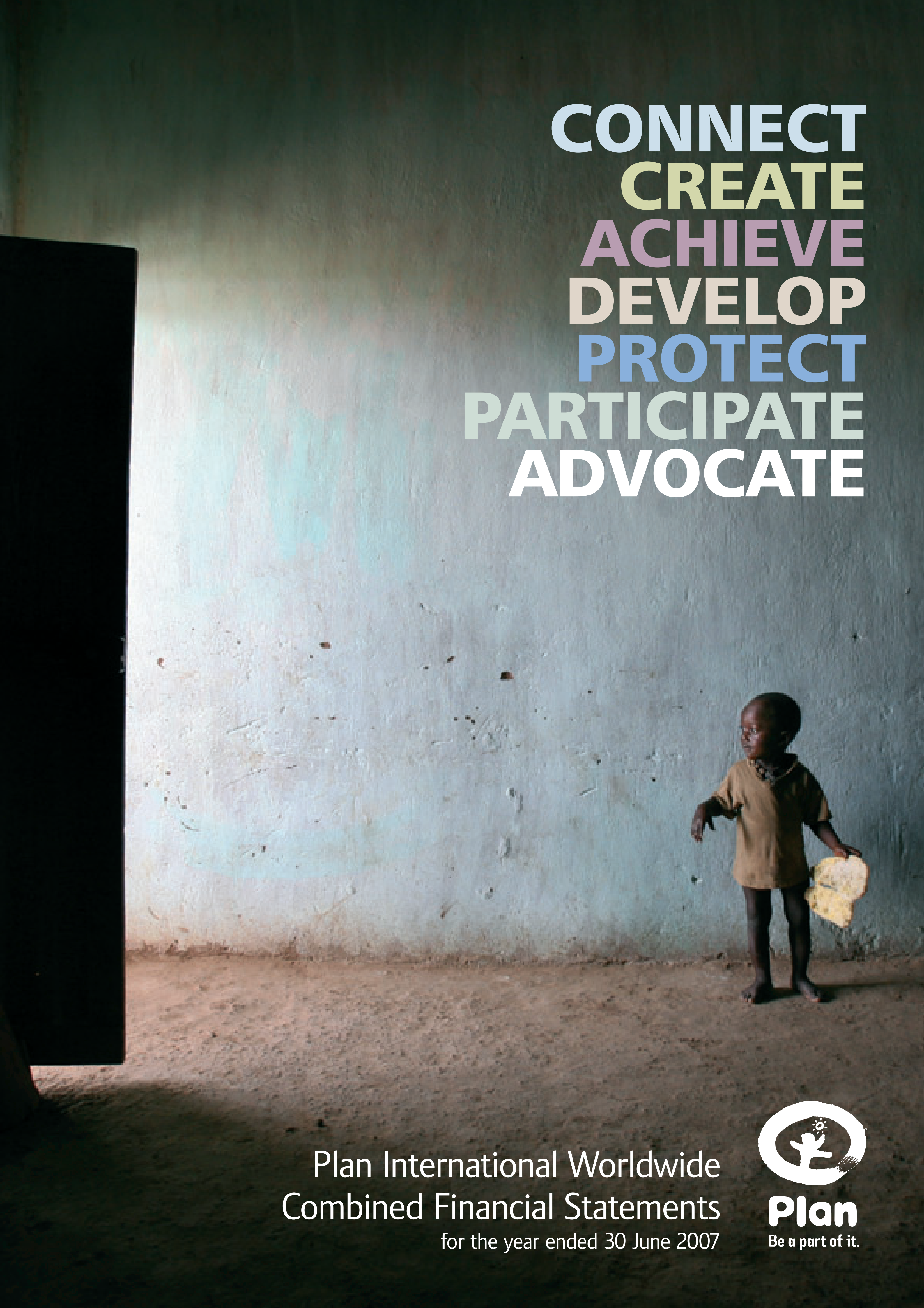


CONNECT
CREATE
ACHIEVE
DEVELOP
PROTECT
PARTICIPATE
ADVOCATE

Plan International Worldwide Combined Financial Statements

for the year ended 30 June 2007

Plan
Be a part of it.

Plan International Worldwide

Combined Financial Statements

for the year ended 30 June 2007

Contents

Key abbreviations:

Throughout this report, the organisations comprising Plan are referred to as follows:

Plan – Plan International Worldwide

PI Inc – Plan International, Inc

Plan Ltd – Plan Limited

NO – National Organisation

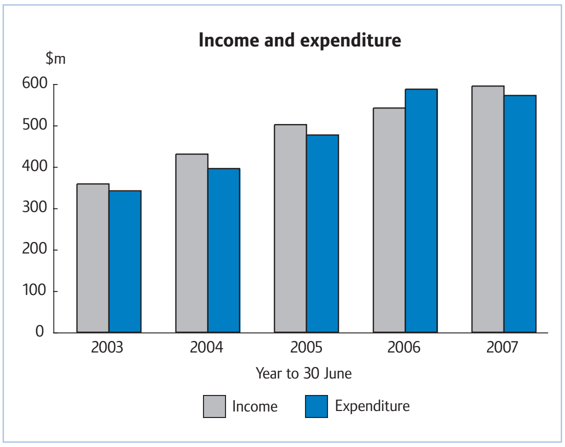
Member NO – Full voting member of PI Inc

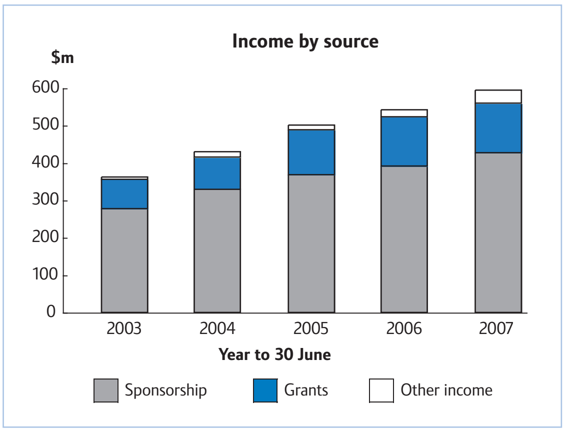
Financial data in this report is stated in US dollars.

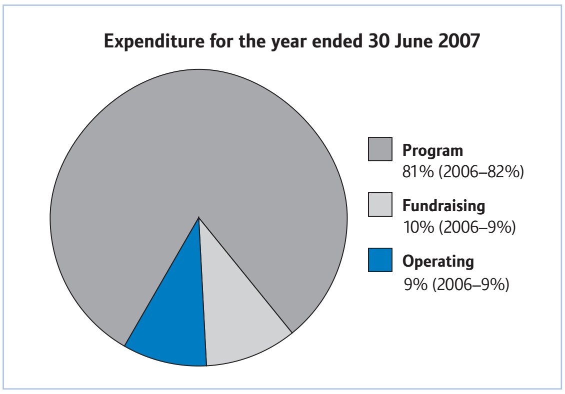
Front cover photo and above: Young boy and his family in Guinea Bisseau, October 2006. Photographer: Alf Berg

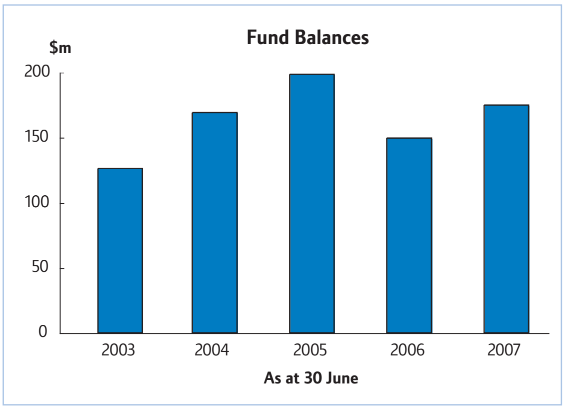
Performance at a glance 2007

The tables below give a financial overview of Plan International Worldwide for the year ended 30 June 2007.









Statement from the Chair, Paul Arlman and Chief Executive Officer, Tom Miller

The past year

The past year has seen many highlights for Plan, with continued rapid growth, both in revenue and in geographical coverage: income fast approaching $600 million, operations in 49 developing countries, a new national office in Switzerland, and an increased focus on impact, effectiveness, and accountability. Yet, we remain squarely focused on children and our grassroots approach.

