

Plan UK  
Annual Report &  
Accounts 2006



Plan



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# Where we work



## LATIN AMERICA AND THE CARIBBEAN

### PROGRAMME COUNTRIES

- 1 Bolivia
- 2 Brazil
- 3 Colombia
- 4 Dominican Republic
- 5 Ecuador
- 6 El Salvador
- 7 Guatemala
- 8 Haiti
- 9 Honduras
- 10 Nicaragua
- 11 Paraguay
- 12 Peru

### DONOR COUNTRIES

- 13 Canada
- 14 United States

## AFRICA AND EASTERN EUROPE

### PROGRAMME COUNTRIES

#### Eastern Europe

- 15 Albania

#### Africa

- 16 Benin
- 17 Burkina Faso
- 18 Cameroon
- 19 Egypt
- 20 Ethiopia
- 21 Ghana
- 22 Guinea
- 23 Guinea Bissau
- 24 Kenya

- 25 Malawi
- 26 Mali
- 27 Mozambique
- 28 Niger
- 29 Senegal
- 30 Sierra Leone
- 31 Sudan
- 32 Tanzania
- 33 Togo
- 34 Uganda
- 35 Zambia
- 36 Zimbabwe

### DONOR COUNTRIES

- 37 Belgium
- 38 Denmark
- 39 Finland
- 40 France
- 41 Germany
- 42 Ireland
- 43 The Netherlands
- 44 Norway
- 45 Spain
- 46 Switzerland
- 47 Sweden
- 48 United Kingdom



## ASIA

### PROGRAMME COUNTRIES

- |                    |              |
|--------------------|--------------|
| 49 Bangladesh      | 59 Sri Lanka |
| 50 Cambodia        | 60 Thailand  |
| 51 China           | 61 Vietnam   |
| 52 East Timor      |              |
| 53 India           |              |
| 54 Indonesia       |              |
| 55 Laos            |              |
| 56 Nepal           |              |
| 57 Pakistan        |              |
| 58 The Philippines |              |

### DONOR COUNTRIES

- |                      |
|----------------------|
| 62 Australia         |
| 63 Japan             |
| 64 Republic of Korea |



## Message from Geraldine

“The situation has become bad for many children. The number of children who have dropped out of schools has increased and there is also more child labour. In fact, it has become much worse. For example, in our area there never used to be street children and all children went to school, but now there are many who do not go to school.

“My community faces so many problems. Our area is very dry because it does not rain often. People in the area have very small pieces of land where they build small houses and cultivate the remaining part. Most of the people work in a pineapple plantation nearby and a stone quarry, where children are also forced to work. For example, in our neighbouring area, I came across children working in the quarry instead of going to school. When I interviewed some of them they said that their parents force them to do it so that they can have food.

“Children are forced to drop out of school since their parents can’t afford their fees. The schools are far away from where they live and during the rainy season children suffer in the morning on the walk to school. When they reach school they suffer even more since there are no window panes and the classrooms are not well equipped.

“In my community many people don’t have proper latrines. This is a threat to people’s health because one can contract diseases like cholera.

“Children in my community are happy and play a lot. But they have a lot of problems; they are not asked what they want, and when they say this to their parents they are punished and don’t get food. Some children are not in school. Some other children are mistreated by their parents, and those whose parents have died have many more problems,” **Geraldine, 14, Ghana.**



# Message from Plan UK Chair

## Universal child benefits – invest in children, invest in our future

**The decision whether to have a child in any relationship is always a momentous one. As a parent, I have worried about the demanding lifetime commitments involved and how to balance them against the huge joy of being a parent. In the UK, we can at least have confidence that, whatever our financial circumstances, our children are able to go to school, get basic healthcare and have something to eat each day.**

It can often be a very different story in the world's poorest communities.

During one of my visits to Plan's work in Ghana I met Ngwenya, a grandmother from a small village in the Bawajise district. When her husband died, she had no source of income and two children below the age of 10 to look after. Her situation went from bad to worse two years later when her daughter died of AIDS, leaving four grandchildren in her care. She told me how hard it was not knowing where the money to feed her children would come from.

Her concerns and worries echoed mine as a parent, but her condition could not be more different. My wife and I are secure in the knowledge that, should something happen to us and our financial circumstances, there is a safety net for children in the UK. Yet in the countries where Plan works there are many grandmothers like Ngwenya looking after their families and grandchildren, struggling to survive without the social protection we take for granted.

