

Plan Limited

Director's Report and Financial Statements for the year ended 30 June 2006

Company Registration Number: 3001663



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Directors' report for the year ended 30 June 2006

The Directors submit the annual report and the financial statements of the company for the year ended 30 June 2006.

1. Activities

Plan Limited (Plan Ltd) provides services to its holding company, Plan International, Inc. ("PI Inc"), a not-for-profit membership corporation registered in the USA. PI Inc implements projects to create a better future for children whose quality of life and ability to fulfil their potential is most affected due to the violation of their rights caused by extreme poverty, the failure of care by adults, discrimination and exclusion by society, and catastrophic events such as conflict, disaster or the AIDS pandemic. The company does not anticipate any change in its activities in the foreseeable future.

2. Directors

- Thomas J Miller
- James Emerson
- Joseph Martin McCann (resigned 29/07/05)

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

3. 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 a 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 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.

4. Statement of disclosure of information to auditors

The directors confirm that, for all directors in office at the date of this report:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report.
- Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

5. 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 2006 were 17 days (2005: 17 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.

6. Financial risk management

The company's operations expose it to some financial risk including price, credit, liquidity and interest rate risk. The company is reliant on its parent company to determine the framework within which some of these risks are managed. The risks are reviewed and monitored by the directors on a regular basis, using policies and procedures that have been determined in line with the guidelines issued by the parent company. The company had no currency swaps, derivatives or designated hedging instruments as at 30 June 2006 or 30 June 2005.

Price risk: Salary costs are communicated to staff during the formal annual review of salaries. Prices of services and materials purchased are subject to contracts and/or purchase orders with suppliers, and are generally based on current market prices. Changes to salary costs and the prices of services and materials are passed on to the parent company, because the fee charged for the services provided to PI Inc comprises the relevant costs incurred plus a 10% mark-up.

Credit risk: Credit risk on amounts owed to the company is considered low, as the largest debtors relate to other Plan entities.

Liquidity risk: The company has no long term borrowings or overdrafts. The parent company has indicated 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.

Interest rate cash flow risk: The company is able to place surplus funds on short term deposit with the company's bankers, but the amounts involved are generally small and so fluctuations in interest rates do not have a significant impact on the company's income.

7. Business review

In 2006, Plan Ltd made a loss of £19,000 (2005: £19,000 loss) resulting in overall negative net assets of £43,000 (2005: £24,000). This loss is stated after charging £1,222,000 (2005: £764,000) in respect of a charitable contribution to Plan International (UK). Plan International (UK) is a UK based fundraising organisation and a member of PI Inc

The company's costs are affected by changes to the services requested by PI Inc the parent company. Costs increased by £2,236,000 (23%) compared to 2005, which comprised a £972,000 increase in expenditure on program support, a £710,000 increase in expenditure on fundraising and a £644,000 increase in operating expenditure. The average number of employees increased from 99 to 107.

No dividend is proposed for the year 2006 (2005: £nil).

8. 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

12 December 2006

Independent Auditors' report to the members of Plan Limited

We have audited the financial statements of Plan Ltd for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
12 December 2006

Profit and loss account for the year ended 30 June

	Notes	2006 £'000	2005 £'000
Turnover			
Income from services to PI Inc	2	13,501	10,940
Cost of sales			
Program support		(5,991)	(5,019)
Fundraising		(803)	(93)
Operating		<u>(5,480)</u>	<u>(4,836)</u>
		(12,274)	(9,948)
Gross profit		1,227	992
Other operating expenses :			
Contribution to Plan International (UK)	3	<u>(1,222)</u>	<u>(764)</u>
Operating profit		5	228
Interest receivable	4	<u>18</u>	<u>19</u>
Profit on ordinary activities before taxation	5	23	247
Tax on profit on ordinary activities	8	<u>(42)</u>	<u>(266)</u>
Loss for the financial year		(19)	(19)

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 13 form part of these financial statements.

Balance Sheet as at 30 June

	Notes	2006 £'000	2005 £'000
Fixed assets			
Tangible assets	9	2,182	1,716
Other assets due after more than one year	10	16	58
		2,198	1,774
Current assets			
Debtors	11	1,544	1,463
Cash at bank and in hand		301	1,142
		1,845	2,605
Creditors - amounts falling due within one year	12	(3,853)	(4,189)
Net current liabilities		(2,008)	(1,584)
Total assets less current liabilities		190	190
Provisions for liabilities and charges	13	(233)	(214)
Net liabilities		(43)	(24)
Equity interests			
Share capital	14	-	-
Capital contribution	15	200	200
Profit and loss account	15	(243)	(224)
Equity shareholder's deficit	16	(43)	(24)

Approved by the Board on 12 December 2006



Thomas J Miller
Director

The notes on pages 7 to 13 form part of these financial statements.

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. Changes in accounting policy

FRS 17, "Retirement benefits", FRS21, "Events after the balance sheet date" and FRS 25, Financial instruments: disclosure and presentation" (paragraphs 15-20) are applicable to these financial statements. There is no impact on the current or prior year balances as a result of adopting these standards.

c. 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 FRS 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.

d. Leasing commitments

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

e. 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.

f. Related party disclosure

In accordance with the exemption allowed by paragraph 3 (c) of FRS 8, certain disclosures of transactions with the company's parent undertaking have not been given.

g. Cash flow statement

In accordance with the exemption allowed by paragraph 5 (a) of FRS1, a cash flow statement for the company has not been provided.

h. 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.

i. 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.

j. Financial instruments

Plan Ltd does not make use of derivative financial instruments. Financial assets and liabilities are measured in accordance with the historical cost convention.