As an organisation, the bulk of Plan's work revolves around long-term efforts to positively impact on the lives of millions of children living in poverty. While this work is important, it is not particularly unusual. What is unusual is how we do it. Through our child centred community development (CCCD) approach we actively involve young people in devising solutions and taking responsibility for them.

Thanks to the generosity of our donors, we are not forced to choose between deepening our involvement in the countries in which we currently work or expanding into new ones; we can do both. The majority of increased resources go to existing countries, and the rest go toward expansion. In the last year, we have used this model to begin new operations in Laos and Rwanda, reopen programs in Liberia, and move ahead in our recently opened program in Mozambique.

Our continued growth enables us to reach more children in need, especially those in difficult circumstances, such as Darfur, Timor Leste, Sri Lanka, Guinea, Haiti and Nepal. In addition to crushing poverty, these areas have witnessed violent upheavals over the past year. I am proud that our staff continue to provide quality services under very difficult conditions in these areas.

It is particularly appropriate that in our 70th year we should take stock of where we are and how much impact we have. In this respect we are pleased to note our recently published report 'The effectiveness of Plan's child centred community development. A program review 2003 to 2006' (http://www.plan-international.org/about/pe/pereports/), compiled by external consultants. The report highlights the constant balancing act we face in our every-day operations and is an objective look at what does and does not work.

All too often the very personal stories get lost in statistics. But travels over the past year have often provided us with simple, yet graphic, descriptions of that true change: In China, a village doctor recounted "before the latrines and standpipes were installed I used to have 20 to 30 visits a day from children with diarrhoea or other intestinal infections. Now that number is down to 3 or 4 per month."

Last year in Zambia, rural children, with Plan's support, convinced the adults in the community to curtail practices that took six-year-old boys out of school to herd cattle, and forced very young girls to marry. Plan-supported child helplines in Kenya, India, and Vietnam, among other countries, now provide 24-hour support for children who have nowhere else to turn. In Honduras and Guatemala, our active learning programs now provide children with the life skills they need to survive and thrive. They now learn skills that they can use to earn income rather than struggling to survive on the streets.

These stories convey the real impact of our work: culture change, attacking generational norms, and making real differences to real lives.

The year ahead

As we look to the future, we will be guided by our core values and the impact these stories convey. Sponsorship will continue to be the foundation of the organisation, acting as the bridge that connects continents, cultures, communities and children. It is the vital link that lets sponsors not only contribute to improving the lives of children less fortunate, but also creates a bond and experience that can only come from being intimately involved in the realities and lives of children living in poverty.

Our unique CCCD approach will ensure Plan remains true to our grassroots history, our community and principles of child and community participation, and always acts in the best interests of those communities. We will vigorously endeavour to make our programs even more effective, run for the benefit of the children and their communities – by the children and their communities.

At the same time, Plan is a realistic organisation. Despite our global reach and income, we work closely with others to make our impact sustainable. Our increased partnership with governmental donors and international organisations shows that, while our objectives remain fixed and led by the realities on the ground, our work will always have limited impact without the support of others outside the NGO sector.

While our principles and programs remain steady, the way we carry out our operations continues to evolve. Plan is a family of national organisations with a common international organisation that implements our policies in the field. That diversity, like our worldwide operations, requires strong governance and management; the recent realigning of our governance structure will help ensure that we are able to meet, and keep up with, modern day demands.

Externally, the world and the environment we work in is changing at a faster rate than ever before and many more outside factors and influences now affect the lives of the children we work with, and our programs: conflict, disease, government funding, climate change, migration and even how we are funded. We not only try to keep up with such changes but to anticipate them. To do so more effectively, in the coming year, Plan will begin a major strategic review to highlight the way ahead. It will take a critical look at our organisation, our impact, and the way we operate, with no preconceived notions on outcomes. We are excited about this strategic review and believe it will make us better, stronger, more efficient and more effective. We look forward to communicating the results in our report next year.

Once again, we want to thank you so very much for your support – whether in money, time or simply good wishes – to help Plan make the world a better place for children.

Sincerely,

Paul Arlman,
Chair
International Board of Directors
and Members' Assembly

Tom Miller
Chief Executive Officer

Directors' report

The directors of Plan International, Inc ("PI Inc") present their annual report and the audited combined financial statements in respect of Plan International Worldwide (Plan) for the year ended 30 June 2007.

1. Activities

Plan is an international humanitarian, child centred development organisation with no religious, political or governmental affiliations. Child sponsorship is the basic foundation of the organisation. Plan implements projects to create a better future for children in developing countries whose quality of life and ability to fulfil their potential is affected by extreme poverty, the failure of care by adults, discrimination and exclusion by society, or catastrophic events such as conflict, disaster or the AIDS pandemic. Plan directly supports more than 1.5 million children and their families, and indirectly supports an estimated further nine million people who live in communities that are working with Plan.

Plan strives for sustainable development: a better world for children now and in the long-term. This means working with children, their families and communities, and campaigning at national and international levels, to bring about sustainable change.

Through direct grassroots work, Plan supports the efforts of children, communities and local organisations to give them education, health, a safe environment, clean water and sanitation, secure income and participation in decision-making. Plan works to protect children at special risk – for example, child labourers – and to ensure that all children's rights are recognised – for example, through major birth registration programs. By linking people in 'the North' and 'the South', Plan strives to build a worldwide community working to defend children's rights and improve their lives.

Plan's work is the result of partnerships with local people, based on mutual understanding and a shared commitment to projects which will benefit children for years to come. At a local level, Plan works directly with all groups in a community to identify the priority issues affecting children. Plan actively encourages children to analyse their own situations, and raises their awareness of the fundamental rights to which they are entitled. Plan then supports the community to build the skills and access the resources it needs to implement projects that will lead to positive changes in children's lives.

To help them realise their potential, Plan campaigns for children to become aware of their rights, and works at national and international levels to influence policy decisions in favour of improved resources for children and their communities. In this way, we create and encourage opportunities for children to speak out on their own behalf and participate in decision-making that affects their own development.

2. Membership

Founded in 1937 to help children orphaned during the Spanish Civil War, Plan now carries out fundraising, development education and advocacy through 17 National Organisations ("NOs") in the industrialised world and works at grassroots level for and with children, families and communities in 49 developing countries across Asia, Africa and Latin America.

Fifteen NOs (all except Ireland and Switzerland who are in the process of qualifying as full members) are the members of and fully control PI Inc which in turn supervises the allocation, distribution and use of funds raised by the NOs for work in developing countries.

Each NO is a separate legal entity in its own country, which has objectives, purposes and constitutions compatible with those of PI Inc and has agreed to comply with the standards of operation set out in the By-laws of PI Inc.

PI Inc is registered in New York State as a not-for-profit corporation whose principal office is in Rhode Island. It comprises 49 program countries, 4 regional offices and a central organisation that provides central services to the organisation.

3. Directors

The Board of PI Inc ("International Board") directs the activities of PI Inc and sets the standards with which the organisation must comply.

In November 2004, the Board set up a Governance Taskforce to consider ways in which the International Board could improve its effectiveness and efficiency. After wide consultation across the organisation, a Special Members' Meeting was held on 8 and 9 October 2006 in Wiesbaden, Germany. A resolution was unanimously passed to adopt a new set of By-laws for PI Inc and to make certain changes to the agreement binding all the Member NOs ("the Members' Agreement"). The new By-laws and changes to the Members' Agreement came into force on 1 January 2007 and had the effect of changing the structure of the International Board and its relationship with the Member NOs.

From 1 January 2007, the size of the International Board was reduced to a maximum of 11 individuals, at least two of which will come from developing countries and the majority from Member NOs. The International Board is selected to provide the range of skills and experience of most importance to PI Inc and reports to and is held accountable by the Members' Assembly, comprised of the member NOs. The votes of Member NOs are based on each NO's net financial contribution transferred to PI Inc.

The International Board directors at 30 June 2007, who all took up their positions on the new Board on 1 January 2007, are set out below.

Directors

Paul Arlman – Chair	John Bonnycastle
Wendy McCarthy – Vice Chair	Miguel Canalejo
Peter A Gross – Treasurer	Anne Grant
Stan Bartholomeeussen	Viveka Hirdman-Ryrberg
Srilatha Batliwala	Ezra Mbogori

As a result of the changes to the Members Agreement and the reduction in size of the International Board, the individuals below ceased to be directors of the International Board from 1 January 2007.