Introduced 60 years ago, the 'cradle to grave' welfare state in the UK has helped combat extreme poverty and increase family income.

Even modest amounts of cash to families have provided households throughout the country with regular predictable incomes, helping them overcome risks and change of circumstances in their lives.

The UK Government recently introduced the proposal for pre-birth benefits, in the recognition that expectant mothers should receive nutritious meals, enabling them to provide their children with the best start in life.

There is abundant evidence that social protection measures have been successful in helping developed countries grow, and tackle extreme poverty. And this could also be true in developing countries.

In some African countries, the provision of pensions has striking benefits for children. In South Africa for example the social pension scheme project has reduced older people's poverty by 94 per cent and that of the population as a whole by 12.5 per cent. While pensions may not appear to have an obvious impact on child survival and development, in many developing countries elderly relatives like Ngwenya play a critical role in the care and development of the next generations.

A pilot scheme in Zambia, providing 1,000 households with US \$8 per month, shows improved health, nutrition and school attendance amongst these poor families who have been able to accumulate assets, invest in livestock and cultivate bigger gardens.

In Mexico the 'Oportunidades' programme of cash transfers to the poorest 20 per cent of families is conditional on pregnant women and babies having regular health check-ups and children attending school. Girls' school enrolment is up 7-9 per cent and the growth rate for 12-36 month old children has increased by 16 per cent.

Ngwenya was lucky. Thanks to Plan she received training in innovative farming techniques. She acquired skills to start a garden project that has since flourished into one of the most successful small-scale business ventures in the area. She now grows a variety of vegetables, including green pepper, lettuce, garlic, onion and can now afford to feed, clothe and pay school fees for her children and grandchildren. But there are many more people like her that we can help.

Plan is campaigning for universal child benefits for the rising numbers of people living in extreme poverty, for the growing number of AIDS orphans and for all those who poverty is currently killing every day.

In 2007, Plan UK will continue to bring to the attention of UK and international policy-makers issues surrounding child benefits and disability benefits in developing countries. I hope you will join Plan to fight for the rights of the poorest and most vulnerable children and their families, and support our work in any way you can.

**Even a small donation can make a big difference.**

**Nigel Chapman**  
Plan UK Chair



# Chief Executive's report

**After the concerts in the summer of 2005, millions of people showed they cared about world poverty, supporting global campaigns by calling on the G8 to make real commitments to the world's poorest and helping to bring them to the front line of political debate. Plan UK took a group of young people from Malawi, Kenya and the UK to Gleneagles where they shared with leaders their experience of being an AIDS orphan or a girl struggling for an education in Africa.**

By working together with children and young people, communities, supporters, schools and partner organisations, we can make change happen, even at the highest levels.

It was at the XVI International AIDS Conference in Toronto last summer that Plan youth delegates showed that young people across the world are affected by HIV/AIDS today, will live with its consequences tomorrow and should have the greatest stake in HIV prevention.

Events in Asia, Pakistan, Malawi, Niger, and Central America last year reminded us of the impact of disasters on poor countries and showed us how they can disrupt community development. Plan not only responded to these emergencies, but worked with children and young people in the reconstruction process and in preparing them for any potential future disasters. This is a long-term objective, building on our grassroots work in communities, and is not simply an extension of humanitarian and relief interventions.

Children's participation was also at the centre of a successful and award winning play, 'Finding Marina'. The show reached last year's Edinburgh Festival Fringe. It told the story of lost innocence amid Sri Lanka's ethnic divide through dance and cultural costume, addressing young people's experiences of suicide bombings, violent oppression and mass rape.

Last year we used our expertise in influencing governments and other key players at local, national and international level. As part of a number of international coalitions, we collaborated with other organisations to advocate for the elimination of child poverty and the promotion of children's rights. These coalitions include Grow Up Free From Poverty, Global Campaign for Education, Global Movement for Children, BUILD, the Orphans and Vulnerable Children Working Group, the Inter-Agency Group for Rights-Based Approaches and the UK Aid Network. Together we worked with the UK government which made a commitment to social protection as one of the key strands of basic services that it will provide to poor countries; together with free education and healthcare.

The response of our supporters and donors to last year's events has been remarkable. More than ever before individuals, corporations, trusts and foundations have entrusted us with their money, strong in the knowledge that we are as accountable to them, as to the children and communities we work with on long-term solutions about the issues they face.

Our commitment to accountability and transparency has been recognised nationally. We were awarded the '2006 Charities Online Accounts Award' in the category of 'Top 100 UK Fundraising Charities,' a credit to our effort in not only complying with accounting rules, but also in communicating effectively the impact of our work and valuing the trust placed on us by our supporters.