2. Income from services to PI Inc

The company provides services to PI Inc, 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 £1,222,000 (2005: £764,000) 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

	2006	2005
	£'000	£'000
Bank Interest	18	19

5. Profit on ordinary activities after taxation

Profit on ordinary activities before taxation is stated after charging:

	2006	2005
	£'000	£'000
Audit fees	569	387
Non-audit fees paid to our auditors	4	-
Depreciation	659	342
Operating lease rentals - buildings	263	263

The audit fee of £569,475 (2005: £387,350) includes £26,000 (2005: £25,000) in respect of Plan Ltd. The remaining fees represent audit services provided to PI Inc the costs of which are borne by Plan Ltd in its capacity as service provider. The aggregate 2006 fees include an amount of £232,700 relating to the prior year (2005: £232,368).

6. Employees

Employee costs

	2006	2005
	£'000	£'000
Salaries	4,615	3,867
Social Security	418	394
Pension costs	154	149
	5,187	4,410

Average number of employees by category

	2006	2005
	Number	Number
Program support	58	55
Fundraising	4	5
Operating	45	39
	107	99

7. Directors' remuneration

	2006	2005
	£'000	£'000
Remuneration for the 3 directors during the year (2005 : 2 directors) was:		
Emoluments	289	308
Compensation to a past director for loss of office	40	-
Pension contributions to money purchase pension scheme	13	10
	342	318
The remuneration of the highest paid director in the year to 30 June was:		
Emoluments	148	132
Pension contributions to money purchase pension scheme	7	5
	155	137

8. Tax on profit on ordinary activities

The company has no liability to corporation tax in respect of the year ended 30 June 2006 because of donations payable to Plan International (UK).

	2006 £'000	2005 £'000
a) Analysis of charge in year		
Current tax	-	-
Deferred tax - origination and reversal of timing differences (see note 10)	(42)	(266)
Tax charge on profit on ordinary activities	(42)	(266)
b. Factors affecting current tax charge		
Profit on ordinary activities before tax	23	247
Tax at 100%	23	247
Timing differences relating to fixed assets	(44)	(249)
Short term timing differences	2	(17)
Permanent differences	19	19
Current tax charge for the year	-	-

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.

9. Tangible fixed assets

The net investment in fixed assets is summarised as follows:

	Assets in the				
	Leasehold improvements	Assets in the course of construction	Building improvements	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 1 July 2005	184	1,109	118	1,686	3,097
Additions	-	622	-	504	1,126
Reclassification of own build assets	-	(913)	-	913	-
Disposals	-	-	-	(23)	(23)
At 30 June 2006	184	818	118	3,080	4,200
Depreciation at 1 July 2005	184	-	61	1,136	1,381
Disposals	-	-	-	(22)	(22)
Charge for year	-	-	27	632	659
At 30 June 2006	184	-	88	1,746	2,018
Net book value at 1 July 2005	-	1,109	57	550	1,716
Net book value at 30 June 2006	-	818	30	1,334	2,182

Assets in the course of construction comprise internally generated software.

10. Other assets due after more than one year

	2006 £'000	2005 £'000
<u>Deferred tax</u>		
At 1 July	58	324
Charged to the profit and loss account (see note 8)	(42)	(266)
At 30 June	16	58
Accelerated capital allowances	14	58
Short term timing differences	2	-
	16	58

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

11. Debtors

	2006 £'000	2005 £'000
Other debtors	388	293
Prepayments and accrued income	378	334
Amounts due from Plan International (UK)	778	836
	1,544	1,463

12. Creditors – amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	443	365
Amounts due to PI Inc	1,674	3,082
Other creditors	13	3
Taxation and social security	139	139
Accruals	1,584	600
	3,853	4,189

13. Provisions for liabilities and charges

	2006 £'000	2005 £'000
At 1 July	214	127
Charged to the profit and loss account	19	87
At 30 June	233	214

A provision has been made to reflect Plan Ltd's responsibility to return its leased premises to the condition existing at the start of the lease. On 11 December, a new lease was completed in respect of these premises, which expires on 10 December 2011. Plan Ltd has the option to break the lease with effect from 11 December 2008 and 11 December 2009. It will only be responsible for dilapidations if the break-option is exercised on 11 December 2008 and not if the lease is allowed to expire or the break-option is exercised on 11 December 2009.

14. Called up share capital

	2006	2005
	£	£
Authorised		
1,000 ordinary shares at £1 each	1,000	1,000
Allotted and fully paid		
1 ordinary share at £1	1	1

15. Reserves

	Profit & Loss Account £'000	Capital Contribution £'000
At 1 July 2005	(224)	200
Loss for the financial year	(19)	-
At 30 June 2006	(243)	200

16. Reconciliation of movements in shareholder's deficit

	2006	2005
	£'000	£'000
Loss for the financial year	(19)	(19)
Opening shareholder's deficit	(24)	(5)
Closing shareholder's deficit	(43)	(24)

17. Pension schemes

The company makes payments in respect of 3 defined contributions 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 £154,000 (2005: £149,000).

18. Commitments

Operating lease

At 30 June 2006, Plan Ltd had annual commitments under a building lease expiring as follows:

	2006	2005
	£'000	£'000
Within one year	111	-
<i>Between one and five years inclusive</i>	-	263
	111	263

A new lease for this building was entered into on 11 December 2006 under which Plan Ltd has an annual rental obligation of £250,000.

Capital

Contracts for capital expenditure not provided in the financial statements amount to approximately £843,000 (2005: £406,000).

19. Ultimate parent company

Plan Ltd is a wholly owned subsidiary of Plan International, Inc. (PI 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 Plan Ltd rests with the directors of PI Inc. A copy of the Plan Worldwide accounts, which are the combined financial statements of Plan International, Plan Limited and related fundraising organisations can be obtained from Plan Ltd, Chobham House, Christchurch Way, Woking, Surrey GU21 6JG, England.