u>

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. All income and expenditures relate to continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2003**

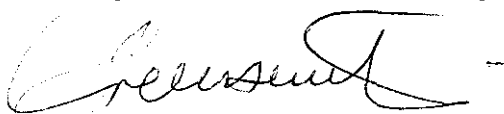
	2003	2002
	£'000	Restated £'000
Loss for the financial year	(6)	(68)
Prior year adjustment	<u>(187)</u>	<u>-</u>
Total losses recognised since last annual report	<u>(193)</u>	<u>(68)</u>

FPPI LIMITED

BALANCE SHEET AT 30 JUNE 2003

	<u>Notes</u>	2003 £'000	2002 Restated £'000
FIXED ASSETS			
Tangible assets	7	629	333
Other assets due after more than one year	8	427	392
CURRENT ASSETS			
Debtors	9	637	452
Cash at bank and in hand		<u>645</u>	<u>1,094</u>
		1,282	1,546
Creditors - amounts falling due within one year	10	<u>(2,413)</u>	<u>(2,348)</u>
NET CURRENT LIABILITIES		<u>(1,131)</u>	<u>(802)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(75)	(77)
Provisions	11	(118)	(110)
		—	—
NET ASSETS		<u>(193)</u>	<u>(187)</u>
EQUITY INTERESTS:			
Share capital	12	-	-
Profit and Loss account	13	(193)	(187)
		—	—
SHAREHOLDER'S FUNDS	14	<u>(193)</u>	<u>(187)</u>

Approved by the Board on 17 February 2004


John Greensmith (Director)

The notes on pages 8 to 14 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, for the foreseeable future, 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 estimated useful economic life applicable to the major classes of assets is as follows:

Leasehold improvements	3 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.

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

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.

h. Deferred tax

The Directors intend to continue donating all taxable profits to Plan International (UK) under a deed of covenant. The timing differences which arise between the written down value of assets eligible for capital allowances for tax purposes and their net book value for accounts purposes and other timing differences create an asset or liability which may cause payments under the deed of covenant either to exceed or fall short of the accounts profit in future years. The asset or liability is recognised in the accounts in full as these timing differences will reverse over time. The timing differences are reflected in Tax on loss on ordinary activities in the profit and loss account.

2. Income from services to Plan International

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

3. Contribution to Plan International (UK)

The expenditure of £820,000 (2002 restated: £1,292,000) represents a donation under deed of covenant to Plan International (UK), a UK registered charity, by which FPPI Ltd donates the whole of its taxable profits. The 2002 contribution has been adjusted from £799,000 to £1,292,000 to correct an error made in the 2002 financial statements. In addition a prior year adjustment of £119,000 has been made to correct similar errors arising in prior years, see note 14.

4. Interest receivable

	2003	2002
	£'000	£'000
Bank interest	<u>10</u>	<u>11</u>

5. Loss on ordinary activity before taxation

Loss on ordinary activities before taxation is stated after charging:

	2003	2002
	£'000	£'000
Salaries	3,340	2,726
Social security	332	270
Other pension costs	144	120
Depreciation	236	316
Auditors' remuneration - audit fees	23	22
- other services	18	40
Operating lease rentals - plant and machinery	-	-
- other	263	263
Loss /(Gain) on foreign exchange transactions	-	-

6. Directors and employees

Employees

Average number of employees by category

	2003	2002
		Restated
Program support	54	47
Fund-raising	5	4
Operating	<u>37</u>	<u>32</u>
	<u>96</u>	<u>83</u>

Directors' emoluments

Directors' remuneration is made up of:

	2003	2002
Emoluments	200	162
Compensation to a past director for loss of office	<u>16</u>	<u>-</u>
	<u>216</u>	<u>162</u>

In addition, the aggregate value of company contribution payable to a pension scheme in respect of money purchase benefits during the year was £8,200 (2002: £4,810). The company made contributions for 2 (2002: 2) directors under a defined contribution pension scheme.

The emoluments of the highest paid director were £93,750 (2002: £93,750) and pension contributions payments in respect of the highest paid director were £nil (2002: £nil).