Clear evidence of our impact has led to several new trusts and companies supporting Plan UK's work this year. DfID selected Plan as one of a small number of agencies for a Programme Partnership agreement, funding our work with children and young people in changing the

attitudes and behaviours of their communities, local authorities and ultimately their governments, and in linking them worldwide.

Thanks to the support of individuals who last year decided to sponsor children through Plan UK, our efforts in creating lasting change in the lives of many thousands of children around the world through our long-term child-centred community development work have raised more money, implemented more programmes and reached more children and their families.

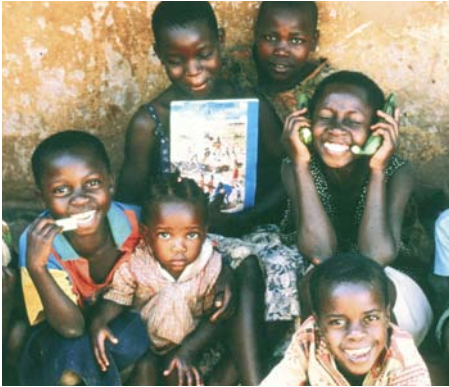
**With your continued support we will harness everyone's efforts in the fight against global poverty, working with young people and communities and facilitating change for children well into the future. This report describes the year's work and some of its impact.**

*Marie Staunton*

**Marie Staunton**  
Plan UK Chief Executive







## Our vision, mission and approach

“I wish to appeal to our leaders and Governments to stop paying lip service to the plight of children and to commit more resources that are in the best interest of the child especially in the area of child exploitation, lack of education, lack of national identity so that we can have the opportunity to grow up in a more secure, healthy environment for the survival, protection, development and effective participation of all children.” **Sophia, 15, Ghana.**

### About Plan

PLAN International UK (“Plan UK<sup>1</sup>”) is a child-centred community development organisation with no religious or political affiliations. We make long-term commitments to children in poverty and assist as many children as possible, by working in partnerships and alliances with them, their families, communities, civil society and government, building productive relationships and enabling their voices to be heard and recognised in issues that affect them.

### Our structure

Plan UK is a registered charity in the United Kingdom, number 276035 and is constituted as a company limited by guarantee, registered number 1364201.

One of 17 national organisations<sup>2</sup> working for the rights of children, families and communities in some of the world’s poorest countries, Plan UK is internationally associated with Plan International, Inc (“Plan, Inc”).

The funds raised through Plan UK and the other 16 national organisations are pooled and allocated by Plan, Inc to the management of development programmes in 47 developing countries<sup>3</sup>. A small International Headquarters is located in the United Kingdom and supervises the programme operations.

This structure allows Plan to invest as much of our funds in development projects as possible, which directly supports the beneficiary children, their families and communities, whilst keeping costs at a minimum and reducing the risk of duplication.



The management and operations of Plan’s central organization have been independently assessed by the International Committee on Fundraising Organizations (ICFO) and found to be in compliance with ICFO standards.

### Our vision

Plan’s vision is of a world in which all children realise their full potential, in societies which respect people’s rights and dignity.

### Our mission

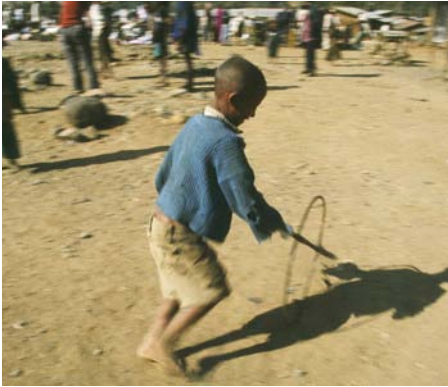
Plan strives to achieve lasting improvements in the quality of life of deprived children in developing countries through a process that unites people across cultures and adds meaning and value to their lives by:

1. Enabling deprived children, their families and their communities to meet their basic needs and to increase their ability to participate in and benefit from their societies;
2. Fostering relationships to increase understanding and unity among people of different cultures and countries;
3. Promoting the rights and interests of the world’s children.

<sup>1</sup> In this report, PLAN International UK is to be referred to as “Plan UK”, and Plan International, Inc and the 17 national organisations as “Plan” or “Plan Worldwide”.

<sup>2</sup> National organisations: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Korea, the Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom and the United States.