Former directors

Werner Bauch	Takao Kawakami
Jane Covey	Arkadi Kuhlmann
Gérard van Acker	Jannik Lindbaek
Antje Arold-Hahn	Young-Chan Lo
Jean-Louis Bitouzet	Helena Ranta
Nigel Chapman	Mikael Saarinen
Jenny Elissen	Christiane Scrivener
Baldomero Falcones	Fiona Sharkie
Jens Gehl	Kimimasa Tarumizu
Jan Willem Gunning	Margarita Vargas
Eva Joly	Anders Wijkman

The average number of board directors during the year was 21.

4. Management team

In addition to the International Board, key management in Plan includes the International Management Team of PI Inc and the National Directors of the NOs. The International Management Team and the National Directors at 30 June 2007 are listed below:

International Management Team

Director	Role
Thomas J Miller	Chief Executive Officer
James Emerson	Chief Operating Officer
Paul Bode	Director of Program and Communications
Bidesh Sarkar	Director of Finance
Clive Moore	Director of Human Resources
Kelvin Cantafio	Director of Information and Communications Technology
Maja Cubarrubia	Director of Sponsorship, Grants and Business Development
Richard Cunliffe	Legal Counsel and Company Secretary
Amarjit Atkar	Director of Global Assurance
Pia Stavås-Meier	Americas Regional Director
Myrna Evora	Asia Regional Director
David Muthungu	Eastern and Southern Africa Regional Director
John Chaloner	West Africa Regional Director

National Directors

Director	National Organisation
Ian Wishart	Australia
Dirk van Maele	Belgium
Rosemary McCarney	Canada
Gwen Wisti	Denmark
Riitta Weiste	Finland
Valérie Conseil	France
Marianne Raven	Germany
Gabriel Kazuo Tsurumi	Japan
Sang-Joo Lee	Korea
Paul Lem	Netherlands
Sandro Parmeggiani	Norway
Concha Lopez	Spain
Anna Hägg-Sjöquist	Sweden
Beatrice Weber	Switzerland
Marie Staunton	United Kingdom
Ahuma Adodoadji	United States

The position of Ireland National Director was vacant for a short period which included 30 June 2007. Colin Lee was the National Director up until 15 June 2007 and David Dalton took up the position on 23 July 2007.

The average number of International Management Team members and National Directors during the year was 29.

5. Risk management

The risk management policy for PI Inc and its subsidiary Plan Ltd was approved by the International Board in June 2003. It sets out the ways in which risks should be identified, managed, monitored and reported and details the responsibilities within PI Inc for carrying out those activities.

A new global risk management strategy was reviewed by the International Board in June 2007. The new strategy requires the organisation to take an enterprise-wide and systematic approach to the management of risks across the global organisation. The process for embedding this new approach to the management of risk through the use of multi-tiered risk registers at various levels of the organisation allows risks to be escalated and for a more robust approach to the control of risks generally. The new strategy is being rolled out across the organisation and will take several years to be fully embedded.

In September 2006, senior management teams conducted a global risk identification workshop. The workshop resulted in a new risk register which is continuously monitored and updated as necessary. The new strategy requires a global "Top-ten" risk register to be reviewed at each meeting of the Financial Audit and Program Audit and Evaluation Committee meetings of the Board of Directors of PI Inc and each year a full register is to be presented by the Board to the Members' Assembly.

Each NO is responsible for ensuring that it has policies for identifying, monitoring and managing significant risks facing the NO, and is expected to work closely with PI Inc to ensure that Plan's risk management processes are properly integrated.

6. Financial overview

In the year to 30 June 2007 Plan raised income of $595 million, $53 million or 10% more than the previous year. 4% of the increase was due to exchange rate movements and 6% to underlying growth. Total expenditure was $572 million, of which 81% was spent on program activities. Expenditure was 3% lower than last year, when $45 million of reserves were used to deliver programs faster. On a like-for-like basis, excluding last year's one-off utilization of reserves, expenditure increased by 6%.

Income

Plan mainly raises funds in Europe, North America and the Asia-Pacific region through charitable activities, which accounted for $590 million or 99% of total income. Trading income accounts for $5 million or 1% of Plan's income.

72% of Plan's income is derived from regular monthly giving through child sponsorship which grew by 9% to $428 million in the year. This relatively predictable income source provides a sound financial base for longer term planning and delivery of child centred community development projects.

Diversification of charitable income sources has progressed further in the year to 30 June 2007, with non-sponsorship income increasing by 11% to $162 million. Grants income, which grew by $10 million to $131 million during the year, remains a substantial portion of this other income. Project sponsorship and appeals income grew by $14 million to $22 million demonstrating the effectiveness of newer forms of fundraising. Other sources of charitable income including legacies and investment income grew by $3 million to $7 million. Income includes $1 million of contributions in kind, lower than the $11 million recognised last year, when a Microsoft donation of software and larger food aid donations were received.

Whilst most growth in the year in charitable income came from established NOs, including the United States ($14 million), Canada ($10 million), Germany ($5 million), the United Kingdom ($5 million) and Finland ($5 million), our fundraising bases are growing. In the year to 30 June 2007 fundraising extended in Ireland, Switzerland, Colombia and other field countries who attracted funding from their governments or multilateral donors. Together, these new sources contributed $6 million of the Worldwide income for the year.

Expenditure

Program expenditure accounted for 81% of total expenditure in the year. The remaining 19% was spent on fundraising and operating costs.

Program expenditure of $463 million in the year to 30 June 2007, represents all costs directly related to delivering programs including field staff and associated office and equipment spend and the cost of facilitating communications between sponsored children and sponsors. Our programs mainly take place in countries where Plan-sponsored children and their communities live. The amount spent in each country depends on the number of children and communities that will benefit from the program, the extent of poverty and the cost of operating in the country. Environmental factors and unforeseen events in the countries in which Plan operates may disrupt spending plans or result in programs to address the impact of a natural disaster.

Program expenditure in Africa of $188 million represented 41% of total program expenditure. Expenditure in Asia was $115 million or 25% of program expenditure and a further 22% of program expenditure or $103 million was applied to programs in Central and South America. The remaining $57 million of program activities are in Plan donor countries and the central organisation.

Program expenditure focuses on children and their longer term development and is split into different key work areas. 20% of expenditure in the year was on learning, the same as last year. Program support accounted for 20% of spend and increased by 10% compared to last year. The majority of the increase reflects investment in program effectiveness, policy services and assurance and risk management. At a field level, there has been increased delivery of advisory services for local communities which are taking over management of infrastructure or the role of negotiating with local and national government from Plan. This is an indicator of the sustainable development which Plan strives to achieve.

Expenditure on other program areas decreased compared to last year, reflecting the one-off utilisation of reserves in that period. Building relationships, which covers work in supporting the communications between sponsors and sponsored children, increased by 13% compared to the year to 30 June 2006 because one-off training costs were incurred in rolling out a new communication package.

Fundraising costs increased by 8% compared to the previous year to $56 million. Half the increase is due to exchange rate movements as the majority of fundraising expenditure is in currencies other than the US dollar. Of the remaining 4% increase, 2% is due to new fundraising bases in Ireland and Switzerland and the balance is due to inflation and a different mix of activities.

Operating costs of $53 million represent a 3% increase over last year, mainly due to television production costs and the one-off costs of an office move.

Fund balances

Fund balances held at 30 June 2007 of $175 million, were 17% higher than at 30 June 2006. Fund balances held in the NOs account for $84 million of total reserves, whilst PI Inc holds the balance of $91 million.

The increase in fund balances reflects the implementation of a new reserves policy for PI Inc, the entity responsible for expenditure in the field and the central organisation. The new reserves policy reflects an assessment of the current operational requirements of the organisation and in particular, the fund requirements needed to service grant expenditure prior to reimbursement by donors and for program continuity in the event of changes in monthly income.

PI Inc reserves are $28 million lower than required by the current policy, represented by a shortfall of $2 million in the working capital reserve (categorised in Note 6 Fund balances as “funds allocated to future program expenditure”) and $26 million planned for contingencies. It is intended to close the gap by increasing the proportion of grant funds received in advance of expenditure and budgeting to create small surpluses in each of the next few years.

Approved by the International Board and signed on its behalf by

Paul Arlman
Chair
2 December 2007

Independent auditors' report

to the Board of Directors of Plan International, Inc.

We have audited the accompanying combined balance sheet of Plan International Worldwide as at 30 June 2007, and the related combined statement of income and expenditures, the combined statement of changes in fund balances and the combined cash flow statement for the year then ended. These combined financial statements are the responsibility of the Board of Directors of Plan International, Inc. Our responsibility is to express an opinion on these combined financial statements based on our audit.

