

PLAN LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**



Company Registration Number: 3001663

PLAN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

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PLAN LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The Directors submit the annual report and the financial statements of the company for the year ended 30 June 2005.

ACTIVITIES

Plan Limited provides services to its holding company, Plan International, Inc. ("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

Tom Miller (appointed 15/01/05)

James Emerson

Joseph Martin McCann (appointed 01/07/04; resigned 29/07/05)

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.

PLAN LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

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.

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 as at 30 June 2005 were 17 days (2004: 24 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

In 2005, Plan Limited made a loss of £19,000 (2004: £12,000 loss) resulting in overall negative net assets of £24,000 (2004: £5,000). This loss is stated after charging £764,000 (2004: £782,000) in respect of a charitable contribution to Plan International (UK). No dividend is proposed for the year 2004 (2004: nil).

FINANCIAL POSITION

Plan International, Inc. has confirmed that it intends, for the foreseeable future, to provide such funding as is required by the company to meet its liabilities as they fall due.

AUDITORS

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

By order of the Board


Richard Cunliffe
COMPANY SECRETARY

27 January 2006

Registered Number: 3001663

PLAN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAN 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/.....

PLAN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAN LIMITED

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 2005 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

27 January 2006

PLAN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 £'000	2004 £'000
TURNOVER			
Income from services to Plan International	2	10,940	9,515
COST OF SALES			
Program support		(5,019)	(4,909)
Fund raising		(93)	(116)
Operating		(4,836)	(3,625)
		(9,948)	(8,650)
Gross profit		992	865
Other operating expenses			
Contribution to Plan International (UK)	3	(764)	(782)
Operating profit/(loss)		228	83
Interest receivable	4	19	8
Profit on ordinary activities before tax	5	247	91
Tax on profit on ordinary activities	7	(266)	(103)
Loss for the financial year		(19)	(12)

There is no difference between the profit on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents. All income and expenditure relates to continuing operations.

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 14 form part of these financial statements.

PLAN LIMITED

BALANCE SHEET AT 30 JUNE 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	8	1,716	1,275
Other assets due after more than one year	9	58	324
		<u>1,774</u>	<u>1,599</u>
CURRENT ASSETS			
Debtors	10	1,463	1,271
Cash at bank and in hand		1,142	1,604
		<u>2,605</u>	<u>2,875</u>
Creditors - amounts falling due within one year	11	<u>(4,189)</u>	<u>(4,352)</u>
NET CURRENT LIABILITIES		(1,584)	(1,477)
TOTAL ASSETS LESS CURRENT LIABILITIES		190	122
Provisions	12	(214)	(127)
NET LIABILITIES		<u><u>(24)</u></u>	<u><u>(5)</u></u>
EQUITY INTERESTS			
Share capital	13	-	-
Capital contribution	14	200	200
Profit and loss account	14	(224)	(205)
EQUITY SHAREHOLDER'S DEFICIT	15	<u><u>(24)</u></u>	<u><u>(5)</u></u>

Approved by the Board on 27 January 2006


Thomas J Miller (Director)

The notes on pages 7 to 14 form part of these financial statements.

PLAN LIMITED

CASH FLOW AT 30 JUNE 2005

NOT REQUIRED

	Notes	2005 £'000	2004 £'000
Cash flows from operating activities			
Profit before taxation		315	110
Adjustments for:			
Depreciation		342	319
Foreign exchange loss		0	
Investment income		0	
Interest expense		0	
		<u>657</u>	<u>429</u>
(Increase)/Decrease in trade and other receivables		(192)	(634)
(Increase)/Decrease in inventories			
Increase/(Decrease) in trade payables		(163)	<u>1,948</u>
Cash generated from operations		302	<u>1,743</u>
Interest paid			
Income taxes paid			
Net cash from operating activities		<u>302</u>	<u>1,743</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(787)	(994)
Proceeds from sale of equipment		4	2
Interest received		19	8
Net cash used in investing activities		<u>(764)</u>	<u>(984)</u>
Cash flows from financing activities			
Proceeds from issue of share capital			200
Proceeds from long-term borrowings			
Payment of finance lease liabilities			
Dividends paid			
Net cash used in financing activities		<u>0</u>	<u>200</u>
Net increase/(decrease) in cash and cash equivalents		<u>(462)</u>	<u>959</u>
Cash and cash equivalents summary			
Cash and cash equivalents at start of period		1,604	645
Net increase/(decrease) in cash and cash equivalents		(462)	959
Cash and cash equivalents at end of period		<u>1,142</u>	<u>1,604</u>

PLAN 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 in the United Kingdom. The principal accounting policies, all of which have been applied consistently, are set out below.