<sup>3</sup> Programme countries: Albania, Bangladesh, Benin, Bolivia, Brazil, Burkina Faso, Cameroon, Cambodia, China, Colombia, Dominican Republic, East Timor, Ecuador, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Guinea Bissau, Haiti, Honduras, India, Indonesia, Kenya, Laos, Malawi, Mali, Mozambique, Nepal, Nicaragua, Niger, Pakistan, Paraguay, Peru, Philippines, Senegal, Sierra Leone, Sri Lanka, Sudan, Tanzania, Thailand, Togo, Uganda, Vietnam, Zambia, Zimbabwe.



# Our Objectives

“Children do have a voice and a unique way of thinking that is different to adults. They do have potential to understand their problems and to solve them, but most don’t get the opportunity to express their **CONCERNS.**” **Sonu, 17, India, member of Plan’s ‘Children have something to say’ video project.**

Plan UK’s objectives, together with other constitutional matters, are set out in our Memorandum and Articles of Associations. These are:

- To provide for the care, maintenance, education, training and wellbeing of deprived children in some of the world’s poorest countries;
- To strengthen the capacities of children, their families and communities in providing for their life;
- To interest people throughout the world in Plan’s work and to obtain their support and assistance.

Originally Plan worked with the adults of its partner communities to implement development programmes aimed at addressing the needs of disadvantaged children.

Over the last decades, with an increased focus on children’s rights, Plan has seen how children’s participation and putting children’s interests at the centre of their own development makes our work more relevant and effective. For this reason, at the beginning of the 2000s Plan further defined and expanded its identity and role as a child-centred community development organisation, approving Strategic Directions that reflect this approach. In line with these Directions, Plan UK has adopted the following as its objectives:

**To practise a child-centred approach to community development,** enabling children, families and communities to address children’s needs and rights and realise their potential. Children’s realities, hopes and aspirations are guidelines for our work. Together with their families and communities, Plan believes they

should be active participants in their own development; from programme inception through to implementation, monitoring and evaluation. Thanks to the participation of children, Plan can learn more about their realities and thereby help create a more child-friendly world in the future – together. This enhances the capacity and opportunity to work together with others to address the structural causes and consequences of child poverty. Plan UK wants to:

- Continue working with disadvantaged girls and boys and their families to facilitate their participation in the development process in order to overcome gender and other inequalities;
- Capture and disseminate Plan’s learning and experience in child-centred community development through the production of papers, publications and other media;
- Work with partners to replicate successful programme experiences beyond our programme areas and reach more children;
- Build Plan’s competence and that of children, communities, sponsors and other partners to influence decisions and priorities of institutions at local, national and international levels on poverty and the wellbeing of children.

**To make long-term commitments to children living in poverty** and focus our programme work in poorer developing countries, in poorer areas within those countries and with poorer population groups. Plan UK wants to:

- Target poorer developing countries and programme areas where Plan is able to work and enable the most marginalised groups of children in the area to participate in and benefit from our long-term approach to child-centred community development;

- Adapt our long-term approach to child-centred community development to work with children and young people in urban settings and those in especially difficult circumstances, including street children, AIDS orphans and working children;
- Continue working with children, families and communities to reduce their vulnerability and prepare for disasters and emergencies.

**To mobilise resources to assist as many children as possible** and enhance the capacity of children, families and communities to access and manage resources locally. Plan UK wants to:

- Maximise our income to assist more children;
- Facilitate the generation of resources in the countries where we work;
- Assist communities and local organisations mobilise local and external resources;
- Strengthen training for communities on managing resources.

**To build relationships** enabling children and adults across the world to communicate, to develop mutual understanding and to work together to address the needs and rights of children living in developing countries. Plan UK wants to:

- Ensure that children and their communities play a key role in their development programmes, by involving them in planning, carrying out and monitoring projects;
- Facilitate opportunities for children to build relationships and engage in action to address their needs and rights;
- Work with local organisations and partners to implement projects, learning from their local expertise and knowledge;

- Invest in development education programmes in the UK and in programme countries to raise the awareness of children, families, communities, partners and supporters interested in development issues.

**To work in partnerships and alliances** to further promote children's rights and address their needs. Plan UK wants to:

- Continue to work with local partners and governments in providing communities with the skills and resources necessary to implement their development plan and expand our impact to wider groups of children;
- Form partnerships and alliances with governments and other stakeholders in the UK and our programme countries to work together on issues that prevent children from realising their potential.