This report, including the opinion, has been prepared for and only for the Directors of Plan International, Inc. for reasons of good corporate governance 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 conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Plan International Worldwide as at 30 June 2007, and the combined results of its operations, combined changes in its fund balances and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
United Kingdom
3 December 2007

Combined statement of income and expenditure

for the year ended 30 June

	Notes	**2007 $000**	2006 $000
Income			
Child sponsorship income		**427,662**	391,270
Grants and other contributions	2a	**162,200**	145,752
Investment income	2a	**4,910**	3,941
Net gains on foreign exchange		**-**	997
Total income	2a/b	**594,772**	541,960
Expenditure			
Program expenditure	3a	**(462,861)**	(484,048)
Fundraising costs		**(56,268)**	(52,009)
Other operating costs		**(52,641)**	(51,128)
Total expenditure	3a/b/c	**(571,770)**	(587,185)
Excess/(deficit) of income over expenditure		**23,002**	(45,225)

Combined statement of changes in fund balances

for the year ended 30 June

	Notes	**2007 $000**	2006 $000
Excess/(deficit) of income over expenditure		**23,002**	(45,225)
Unrealised gains/(losses) on forward hedge deals		**160**	(6,042)
Unrealised gains/(losses) on investments available for sale		**173**	(118)
Exchange rate movements		**2,011**	2,494
Net increase/(decrease) for the year		**25,346**	(48,891)
Aggregate fund balances at beginning of year		**149,567**	198,458
Aggregate fund balances at end of year	6	**174,913**	149,567

Combined balance sheet

at 30 June

	Notes	**2007 $000**	2006 $000
Current assets			
Cash and cash equivalents	7b/d/e	**142,073**	120,891
Investments available for sale	7b/d/e	**18,391**	25,652
Investments held to maturity	7b/d/e	**1,035**	906
Other financial assets – interest in trusts	7f	**96**	93
Receivables and advances		**23,528**	15,659
Prepaid expenses		**7,885**	9,069
Inventory for trading activities		**460**	307
		193,468	172,577
Non-current assets			
Investments available for sale	7b/d/e	**5,863**	4,178
Other financial assets – interests in trusts	7f	**2,632**	2,427
Property, plant and equipment	8	**16,798**	14,768
Intangible assets	8	**13,366**	7,787
Other receivables		**613**	453
		39,272	29,613
Total assets		**232,740**	202,190
Current liabilities			
Bank overdrafts	7c	**403**	2,008
Accounts payable		**15,952**	11,511
Accrued expenses		**26,211**	23,442
Accrued termination benefits		**83**	144
Pension obligations		**70**	416
		42,719	37,521
Non-current liabilities			
Accrued termination benefits		**11,739**	12,306
Pension obligations		**1,256**	1,975
Provisions for other liabilities and charges		**2,113**	821
		15,108	15,102
Total liabilities		**57,827**	52,623
Fund balances			
Unrestricted fund balances	6	**85,802**	59,751
Temporarily restricted fund balances	6	**75,137**	76,965
Permanently restricted fund balances	6	**13,974**	12,851
	6	**174,913**	149,567
Total liabilities and fund balances		**232,740**	202,190

The Board of Directors of Plan International, Inc. approved the financial statements on pages 9 to 26 on 2 December 2007.

Paul Arlman
Chairman

John Bonnycastle
Director

Combined cash flow statement

for the year ended 30 June

	Notes	2007 $000	2006 $000
Cash flows from operating activities			
Excess/(deficit) of income over expenditure		**23,002**	(45,225)
Depreciation and amortisation	8	**7,499**	7,126
Donated assets		**-**	(2,286)
Loss/(gain) on sale of property, plant and equipment		**341**	(164)
Investment income	2a	**(4,910)**	(3,941)
(Increase)/decrease in receivables		**(7,089)**	4,786
Increase in payables		**6,809**	14,489
Effects of exchange rate changes		**(420)**	(6,620)
Net cash inflow/(outflow) from operating activities		**25,232**	(31,835)
Cash flows from investing activities			
Investment income received		**4,059**	4,438
Sale of investments available for sale		**21,440**	13,657
Purchase of investments available for sale		**(15,521)**	(10,432)
Sale of investments held to maturity		**-**	35,876
Purchase of investments held to maturity		**-**	(5,852)
Purchase of other financial assets – interest in trusts		**(192)**	-
Sale of property, plant and equipment		**127**	327
Sale of intangible assets		**32**	-
Purchase of property, plant and equipment	8	**(7,833)**	(7,389)
Purchase of intangible assets (excluding donated assets)	8	**(6,820)**	(2,604)
Net cash (outflow)/inflow from investing activities		**(4,708)**	28,021
Increase/(decrease) in cash and cash equivalents		**20,524**	(3,814)
Effect of exchange rate changes		**2,263**	2,084
Net increase/(decrease) in cash and cash equivalents		**22,787**	(1,730)
Cash and cash equivalents at beginning of year		**118,883**	120,613
Cash and cash equivalents at end of year		**141,670**	118,883

Notes to combined financial statements

1. Principal accounting policies

a. Basis of accounting

The combined financial statements have been prepared in accordance with International Financial Reporting Standards and under the historical cost convention as modified by IAS 39 "Financial Instruments: Recognition and Measurement".

The accounting policies adopted by Plan International Worldwide ("Plan") in preparing these combined financial statements are consistent with those applied in the year ended 30 June 2006.

The following Amendments and Interpretations of existing standards have been adopted in Plan's combined financial statements for the year ended 30 June 2007, but have not had an impact:

- IAS 19 (Amendment), Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39 (Amendment), The Fair Value Option
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts
- IFRS 6, Exploration for and Evaluation of Mineral Resources
- IFRIC 4, Determining whether an Arrangement contains a Lease
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 7, Applying the Restatement Approach under IAS29
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 10 "Interim financial reporting and impairment" is not relevant to Plan because it does not prepare interim accounts.

The following Standards and Interpretations of existing standards will be adopted in Plan's combined financial statements for the year ending 30 June 2008, but are not expected to have an impact:

- IFRS 7, Financial Instruments Disclosures
- Revised guidance on implementing IFRS 4, Insurance contracts
- Amendment to IAS 1 – Capital disclosures
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- IFRIC 12, Service concession arrangements
- IFRIC 13, Customer loyalty programmes
- Revised IAS 1, Presentation of financial statements
- Revised IAS 23, Borrowing costs

b. Basis of combined financial statements

The financial statements of Plan are a combination of the consolidated accounts of the 17 National Organisations (NOs) and the consolidated accounts of Plan International Inc (PI Inc).

PI Inc is controlled by its member NOs, but no one member NO has the direct or indirect ability to exercise sole control through ownership, contract or otherwise. The NOs are independent entities which may control their own subsidiaries. As set out in the Directors' report, each NO has objectives, purposes and constitutions compatible with those of PI Inc. PI Inc has a central services subsidiary (Plan Ltd) and in program countries operates through branches, except in Brazil where it has established a separately incorporated association (Plan International Brasil).

c. Accounting for income

i) Most income raised by Plan comprises child sponsorship contributions. In general, these contributions are paid on either a monthly or annual basis. They are accounted for as income when received, including any contributions received in advance. Amounts received in advance are presented within temporarily restricted funds on the combined balance sheet.

ii) Certain contributions receivable by Plan, including the majority of the grants from Government bodies and other NGOs, are designated for specific purposes by the donors. These contributions are recognised when the relevant donor-stipulated requirements for receipt have been met and Plan is entitled to receive the income. Any contributions which have been recognised in income but remain unspent at the year end are presented within temporarily restricted funds on the combined balance sheet.

iii) Plan receives contributions from various other sources, including legacies and trusts in which it is named as a beneficiary (but over which it has neither control nor significant influence). These contributions are recognised when Plan becomes unconditionally entitled to receive future economic benefits and the amounts are capable of reliable measurement.

iv) Contributions in kind are recognised at fair value when received.

v) Investment income represents both PI Inc's and the National Organisations' interest and dividend income, all of which is recognised when Plan becomes entitled to the income, plus realised gains/losses on sale of investments.

vi) Plan benefits from the assistance provided by a large number of volunteers. It is not practicable to quantify the benefit attributable to this work, which is therefore excluded from the combined statement of income and expenditures.

d. Accounting for expenditure

Expenditure is recognised in accordance with the accruals concept. Program expenditure which does not involve the receipt of goods or services by Plan, including payments to the communities with which Plan works, is recognised either when the cash is paid across to a third party or, if earlier, when an irrevocable commitment is made to pay out funds to a third party.

e. Accounting for fund balances

Fund balances are identified in three categories:

i) Unrestricted funds are those that are available to be spent on any of Plan's activities. Three of these fund reserves may be categorised as accounting reserves, as they arise from the accounting treatment for certain assets and liabilities:

- the net investment of funds in property, plant and equipment and intangible assets
- the unrealised gains /(losses) on forward foreign exchange hedge transactions
- the unrealised gains /(losses) on investments available for sale

The other unrestricted reserves include:

- a grants prefinancing reserve in PI Inc, equivalent to one quarter's expenditure on grants prior to reimbursement by donors
- funds which are available for future program expenditure which combines the operating reserves of the National Organisations and the working capital reserve in PI Inc which is a maximum of one month's non-grant expenditure

The reserves policy of PI Inc was revised by the International Board during the year ended 30 June 2007 to reflect a changing operating environment. The grants prefinancing and working capital reserves described above reflect this new policy.