The financial statements have 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 any impairment. A review of the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount 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.

Costs relating to computer software are capitalised if they relate to purchased software or internal projects which are in the development stage.

Depreciation is calculated on a straight line basis over the estimated remaining useful lives of each asset. The estimated useful economic lives applicable to the major classes of assets are as follows:

Leasehold improvements	3 years
Equipment	3 - 10 years
Computer software	3 - 5 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 plans 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 Financial Reporting Standard 8, certain disclosures of transactions with the company's parent undertaking have not been given.

PLAN LIMITED NOTES TO FINANCIAL STATEMENTS

f. Cash flow statement

In accordance with the exemption allowed by paragraph 5 (a) of 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. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end exchange rates. Exchange differences arising are included in the profit and loss account.

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, including the difference between the tax written down value of assets eligible for capital allowances and their net book value for accounts purposes, create an asset or liability which will cause payments under the deed of covenant either to exceed or fall short of the accounts profit in future years. This deferred asset or liability is recognised in the accounts in full at an effective rate of 100%. Movements in this deferred asset/liability are reflected in tax on profit 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 comprising the relevant costs incurred plus a 10% mark-up. All turnover is derived from activities in the United Kingdom.

3. Contribution to Plan International (UK)

The expenditure of £764,000 (2004: £782,000) represents a donation under deed of covenant to Plan International (UK), a UK registered charity, by which Plan Limited donates the whole of its taxable profits.

4. Interest receivable

	2005 £'000	2004 £'000
Bank interest	<u>19</u>	<u>8</u>

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

5. Profit on ordinary activities before taxation

	2005	2004
	£'000	£'000
Salaries	3,867	3,669
Social Security	394	373
Other pension costs	149	150
	<u>4,410</u>	<u>4,192</u>
 Auditors' remuneration - audit fees	 387	 108
- other services	-	24
Depreciation	342	319
Operating lease rentals - land and buildings	263	263

The audit fee of £387,350 (2004: £108,297) includes £25,000 (2004: £24,000) in respect of Plan Limited. The remaining fees represent audit services provided to Plan International, Inc. the costs of which are borne by Plan Limited in its capacity as service provider. The aggregate 2005 fees for Plan International, Inc. include an under-accrual of £232,368 relating to the prior year.

6. Directors and employees

Employees

Average number of employees by category

	2005	2004
	£'000	£'000
Program support	55	56
Fund raising	5	4
Operating	39	39
	<u>99</u>	<u>99</u>

Directors' emoluments

Directors' remuneration is made up of:

	2005	2004
	£'000	Restated £'000
Emoluments	308	186
Compensation to a past director for loss of office	-	43
	<u>308</u>	<u>229</u>

In addition, the aggregate value of the company contributions payable in respect of money purchase pension benefits for the directors during the year was £10,129 (2004: £5,743). The company made contributions for 2 (2004: 1) directors under a defined contribution pension scheme. The prior year emoluments have been increased by £35,456 to reflect additional benefits in kind that have been identified.

The emoluments of the highest paid director were £132,173 (2004: £98,703) and pension contribution payments in respect of the highest paid director were £4,678 (2004: £nil).

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

7. Tax on ordinary activities

The company has no liability to corporation tax in respect of the year ended 30 June 2005 because of donations payable to Plan International (UK).

a. Analysis of (charge)/credit in year	2005 £'000	2004 £'000
Current tax	-	-
Deferred tax		
Origination and reversal of timing differences (see note 9)	(266)	(103)
Tax (charge)/credit on ordinary activities	<u>(266)</u>	<u>(103)</u>

b. Factors affecting current tax (charge)/credit

	£'000	£'000
Profit/(loss) on ordinary activities before tax	<u>247</u>	<u>91</u>
Tax at 100%	247	91
Timing differences relating to fixed assets	(249)	(114)
Short term timing differences	(17)	11
Permanent differences	<u>19</u>	<u>12</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

This reconciliation is based on an effective rate of 100% because the payment to Plan International (UK) under the deed of covenant is adjusted each year to exactly offset taxable profit for the year.