**To ensure the voices of children are heard** in discussions influencing policy in the interests of children at local, national and international levels. Plan UK wants to:

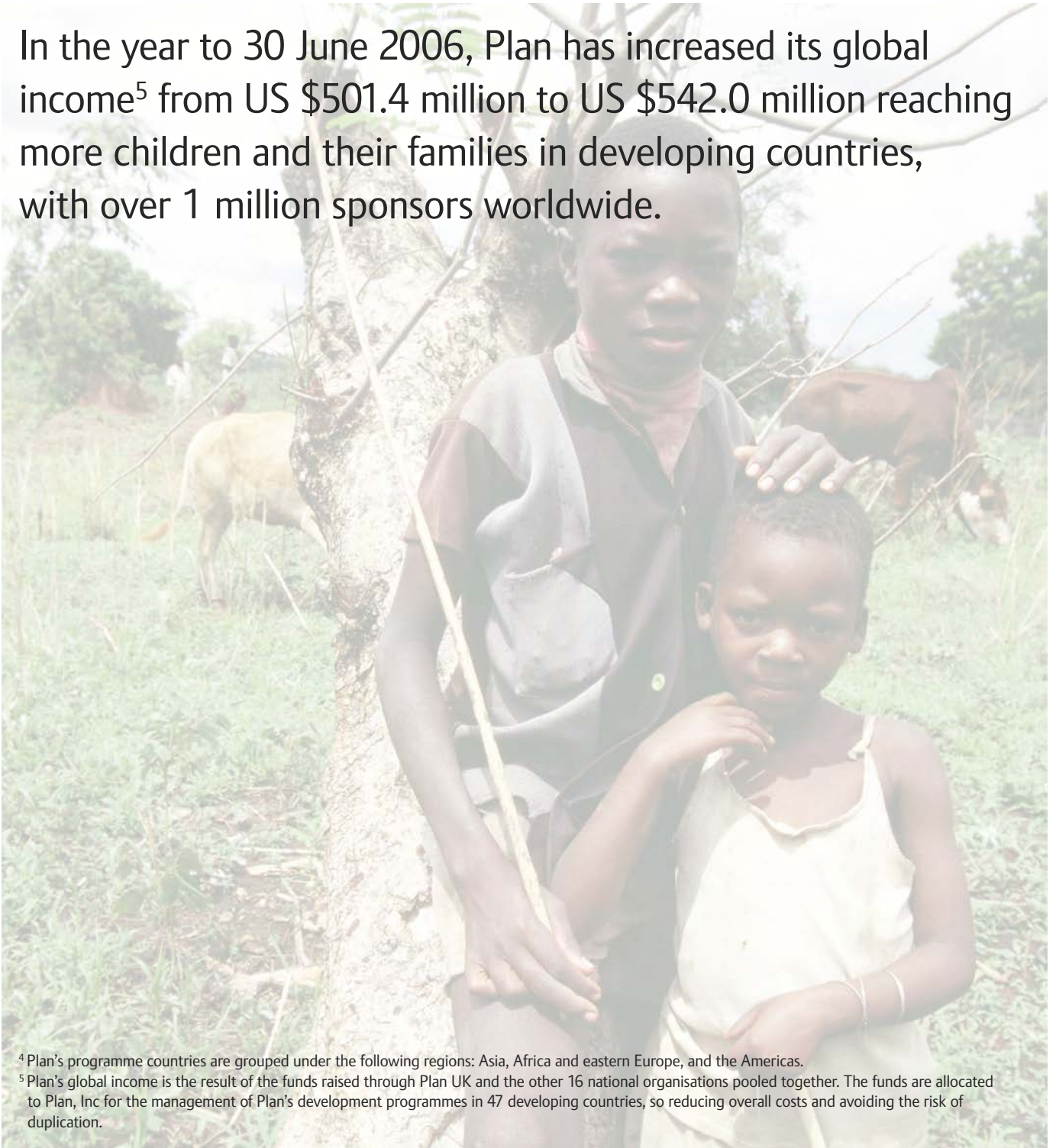
- Build Plan's competence and that of children, communities, sponsors and other partners to influence decisions and priorities of institutions at local, national and international levels on poverty and the wellbeing of children, and express their views through different media and at all levels;
- Bring people together through events, workshops, meetings and conferences;
- Produce and distribute information relevant to child rights;
- Link with colleagues from other organisations and groups who are fighting child poverty;
- Develop policies to guide advocacy work and the involvement of our supporters in policy debates.