The reserves policy also sets out the intention to work towards a contingency reserve equivalent to one month of PI Inc's non-grant expenditure so that in the event of certain risks crystallising, Plan would be able to:

- complete program work where commitments to communities have been given
- safeguard staff and secure assets in the event of civil disorder or war
- adjust spending plans in a controlled manner
- restructure field and central operations

The previous reserves policy, applied for the year ended 30 June 2006, was to designate portions of unrestricted funds for a foreign currency fluctuation reserve and for a contingency reserve. The foreign currency reserve was based on a percentage of PI Inc's unhedged non US Dollar income. The contingency reserve was based on a percentage of worldwide budgeted program expenditure. The prior year reserves for foreign currency fluctuations and contingencies have been reclassified to reflect the application of the new reserves policy.

ii) Temporarily restricted funds include:

- advance payments by sponsors
- unspent funds that have been restricted to specific purposes by donors

- contributions receivable at the year end, including amounts receivable from legacies and trusts, but excluding any such amounts which are designated as permanently restricted.

iii) Permanently restricted funds are those that will not become unrestricted. They include endowment funds restricted by donors and statutory funds that are required in accordance with the statutes of the countries in which some NOs operate.

f. Operating leases

Operating leases, being those leases which do not transfer substantially all the risks and rewards of ownership of the related asset, are included in expenditure on a straight-line basis over the lease term.

g. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks which have a maturity date of less than three months from the date the deposit was made. They can be withdrawn at any time or demanded without notice and without penalty. They are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents are stated net of bank overdrafts.

h. Investments

Investments held by Plan that are available for sale are included in current assets unless it is anticipated that they will not be sold within twelve months of the balance sheet date. Investments that Plan has the intent and ability to hold to maturity are classified as held to maturity and are included in either current or non-current assets as appropriate.

Investments available for sale are carried at fair value, whilst investments held to maturity are carried at amortised cost. Realised gains and losses arising from changes in the fair value of assets available for sale are included in the combined statement of income and expenditures in the period in which they are realised. Unrealised gains and losses are recorded in a separate category of reserves.

i. Other financial assets – interests in trusts

Plan is a beneficiary of certain trusts administered and managed by third parties. Plan's interests in these trusts are recorded at fair value and classified as current or non-current assets as appropriate.

j. Property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and impairment losses. Intangible assets represent software held for internal use, which is either purchased, donated or developed internally. Costs relating to software developed internally are capitalised when the qualifying project reaches the development stage as defined in IAS 38: "Intangible Assets". Depreciation and amortisation are provided under the straight-line method over the following estimated useful lives of the assets:

Buildings	5 - 50 years
Equipment	3 - 10 years
Intangibles	3 - 5 years

Gains or losses on disposals in the year are included in the combined statement of income and expenditure.

Fixed assets are subject to review for impairment where there is an indication of a reduction in their carrying value. Any impairment is recognised in the statement of income and expenditure in the year in which it occurs.

k. Non-current liabilities – termination benefits and pension obligations

The amount accrued for termination benefits represents Plan's estimated obligation to employees who have an unconditional legal entitlement to termination benefits, either under local statute or their employment contract.

Certain Plan entities maintain defined benefit pension plans. The amount accrued in respect of these pension plans represents the present value of the pension obligations less the fair value of the plan assets, as adjusted for unrecognised prior service costs/benefits and unrecognised actuarial gains/losses. Pension obligations (and costs) are measured using the projected unit credit method. For individual pension plans, any cumulative actuarial gains/losses that exceed 10% of the greater of the pension obligation or the fair value of the plan assets are spread over the expected average remaining working lives of employees participating in the plan. Past service costs/benefits are spread over the average period until the amended benefits become vested. Any change in the accrual for defined benefit pension plans is charged to the combined statement of income and expenditure.

A number of Plan entities maintain defined contribution pension plans. The amount charged in the combined statement of income and expenditure in respect of such plans comprises the contributions payable by Plan in respect of the year.

l. Foreign exchange accounting

The presentation of the combined financial statements is in US Dollars.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction, at monthly average rates or at average contracted rates. Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Exchange differences arising are included in the combined statement of income and expenditure.

The income and expenditure of entities which do not prepare their accounts in US Dollars are translated at weighted average rates based on the exchange rates achieved on funds remitted to PI Inc. The assets and liabilities of these entities are translated into US Dollars at year end exchange rates. The translation differences arising are included in the movements on fund balances.

m. Hedging transactions

Up until 30 June 2007, Plan entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange arising on future income flows denominated in currencies other than the US Dollar. Under IAS 39: "Financial Instruments: Recognition and Measurement" these contracts are designated and qualify as cash flow hedges. The contracts are recorded at fair value and, where the hedge is effective, the unrealised gains or losses are recognised in reserves. These gains or losses are transferred to the combined statement of income and expenditure in the period in which the hedged income is recognised.

n. Accounting estimates and judgements

The preparation of the combined financial statements requires the use of estimates and judgements in determining the reported amounts of assets, liabilities, income and expenditure and the related disclosures. These estimates and judgements are based on assumptions that are considered reasonable in the circumstances, having regard to historical experience. Actual results may differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or estimates, as follows:

i) Income recognition – income is recognised when unconditional entitlement has been demonstrated. In some situations , for example in relation to contributions designated for specific purposes by the donor and income from legacies, judgement is involved in assessing when Plan becomes unconditionally entitled to receive the income.

ii) Expenditure recognition – Plan may use third party organisations, such as communities in program countries and fellow NGOs, to fulfill its aims. Funds spent through such third parties are recognised as expenditure at the earlier of when cash is paid or when an irrevocable commitment is made to pay. Judgement can be required in determining whether the commitments provided to these organisations are irrevocable.

iii) Expenditure allocation – expenditure is analysed between certain program groupings (called domains) and activities, as set out in note 3 to the combined financial statements. Judgement is sometimes needed in allocating expenditure, for example where a project covers more than one domain.

iv) Value of intangible assets – expenditure related to the acquisition or development of software is capitalised and amortised over its useful economic life. The carrying values of such assets are reviewed annually and when changes in scope or purpose take place, to ensure that they are comparable to the recoverable value.

Judgement is required to ensure that the capitalised cost of developing software represents the expenditure incurred between establishing technical feasibility and the asset being ready for use. Determination of useful economic life involves judgement and for current Plan intangibles is between three and five years for internally developed software and the lower of five years or the period of the licence for purchased software. Establishing the recoverable value of intangible assets is a further judgemental process since active markets do not exist for internally developed software. Assessment of the value in use of such assets requires assumptions to be made about activities in future periods.

v) Restricted funds – judgement can be required in determining whether the conditions laid down by a donor are sufficient for the related income to be categorised as restricted. With the exception of amounts received in advance, the regular contributions received from sponsors are classified within unrestricted funds.

vi) Termination benefits – in many of the countries in which Plan operates, employees have an unconditional legal entitlement to termination benefits, either under local statute or their employment contract, regardless of the reason for leaving. Estimation is required in quantifying the obligation arising from these entitlements.

vii) Investments – judgement is required in determining how investments should be classified under IAS 39 "Financial Instruments: Recognition and Measurement".