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

7. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Leasehold Improvements £'000	Building Improvements £'000	Equipment £'000	Total £'000
Cost at 1 July 2002	184	-	1,233	1,417
Additions	-	89	447	536
Disposals	-	-	(279)	(279)
At 30 June 2003	<u>184</u>	<u>89</u>	<u>1,401</u>	<u>1,674</u>
Depreciation at 1 July 2002	184	-	900	1,084
Disposals	-	-	(275)	(275)
Charge for year	-	11	225	236
At 30 June 2003	<u>184</u>	<u>11</u>	<u>850</u>	<u>1,045</u>
Net book value at 30 June 2003	<u>0</u>	<u>78</u>	<u>551</u>	<u>629</u>
Net book value at 30 June 2002	<u>0</u>	<u>0</u>	<u>333</u>	<u>333</u>

8. Other assets due after more than one year

	2003 £'000	2002 Restated £'000
<u>Deferred tax asset</u>		
At 1 July	392	(33)
Credited to the profit and loss account	<u>35</u>	<u>425</u>
At 30 June	<u>427</u>	<u>392</u>

The 2002 deferred asset has been established as a correction of a prior year error, see note 3.

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

9.	<u>Debtors</u>	2003	2002
		£'000	Restated £'000
	Other debtors	213	175
	Prepayments and accrued income	223	148
	Amounts due from Plan International (UK)	201	129
		<u>637</u>	<u>452</u>
10.	<u>Creditors - amounts falling due within one year</u>	2003	2002
		£'000	£'000
	Trade creditors	532	354
	Amounts due to Plan International Inc	1,337	1,370
	Other creditors	11	7
	Taxation and social security	101	-
	Accruals	<u>432</u>	<u>617</u>
		<u>2,413</u>	<u>2,348</u>
11.	<u>Provisions for liabilities and charges</u>	2003	2002
		£'000	£'000
	1 July 2002	110	-
	Charged to the profit and loss account	8	110
	Utilised during the year	<u>-</u>	<u>-</u>
		<u>118</u>	<u>110</u>
An assessment has been made to reflect FPPI Limited's responsibility to return its leased premises to the condition in which they were taken over at the start of the lease.			
12.	<u>Called up share capital</u>	2003	2002
		£	£
	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		

FPPI LIMITED
NOTES TO FINANCIAL STATEMENTS

13.	Reserves	Profit and Loss Account £'000
	1 st June 2002 as previously reported	-
	Prior year adjustment	<u>(187)</u>
	1 st June 2002 restated	<u>(187)</u>
	Retained loss for the financial year 30 th June 2003	<u>(6)</u>
		<u>(193)</u>

The opening reserves have been restated, see note 3.

14.	<u>Reconciliation of movements in Shareholder's funds</u>	2003 £'000 Restated	2002 £'000 Restated
	Loss for the year	<u>(6)</u>	<u>(68)</u>
	Net reduction in Shareholder's funds	<u>(6)</u>	<u>(68)</u>
	Opening Shareholder's funds	<u>(187)</u>	<u>-</u>
	Prior year adjustment	-	(119)
	Opening Shareholder's funds Restated	<u>-</u>	<u>(119)</u>
	Closing Shareholder's Funds	<u>(193)</u>	<u>(187)</u>

The opening shareholder's funds have been restated; see Note 3.

15. 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 £143,553 (2002: £120,094).

16. Operating lease

As at 30 June 2003 the company had annual commitments under a land and building lease expiring as follows:-

	2003 £'000	2002 £'000
Within one year	-	-
Between two and five years inclusive	263	-
After five years	-	263

17. Ultimate parent company

FPPI Limited is a wholly owned subsidiary of Plan International, Inc. (formerly Foster Parents Plan International, Inc., which changed its name on 1 July 2003) ("Plan International"), 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 Plan International. A copy of the combined financial statements of Plan International, FPPI Ltd. and related fundraising organisations can be obtained from FPPI Limited, Chobham House, Christchurch Way, Woking, Surrey GU21 6JG, England.