## Plan's Programme Activities<sup>4</sup>

In the year to 30 June 2006, Plan has increased its global income<sup>5</sup> from US \$501.4 million to US \$542.0 million reaching more children and their families in developing countries, with over 1 million sponsors worldwide.



<sup>4</sup> Plan's programme countries are grouped under the following regions: Asia, Africa and eastern Europe, and the Americas.

<sup>5</sup> Plan's global income is the result of the funds raised through Plan UK and the other 16 national organisations pooled together. The funds are allocated to Plan, Inc for the management of Plan's development programmes in 47 developing countries, so reducing overall costs and avoiding the risk of duplication.



## In Asia

### The situation

Millions of children in Asia die before the age of five, usually from a combination of malnutrition, preventable diseases and injury. Malnutrition is associated with more than 50 per cent of deaths of children under 5. More than 650 million people in the region do not have access to drinking water, and even more people do not have access to adequate sanitation, with a bias against rural areas. The prevalence of underweight children under 5 is almost 50 per cent in countries like Bangladesh, India and Nepal.

About 114 million children worldwide are not enrolled in primary education. Half of them live in Asia and although an increasing number of governments declare primary education free and compulsory for children, and join the 'Education for All' initiatives, there are still costs involved for uniforms and textbooks, making it hard for poor children to receive an education.

Children have low status in Asia, and this often translates into low degree of participation in the making of decisions affecting their lives. Their right to protection is widely violated as growing numbers of children, especially girls and young women, are exposed to discrimination, sexual abuse, hazardous labour, trafficking and conflict.

Although HIV infection levels in Asia are lower than in Africa, the high population figures mean there are large numbers of people living with HIV. An estimated 8.3 million people are living with HIV in the region. India, China and Indonesia contribute to the high figures and it is estimated that by 2010 the epidemic will result in 80 million orphans.

### Plan's activities in the region

In Asia, Plan works in Bangladesh, Cambodia, China, East Timor, India, Indonesia, Laos, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam.

Plan has contributed substantially to the rights of children in Asia. The majority of the programmes last year fell within the themes of child protection, education, livelihood and health, including HIV/AIDS and water and sanitation.

Together we improve protection of children and women against abuse, exploitation and neglect. Our interventions in the area focussed on research, prevention, rescue, recovery, rehabilitation, advocacy and law reform. Specific programmes were supported in the areas of child labour, children in conflict, juvenile justice and street children. Prevention measures against abuse and exploitation were initiated in a number of programmes in the areas of health and education.

Plan targeted the quality of basic education, including non-formal education and Early Childhood Care and Development (ECCD), encouraging the active participation of children, parents and communities in the management of schools, as well as the establishment and strengthening of school committees and child clubs.

Programmes aimed at raising HIV/AIDS awareness, condom distribution and adequate treatment of sexually transmitted diseases in India, Nepal and Indonesia resulted in an increased knowledge of the risks of HIV/AIDS and more responsible sexual behaviour amongst young people.

### During the year, Plan:

- Assisted more than 2 million children and adults in 6 countries in receiving a birth certificate – giving them an identity, reducing their vulnerability to exploitation and increasing their access to health and education services. Achievements last year included improved collaboration with the governments and local municipalities in adopting child and girl-friendly policies and the strengthened capacity of local registrars and registration offices through training;

- Improved access to safe drinking water and sanitation – around 25,000 families – through the development and restoration of wells and sanitation facilities in China, Indonesia, India, Sri Lanka and Vietnam;
- Contributed to improved food and income security. The focus was on increasing agricultural production through natural resource management, irrigation and improved techniques and systems – India, Nepal, Sri Lanka and Vietnam – as well as saving and credit facilities – Bangladesh, India, Indonesia and Nepal;
- Improved the protection of street children, children in conflict situations and in prisons, through judicial support, psychosocial counselling and formal schooling/vocational training in Vietnam, Nepal, Indonesia and the Philippines;
- Continued to work in collaboration with ECPAT International to combat commercial sexual exploitation of children, child prostitution and trafficking for sexual purposes;
- Worked to improve the lives of children with disabilities in Bangladesh, India and Vietnam. The evaluations of these projects have indicated that opportunities and challenges of children with disabilities have improved remarkably. They are better integrated into their communities through inclusive education, community-based rehabilitation and youth clubs;
- Provided help to over 4 million children and young people – of whom 83 per cent were under the age of 18 – in the form of counselling, referral or rehabilitation through the establishment and strengthening of 13 national child help-lines in cooperation with Child Helpline International;
- Facilitated the voices of more than 50,000 children in India, Vietnam and Bangladesh to be heard through children's clubs and expressed in various media, including films, television, newspapers and monthly children's magazines;