2. Income

a. Income by source

	2007 $000	2006 $000
Child sponsorship income	**427,662**	391,270
Grants	**131,036**	120,821
Contributions in kind	**920**	11,315
	131,956	132,136
Bequests	**2,696**	1,020
Project sponsorship and appeals	**22,474**	8,644
Trading income	**5,074**	3,952
Grants and other contributions	**162,200**	145,752
Interest and dividend income	**3,957**	4,132
Gain/(loss) on sale of investments	**953**	(191)
Investment income	**4,910**	3,941
Net gains on foreign exchange	**-**	997
Total income	**594,772**	541,960

b. Income by location

	2007 $000	2006 $000
Charitable income		
Belgium	**14,854**	13,886
Denmark	**5,755**	3,612
Finland	**19,805**	14,958
France	**15,915**	13,643
Germany	**96,791**	91,674
Ireland	**4,628**	-
Netherlands	**91,192**	92,820
Norway	**48,003**	46,505
Spain	**18,205**	14,203
Sweden	**29,471**	26,823
Switzerland	**726**	-
United Kingdom	**73,465**	68,091
Europe	**418,810**	386,215
Canada	**68,593**	58,343
United States	**51,248**	37,464
North America	**119,841**	95,807
Australia	**18,683**	17,588
Japan	**32,152**	33,196
Korea	**3,082**	2,726
Asia	**53,917**	53,510
Other	**4,082**	5,920
Intragroup elimination	**(6,952)**	(3,444)
Total charitable income	**589,698**	538,008
Trading income	**5,074**	3,952
Total income	**594,772**	541,960

3. Expenditure

a. Expenditure by domain

	2007 $000	2006 $000
Growing up healthy	**57,481**	77,078
Learning	**93,640**	95,161
Habitat	**54,831**	69,796
Livelihood	**22,075**	29,454
Building relationships	**65,320**	58,037
Program support	**91,485**	83,285
Field administration	**48,508**	44,755
Development education	**10,713**	7,932
Technical support	**10,865**	10,217
Advocacy	**7,943**	8,333
Program expenditure	**462,861**	484,048
Fundraising costs	**56,268**	52,009
Other operating costs	**52,641**	51,128
Total expenditure	**571,770**	587,185

The categorisation of program expenditure represents the way in which programs were managed during 2007. Prior year data has been restated on a comparable basis, with the result that $6 million of expenditure previously categorised as "Building Relationships" is now categorised as "Advocacy". This represents the work undertaken in field countries to campaign for universal birth registration.

Examples of the types of expenditure included within each of the above categories are:

Growing up healthy: vaccination programs, training health workers, building and equipping clinics

Learning: teacher training, building and equipping classrooms, adult education

Habitat: building wells, building latrines, housing improvements, training communities in planning and managing projects

Livelihood: microfinance, grain production improvement, job skills training

Building relationships: organising communications between sponsors and sponsored children including associated logistical costs

Program support: field program management and logistics, vehicles for visiting communities, coordinating field programs, costs of centrally developed computer software for field programs

Field administration: rent of offices, office equipment and supplies, accounting and compliance staff, secretaries, guards, communication costs

Development education: activities to increase public knowledge and understanding of poverty and vulnerability issues which prevent disadvantaged children from realising their full potential

Technical support: professional and specialist advice provided by NOs to support the technical quality of program work in the field

Advocacy: campaigns to change legal frameworks, policies or behaviour to improve the lives of disadvantaged children

Fundraising: marketing costs associated with attracting new sponsors and other donors

Other operating costs: general management, finance, human resource and information technology costs in National Organisations and the Central Organisation, cost of handling funds received

Where applicable, each of the above categories includes salaries.

b. Expenditure by location

	2007 $000	2006 $000
Charitable expenditure		
West Africa	**95,933**	87,929
Eastern and Southern Africa	**88,017**	105,065
Hope for African Children Initiative	**3,882**	6,222
Total Africa	**187,832**	199,216
Central and South America	**103,110**	112,032
Asia	**115,052**	128,403
Field expenditure	**405,994**	439,651
Belgium	**3,388**	3,068
Denmark	**2,236**	987
Finland	**5,292**	4,112
France	**4,445**	3,988
Germany	**17,772**	16,830
Ireland	**1,978**	-
Netherlands	**20,109**	20,737
Norway	**9,131**	11,481
Spain	**5,209**	4,159
Sweden	**6,166**	5,001
Switzerland	**455**	-
United Kingdom	**14,913**	12,086
Europe	**91,094**	82,449
Canada	**17,298**	12,536
United States	**13,050**	10,840
North America	**30,348**	23,376
Australia	**5,473**	8,038
Japan	**5,695**	5,729
Korea	**1,044**	1,055
Asia	**12,212**	14,822
National Organisations' expenditure	**133,654**	120,647
Central Organisation expenditure	**34,364**	26,893
Intragroup elimination	**(6,952)**	(3,444)
Total charitable expenditure	**567,060**	583,747
Trading expenditure	**4,710**	3,438
Total expenditure	**571,770**	587,185

c. Expenditure by type

	Notes	2007 $000	2006 $000
Project payments		**220,763**	258,193
Employee salary costs	4	**125,343**	107,623
Other staff costs		**35,347**	30,855
Consultants and other professional costs		**32,786**	33,813
Marketing and media		**47,703**	45,612
Travel and meetings		**33,821**	36,976
Communications		**23,326**	22,263
Rent and related costs		**13,055**	10,852
Depreciation	8	**7,499**	7,126
Supplies, vehicles and other office costs		**32,127**	33,872
Total expenditure		**571,770**	587,185

4. Employee information

	Average number of employees		Salary costs	
	2007 Number	2006 Number	2007 $000	2006 $000
Field	**6,942**	7,373	**75,898**	72,016
National Organisations	**736**	602	**38,115**	28,028
Central Organisation	**138**	107	**11,330**	7,579
	7,816	8,082	**125,343**	107,623

5. Remuneration of key management

The average number of people designated as key management of Plan, including the 17 National Organisations, for the year ended 30 June 2007 was 50 (2006: 59). This includes the members of the Board of Directors of PI Inc, who do not receive any remuneration for their services. The remuneration payable to other members of key management was as follows:

	2007 $000	2006 $000
Salaries and short-term employee benefits	**5,419**	4,536
Post-employment benefits	**382**	220
Other long term benefits	**-**	18
Termination benefits	**-**	118
	5,801	4,892

The post-employment benefits principally comprise contributions payable to defined contribution pension schemes. There are no long-term incentive schemes for key management.

6. Fund balances

	30 June 2006 $000	Additions/ (reductions) $000	Translation differences $000	**30 June 2007 $000**
Unrestricted fund balances				
Net investment in property, plant and equipment and intangible assets	22,555	6,654	955	**30,164**
Unrealised (losses)/gains on forward foreign exchange hedge contracts	(2,302)	160	-	**(2,142)**
Unrealised gains on investments available for sale	595	175	(2)	**768**
Funds allocated to future program expenditure	3,903	31,372	(490)	**34,785**
Grants prefinancing reserve	-	22,227	-	**22,227**
Reserve for foreign currency fluctuation	12,200	(12,200)	-	**-**
Contingency reserve	22,800	(22,800)	-	**-**
Total unrestricted fund balances	59,751	25,588	463	**85,802**
Temporarily restricted fund balances				
Advance payments by sponsors	23,611	(672)	795	**23,734**
Donor-restricted contributions not yet spent	48,870	(2,331)	767	**47,306**
Other restricted funds	4,484	(252)	(135)	**4,097**
Total temporarily restricted fund balances	76,965	(3,255)	1,427	**75,137**
Permanently restricted fund balances				
Donor-restricted fund balances	10,595	746	218	**11,559**
Statutory fund balances	2,256	256	(97)	**2,415**
Total permanently restricted fund balances	12,851	1,002	121	**13,974**
Total fund balances	149,567	23,335	2,011	**174,913**
Cumulative foreign exchange differences included within fund balances	6,145	-	2,011	**8,154**

	30 June 2005 $000	Additions/ (reductions) $000	Translation differences $000	30 June 2006 $000
Unrestricted fund balances				
Net investment in property, plant and equipment and intangible assets	17,149	4,990	416	22,555
Unrealised gains/(losses) on forward foreign exchange hedge contracts	3,740	(6,042)	-	(2,302)
Unrealised gains on investments available for sale	685	(118)	28	595
Funds allocated to future program expenditure	60,315	(56,734)	322	3,903
Reserve for foreign currency fluctuation	11,500	700	-	12,200
Contingency reserve	23,200	(400)	-	22,800
Total unrestricted fund balances	116,589	(57,604)	766	59,751
Temporarily restricted fund balances				
Advance payments by sponsors	22,158	497	956	23,611
Donor-restricted contributions not yet spent	43,568	4,531	771	48,870
Other restricted funds	3,923	605	(44)	4,484
Total temporarily restricted fund balances	69,649	5,633	1,683	76,965
Permanently restricted fund balances				
Donor-restricted fund balances	9,928	602	65	10,595
Statutory fund balances	2,292	(16)	(20)	2,256
Total permanently restricted fund balances	12,220	586	45	12,851
Total fund balances	198,458	(51,385)	2,494	149,567
Cumulative foreign exchange differences included within fund balances	3,651	-	2,494	6,145

The fund balances presented in the combined financial statements are not available for distribution.