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

8. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Leasehold improvements	Assets in the course of construction	Building improvements	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 1 July 2004	184	652	96	1,426	2,357
Additions	-	457	22	308	787
Disposals	-	-	-	(48)	(48)
At 30 June 2005	184	1,109	118	1,686	3,096
Depreciation at 1 July 2004	184	-	34	865	1,083
Disposals	-	-	-	(44)	(44)
Charge for year	-	-	27	315	342
At 30 June 2005	184	-	61	1,136	1,381
Net book value at 30 June 2005	-	1,109	56	550	1,715
Net book value at 30 June 2004	-	652	62	561	1,275

9. Other assets due after more than one year

	2005 £'000	2004 £'000
<u>Deferred tax</u>		
At 1 July	324	427
(Charged)/credited to the profit and loss account - Note 7	(266)	(103)
At 30 June	58	324
Accelerated capital allowances	58	307
Short term timing differences	-	17
	58	324

As explained in note 1(h), this deferred asset arises because the reversal of these timing differences will reduce payments required under the deed of covenant in future years.

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

10. Debtors

	2005	2004
	£'000	£'000
Other debtors	293	225
Prepayments and accrued income	334	228
Amounts due from Plan International (UK)	836	818
	<u>1,463</u>	<u>1,271</u>

11. Creditors - amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	365	362
Amounts due to Plan International, Inc	3,082	3,282
Other creditors	3	13
Taxation and social security	139	108
Accruals	600	587
	<u>4,189</u>	<u>4,352</u>

12. Provisions for liabilities and charges

	2005	2004
	£'000	£'000
At 1 July 2004	127	118
Charged to the profit and loss account	87	9
At 30 June 2005	<u>214</u>	<u>127</u>

A provision has been made to reflect Plan Limited's responsibility to return its leased premises to the condition in which they were taken over at the start of the lease. It is anticipated that these costs will be settled in 2006.

13. Called up share capital

	2005	2004
	£	£
Authorised		
1,000 ordinary shares £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
1,000 ordinary shares £1 each	<u>1</u>	<u>1</u>

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

14. Reserves

	Profit and Loss Account £'000	Capital Contribution £'000
At 1 July 2004	(205)	200
Loss for the financial year	(19)	-
At 30 June 2005	<u>(224)</u>	<u>200</u>

Plan International, Inc., the parent of Plan Limited, made a capital contribution of £200,000 as a gift on 18 June 2004 to address the long term funding of Plan Limited.

15. Reconciliation of movements in shareholder's deficit

	2005 £'000	2004 £'000
Loss for year	(19)	(12)
Capital contribution (Note 14)	-	200
Net (reduction)/increase in shareholder's funds	(19)	188
Opening shareholder's deficit	(5)	(193)
Closing shareholder's deficit	<u>(24)</u>	<u>(5)</u>

16. 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 £147,676 (2003: £149,722).

17. Commitments

Operating lease

As at 30 June 2005 the company had annual commitments under a land and building lease expiring as follows:

	2005 £'000	2004 £'000
Between two and five years inclusive	<u>263</u>	<u>263</u>

PLAN LIMITED
NOTES TO FINANCIAL STATEMENTS

Capital

Contracts for capital expenditure not provided in the financial statements amount to approximately £406,877 (2004: £410,000).

18. Ultimate parent company

Plan Limited is a wholly owned subsidiary of Plan International, Inc. ("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 Plan Limited rests with the directors of Plan International. A copy of the combined financial statements of Plan International, Plan Limited and related fund-raising organisations can be obtained from Plan Limited, Chobham House, Christchurch Way, Woking, Surrey GU21 6JG, England.

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 £'000	2004 £'000
Loss for the financial year		(19)	(12)
Prior year adjustment		-	-
Capital contribution	13	200	200
Total gains/(losses) recognised since last annual report		<u>(19)</u>	<u>188</u>