## Report of Board of Directors for the Year Ended 30 June 2006

- Continued to provide school-based psychological support to tsunami-affected children and their adult caretakers, giving them the strength to address problems and to participate actively in their communities. Happy-sad mail boxes were made available to children in schools, where they can anonymously post letters revealing their experiences, feelings, and problems, which are then discussed in the plenary of the classroom;
- Promoted the activities of more than 750 ECCD (Early Childhood Care and Development) centres in Bangladesh, India, Nepal and Vietnam with more than 100,000 children (3-5 years) participating in the activities;
- Trained more than 5,000 teachers in China, Indonesia and the Philippines in child-friendly interactive teaching methods;
- Supported school committees and children's clubs in Bangladesh, India and Vietnam – the clubs have promoted child participation in school and in the community, e.g. managing libraries or by giving input to school or village development plans. As a result, the transparency and accountability of school management and village leaders have increased;
- Facilitated information technology in schools in China, India and Thailand, widening children's access to information, and boosting their motivation and strengthening their participation.

Last year, Plan spent US \$128 million on child-centred community projects across the region.

Below are some of the outputs in the region:

- 11,163 community health workers were trained;
- 2,743 equipment sets were provided to health centres;
- 23,248 patients received medical treatment;
- 164,069 children were immunised;
- 34,931 children under-5 received supplementary micronutrients;
- 2,324 pre-school centres were supplied with educational materials;
- 44,409 primary schools were provided with educational supplies and furniture;
- 26,117 girls received primary school scholarships;
- 1,699 water systems were installed and 33,723 home latrines were constructed;
- 90,616 farmers received agricultural training;
- 23,497 women received vocational training;
- 14,926 people received business skills training.





## Plan's impact Case study

In one area in Nepal, an issue identified by local children and their families was the need to improve their livelihood. Plan improved the livelihoods of 10,912 largely landless women of marginalised ethnic groups in Makwanpur district by adopting a comprehensive livelihood approach.

They were organised into 709 women's groups and 20 cooperatives. A baseline survey in 2005 indicated that the sustainable financial services had reached 88 per cent of the women, and 32 per cent of the households reported an increase in income thanks to the project. Women now own the cooperatives, which they will be able to manage well into the future.

### IN THE FUTURE PLAN WILL:

- Continue to support organisations promoting, enhancing and protecting the rights of children in the region at various levels;
- Support children, families and organisations in applying and claiming children's rights, and to create an enabling environment in which these rights are heard and exercised;
- Increase the quality of and access to basic social services for vulnerable groups – in the areas of education, protection, HIV/AIDS, health, water and sanitation, and livelihood;
- Promote the participation of children in society;
- Raise the awareness of children's clubs on issues, such as protection, education, health, livelihood, gender and HIV/AIDS and strengthen their mandate to address these issues in their community and at provincial levels;
- Strengthen youth clubs and children's organisations to organise themselves in larger forms and platforms in order to address protection issues at national levels;
- Improve and simplify birth registration systems and procedures and organise mobile registration campaigns;
- Contribute to improve the protection of children against various forms of abuse, exploitation and neglect and hazardous forms of child labour;
- Develop school and community-based mechanisms to detect, refer and report cases of abuse;
- Support poor families with income generating activities to prevent child labour;
- Strengthen national child help-lines;
- Improve school quality, enrolment and completion;
- Work with women's groups to increase their family income and food security at household level;
- Focus on nutrition security through education;
- Combat the causes of child mortality and morbidity by improving the quality of the health system through cost-effective interventions, promoting hygiene behaviour and practices, including safe water and sanitation;
- Enhance the abilities of local communities, in particular of individual parents and caretakers to provide their children with an environment that protects them from health hazards.



“We never knew a child could be saved from dying by such a small effort,” says Rama, a member of the Mothers’ Club in Bhojpur, “We could have saved hundreds of children if we had known such preventive measures before.”

In this remote area in the eastern hills of Nepal, most of the women are illiterate and have very little knowledge of basic health and sanitation. When children are sick, they are taken to traditional faith healers. Government health centres are difficult to access, many do not have even basic medicines and there is no proper health supervision or monitoring. As a result, the death rate for children is very high. Since Plan started its programmes in Bhojpur, various efforts were made to provide preventive and curative health care. Health centres were supported with equipment, repairs and furniture, health workers were trained

and their skills upgraded, health committees were reformed and local leaders, volunteers and community-based organisations were educated on major health issues. Yet, despite all of this, there was little impact on the children’s health.