7. Financial risk management

Plan's activities expose it to a variety of financial risks, including currency risk, liquidity risk, credit risk and to a lesser extent interest rate risk. Plan seeks to minimise the potential adverse effects of these financial risks. Risk management is carried out under policies approved by PI Inc's Board of Directors.

Plan's policy is to be risk averse and not to take speculative positions in foreign exchange contracts or any other derivative financial instruments.

a. Foreign exchange risk

The purpose of Plan's hedging policy is to protect against the risk that there could be a significant change in the funds available for program expenditure due to exchange rate fluctuations. Plan uses natural hedges (principally in the Euro and Sterling) and also enters into forward foreign exchange contracts to manage certain of its exposures to fluctuations in foreign exchange rates.

Up until 30 June 2007, Plan sought to manage currency risk by protecting up to 90% of the next 6 months' forecast income in currencies other than the US Dollar from foreign exchange fluctuations using its natural hedge profile and forward foreign exchange contracts. This involved using forward contracts to purchase US Dollars and sell the currencies in which Plan's non US Dollar income is raised.

A change in hedging policy has been approved by the International Board effective for accounting periods beginning after 30 June 2007. The change has been made because income received in currencies other than the US Dollar is, over time, as stable, because fewer field countries spend the US Dollar directly and because field country currency values are not directly linked to trends in income currencies. The new policy uses forward foreign exchange contracts with up to 15 months maturity to purchase field country currencies. No forward contracts had been taken out under the new policy as at 30 June 2007.

At 30 June 2007 the settlement dates on open forward contracts, which had been taken out under the prevailing hedging policy ranged from 27 days to 5 months (2006: 3 days to 6 months). The amounts due to be received under these contracts were:

	2007 $000	2006 $000
Euro	**42,771**	38,139
Canadian dollar	**17,306**	19,922
Norwegian krone	**12,799**	10,238
Swedish krone	**9,145**	7,789
Yen	**8,532**	11,040
Australian dollar	**4,561**	2,576
	95,114	89,704

Valuing these contracts using appropriate forward rates of exchange at the balance sheet date showed a net unrealised loss of $2.1 million (2006: $2.3 million).

The forward foreign exchange contracts are designated as cash flow hedges and included in the combined financial statements at fair value. The revaluation adjustments arising from these contracts are recorded in a separate category of unrestricted fund balances called "unrealised (losses)/gains on forward foreign exchange hedge contracts".

An analysis of the movements in the "unrealised (losses)/gains on forward foreign exchange hedge contracts" is shown below:

	Notes	**2007 $000**	2006 $000
Net losses from changes in fair value		**(3,581)**	(3,441)
Net losses/(gains) transferred to combined statement of income and expenditure		**3,741**	(2,601)
Total addition/(reduction) to fund balance	6	**160**	(6,042)
Balance at start of year	6	**(2,302)**	3,740
Balance at end of year	6	**(2,142)**	(2,302)

b. Credit risk

Cash and investments are analysed below into those held with institutions with bond ratings of A or better (classified by Standard & Poors) and those held with other institutions.

	Bank deposits & cash $000	Debt securities $000	Equities $000	**30 June 2007 $000**
Rated A or better				
Cash and cash equivalents	131,970	-	-	**131,970**
Current asset investments available for sale	-	8,224	8,922	**17,146**
Current asset investments held to maturity	-	1,035	-	**1,035**
Non-current asset investments available for sale	-	5,081	-	**5,081**
Total rated A or better	**131,970**	**14,340**	**8,922**	**155,232**
Other				
Cash and cash equivalents	10,103	-	-	**10,103**
Current asset investments available for sale	-	148	1,097	**1,245**
Non-current asset investments available for sale	-	42	740	**782**
Total other	**10,103**	**190**	**1,837**	**12,130**
Total				
Cash and cash equivalents	142,073	-	-	**142,073**
Current asset investments available for sale	-	8,372	10,019	**18,391**
Current asset investments held to maturity	-	1,035	-	**1,035**
Non-current asset investments available for sale	-	5,123	740	**5,863**
Total cash and investments	**142,073**	**14,530**	**10,759**	**167,362**

	Bank deposits & cash $000	Debt securities $000	Equities $000	30 June 2006 $000
Rated A or better				
Cash and cash equivalents	111,168	-	-	111,168
Current asset investments available for sale	-	12,100	-	12,100
Current asset investments held to maturity	613	293	-	906
Non-current asset investments held to maturity	-	1,751	-	1,751
Total rated A or better	111,781	14,144	-	125,925
Other				
Cash and cash equivalents	9,723	-	-	9,723
Current asset investments available for sale	-	3,990	9,562	13,552
Non-current asset investments available for sale	-	2,427	-	2,427
Total other	9,723	6,417	9,562	25,702
Total				
Cash and cash equivalents	120,891	-	-	120,891
Current asset investments available for sale	-	16,090	9,562	25,652
Current asset investments held to maturity	613	293	-	906
Non-current asset investments available for sale	-	4,178	-	4,178
Total cash and investments	121,504	20,561	9,562	151,627

c. Liquidity risk

Plan commits to expenditure only when funds are available, therefore liquidity risk is kept to a minimum. This is reflected in the combined balance sheet where current assets of $193.5 million are more than four times larger than current liabilities of $42.7 million. Plan uses bank overdrafts to meet short term financing requirements in particular countries, but otherwise does not hold external debt. As at 30 June 2007, the aggregate value of these bank overdrafts was $0.4 million (2006: $2.0 million).

d. Interest rate risk

All bank deposits and interest-bearing investments had a maturity date or interest reset date of less than 3 years in the year to 30 June 2007 and the previous year. In view of this and the fact that interest income is small in relation to total income, changes in interest rates do not currently present a material risk to Plan. Cash and investments are held in many currencies and yields in the year to 30 June 2007 ranged from 0% to 7.5%.

The maturity profile of bank deposits and interest-bearing investments is shown below:

	0-1 year $000	1-3 years $000	Over 3 years $000	**30 June 2007 $000**
Cash and cash equivalents	142,073	-	-	**142,073**
Current asset investments available for sale	5,301	417	2,654	**8,372**
Current asset investments held to maturity	1,035	-	-	**1,035**
Non current asset investments available for sale	-	3,476	1,647	**5,123**
Total at 30 June 2007	**148,409**	**3,893**	**4,301**	**156,603**

	0-1 year $000	1-3 years $000	Over 3 years $000	30 June 2006 $000
Cash and cash equivalents	120,891	-	-	120,891
Current asset investments available for sale	11,066	1,390	3,634	16,090
Current asset investments held to maturity	906	-	-	906
Non current asset investments available for sale	688	2,615	875	4,178
Total at 30 June 2006	133,551	4,005	4,509	142,065

e. Fair value

The fair value of investments held to maturity at 30 June 2007 was $1.0 million (2006: $0.9 million). The fair value of the forward foreign exchange contracts and available for sale investments is based on market prices obtained from financial institutions at the balance sheet date. The fair value of cash and cash equivalents is deemed to be cost. All cash and investments held in foreign currencies at 30 June were converted to US Dollars at the spot exchange rate on that date.

Cash and investments at 30 June 2007 were held in the following currencies:

	Cash and cash equivalents $000	Current asset investments available for sale $000	Current asset investments held to maturity $000	Non-current asset investments available for sale $000	**Total $000**
US dollar	68,354	11,597	-	740	**80,691**
Euro	35,385	821	-	-	**36,206**
Sterling	15,070	-	-	-	**15,070**
Yen	1,933	4,506	-	5,081	**11,520**
Canadian dollar	8,388	1,467	-	-	**9,855**
Norwegian krone	1,506	-	-	-	**1,506**
Other	11,437	-	1,035	42	**12,514**
	142,073	**18,391**	**1,035**	**5,863**	**167,362**

f. Interests in trusts

Plan has a right to receive future income from certain trusts set up by third party donors.
The arrangements vary from trust to trust, but in general Plan has a right to participate in the income generated by the trust and/or will receive a share of the capital held by the trust at some future date. Plan's interests in these trusts are recorded at their fair value, based on the discounted value of the expected future cash receipts or the value of the assets held by the trust, as appropriate. As at 30 June 2007, the fair value of these interests amounted to $2.7 million (2006: $2.5 million)

8. Property, plant and equipment and intangible assets

	Land and buildings $000	Equipment $000	Tangible assets $000	Intangible assets $000	Total $000
Cost					
1 July 2005	5,713	37,322	43,035	8,300	51,335
Additions	103	7,286	7,389	4,890	12,279
Disposals	(264)	(3,972)	(4,236)	(1,734)	(5,970)
Reclassifications	228	(419)	(191)	191	-
Exchange adjustments	82	566	648	259	907
30 June 2006	**5,862**	**40,783**	**46,645**	**11,906**	**58,551**
Additions	367	7,466	7,833	6,820	14,653
Disposals	(371)	(1,939)	(2,310)	(200)	(2,510)
Reclassifications	221	(303)	(82)	82	-
Exchange adjustments	127	924	1,051	782	1,833
30 June 2007	**6,206**	**46,931**	**53,137**	**19,390**	**72,527**
Accumulated depreciation and amortisation					
1 July 2005	2,746	27,228	29,974	4,212	34,186
Charge for the year	308	5,331	5,639	1,487	7,126
Disposals	(225)	(3,848)	(4,073)	(1,734)	(5,807)
Reclassifications	63	(135)	(72)	72	-
Exchange adjustments	38	371	409	82	491
30 June 2006	**2,930**	**28,947**	**31,877**	**4,119**	**35,996**
Charge for the year	320	5,444	5,764	1,735	7,499
Disposals	(26)	(1,816)	(1,842)	(168)	(2,010)
Reclassifications	87	(242)	(155)	155	-
Exchange adjustments	87	608	695	183	878
30 June 2007	**3,398**	**32,941**	**36,339**	**6,024**	**42,363**
Net book value:					
30 June 2007	**2,808**	**13,990**	**16,798**	**13,366**	**30,164**
30 June 2006	2,932	11,836	14,768	7,787	22,555

Included in intangible assets is $8.5 million (2006: $3.4 million) relating to internally generated software for internal use which is in the course of construction.

9. Pension plans

PI Inc operates two defined contribution pension plans for its expatriate employees, one for US citizens and one for non-US citizens. In addition, there are a variety of plans for other employees in the 49 developing countries in which PI Inc operates, in the 17 NOs and their subsidiaries and in Plan Ltd. These pension plans are a mixture of defined contribution and defined benefit pension plans and are governed by local statutory regulations. In all cases, pension fund assets are held independently of Plan's assets.

Contributions to defined contribution pension plans totalled $2.3 million (2006: $2.1 million).

Funding of the defined benefit pension plans is determined by local pension trustees in accordance with local statutory requirements and local actuarial advice. The trustees of the defined benefit pension plans consider that their plans are adequately funded. A provision has been recognised in respect of the defined benefit pension plans, calculated on the basis described in accounting policy "1k - Non-current liabilities- termination benefits and pension obligations".

The amounts recognised in expenditure for defined benefit pension plans are as follows:

	2007 $000	2006 $000
Current service cost	**345**	556
Interest cost	**372**	385
Return on scheme assets net of administration cost	**(306)**	(205)
Past service benefit	**(16)**	(16)
Actuarial gains	**(86)**	(26)
Other	**(253)**	-
Total	**56**	694

The movement in the net liability recognised in the balance sheet for defined benefit pension plans is as follows:

	2007 $000	2006 $000
At 1 July	**(1,366)**	(2,271)
Total expense (as above)	**(56)**	(694)
Contributions paid	**817**	1,687
Currency translation effect	**(45)**	(88)
At 30 June	**(650)**	(1,366)

The movement in present value of the defined benefit obligation is as follows:

	2007 $000	2006 $000
At 1 July	**(7,404)**	(7,663)
Current service cost	**(345)**	(556)
Interest cost	**(372)**	(385)
Expected employee contributions	**(118)**	(115)
Actuarial (gain) or loss	**1,029**	1,194
Benefits paid	**111**	113
Change in plan provisions	**253**	370
Other	**31**	38
Currency translation effect	**(390)**	(400)
At 30 June	**(7,205)**	(7,404)

The movement in the plan assets at fair value is as follows:

	2007 $000	2006 $000
At 1 July	**7,989**	5,935
Actual return on plan assets	**(2,776)**	644
Employer contributions	**817**	1,210
Employee contributions	**129**	108
Benefits paid	**(111)**	(113)
Management fees	**(115)**	(153)
Other	**(119)**	(39)
Currency translation effect	**355**	397
At 30 June	**6,169**	7,989

Amounts recognised in the balance sheet for defined benefit pension plans are as follows:

	2007 $000	2006 $000
Actuarial present value of defined benefit obligations	**(7,205)**	(7,404)
Plan assets at fair value	**6,169**	7,989
Unfunded status	**(1,036)**	585
Unrecognised prior service benefits	**(166)**	(173)
Unrecognised actuarial losses/(gains)	**552**	(1,778)
Total	**(650)**	(1,366)

The range of assumptions used in the actuarial valuations of the defined benefit pension plans are as follows:

	2007	2006
Weighted average assumed discount rate	**5.0-5.4%**	4.9-5.0%
Weighted average expected rates of return on plan assets	**5.4-6.0%**	4.4-6.0%
Weighted average future salary increase	**1.6-3.0%**	1.3-3.0%
Cost of living adjustments for pensions in payment	**0.9-2.5%**	1.0-2.5%
Number of members	**299**	276

Historical information on the defined benefit pension plans is below:

	2007 $000	2006 $000	2005 $000
Defined benefit obligation	7,205	7,404	7,750
Fair value of plan assets as at end of year	6,169	7,989	6,149
Funded status (deficit)/surplus	(1,036)	585	(1,601)

10. Contingencies and commitments

a. Contingent liabilities

Plan is involved in various legal and taxation disputes, the outcome of which is uncertain. The best current estimation of the maximum potential impact on Plan's financial position is $1.7 million [2006: $4.9 million] in aggregate.

b. Capital commitments

Contracts for capital expenditure not provided in the financial statements amount to approximately $5.5 million (2006: $1.8 million).

c. Operating leases

Plan's combined rent expense for the year was $9.8 million (2006: $7.1 million). Plan has non-cancellable operating leases for buildings occupied by several National Organisations, PI Inc and Plan Ltd. Lease terms vary by location. Annual minimum operating lease payments at 30 June 2007 are as follows:

	Rent $000	Other operating leases $000	**Total $000**
Within one year	8,663	951	**9,614**
Between one and five years	14,814	1,719	**16,533**
After five years	5,716	50	**5,766**

11. Related parties

PI Inc is able to exert influence over Plan International India Chapter based in India and Fundación Plan Colombia based in Colombia, which are therefore both regarded as a related parties. PI Inc has no equity interest in either of these entities. The objective of both entities is to raise donations within the local country and from Indian or Colombian sources overseas to support child centred community development projects within each country. Plan International India Chapter trades as Plan India and also delivers its own programs in India.

The income and expenditure of these related parties for the year to 30 June 2007 is as follows:

	Plan India $000	Fundación Plan $000	**2007 $000**	2006 $000
Income	2,230	9	**2,239**	1,714
Expenditure	(1,987)	(3)	**(1,990)**	(1,744)
Excess/(deficit) of income over expenditure	243	6	**249**	(30)

During the year ended 30 June 2007, PI Inc contributed $10,000 to incorporate Fundación Plan.

At 30 June 2007 $54,283 was owed by Plan India to PI Inc (2006: $10,335 was owed to Plan India by PI Inc) which will be settled within one year.

The movements in net assets for the year to 30 June are as follows:

	Plan India $000	Fundación Plan $000	**2007 $000**	2006 $000
Excess/(deficit) of income over expenditure	243	6	**249**	(30)
Contribution from PI Inc	-	10	**10**	-
Exchange rate movements	37	3	**40**	(10)
Net increase/(decrease) for the year	280	19	**299**	(40)
Aggregate fund balances at beginning of year	159	-	**159**	199
Aggregate fund balances at end of year	439	19	**458**	159

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