Plan decided to work directly with the mothers and children. Mothers’ Clubs were formed in each community and Basic Health Education was provided for mothers and for them to train their peers.

The education programme, which covered basic health, sanitation, diarrhoea, acute respiratory

infections, immunisations, nutrition, HIV/AIDS, maternal health care and family planning reached most mothers in the communities. The children were invited to check their health quarterly and a history of each check-up was maintained on a health card for each child.

The impact of the new approach was more effective than in the past. Mothers are much more optimistic about their children’s health and sanitation. Most now believe that their children will not die of common diseases.





## In Africa and Eastern Europe<sup>6</sup>

### The situation

Whereas in most regions of the world trends predict a decline in poverty, in Africa people become poorer. Poverty incidence in Africa today is roughly the same as in 1990 with over 100 million people living on less than 70pence a day.

Contributing to the worsening situation is the continuing food crisis in most parts of the continent, with no indications that the number and impact of food crises will decrease in the years to come. Desertification and climate change, the impact of HIV/AIDS on the agricultural labour force, the absence of efficient agricultural policies and urbanisation all contribute to the deterioration of the situation.

This situation has numerous impacts on children's lives; their health status, their educational possibilities and limited opportunities to break the cycle of poverty. Children need to contribute to household, agricultural and economic activities. Child labour migration from rural to urban areas and between countries is on the rise and generally involves forced migration.

In many African countries, primary school fees have been abolished over the past 5 years, enrolment in primary education has greatly increased and development programmes have helped to provide tens of thousands more teachers and classrooms. There are however still 40 million African children who do not attend school, the majority of whom are girls. The net enrolment rate in many African countries falls below 60 per cent. In Burkina Faso, Guinea Bissau, Ethiopia and Niger, less than half of the children of primary school age are enrolled in school.

Recent research findings show that newborn mortality accounts for 40 per cent of under-5 deaths. Maternal mortality in sub-Saharan Africa is high, at 940 per 100,000 births. In Tanzania, Malawi and Sierra Leone, maternal mortality rates are extremely high, at 1,500, 1,800 and 2,000 respectively per 100,000 births. More than two-thirds of children in sub-Saharan Africa are malnourished and malaria and TB continue to take a huge toll, with an incidence rate of 487 per 100,000.

Eastern and southern Africa include the world's most severely AIDS-affected countries.

The adult HIV prevalence varies per country, but in many countries exceeds 10 per cent, resulting in a severe humanitarian crisis. Some countries have 'mature' epidemics, with declining prevalence rates but high death tolls, like Zimbabwe.

In other countries, the epidemic appears to be stabilised or on the brink of expansion, such as in Tanzania where children, families and communities are now experiencing the full impact of AIDS-related mortality. By the end of 2003, an estimated 12 million children under the age of 18 in Africa had lost one or both parents to the disease.

These numbers are expected to increase steadily. In some countries of southern Africa, one in six children is being orphaned. In sub-Saharan Africa alone, simulations show that by 2010 the number of orphans will be 42 million, of which 20 million will be AIDS orphans. HIV/AIDS affects the livelihood of people in several ways, including the loss of traditional knowledge of farming practices, the decreased manpower for agricultural activities and the negative impact on household income to invest in livelihood projects.

### Plan's activities in the region

In Africa and eastern Europe, Plan is present in Albania, Benin, Burkina Faso, Cameroon, Egypt, Ethiopia, Ghana, Guinea, Guinea Bissau, Kenya, Malawi, Mali, Mozambique, Niger, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

### During the year, Plan:

- Supported local organisations and community-based organisations for the care and support of those affected by HIV/AIDS. Plan's programmes in this area have a strong component of community care and support mechanisms, income-generating activities and psychosocial assistance for the children and their families;
- Fostered the expansion of Voluntary Counselling and Testing (VCT) facilities;
- Initiated innovative pilots and research on community coping strategies in HIV/AIDS;
- Advocated for greater attention to the situation of children affected by HIV/AIDS, promoted sexual and reproductive health and rights for adolescents in particular, and the availability of anti-retroviral drugs;
- Helped rural poor diversify their income sources in order to decrease their vulnerability to the environment;
- Increased access to safe drinking water and sanitation facilities;
- Improved access and quality of primary schools, specifically for girls, with focus on the technical and operational aspects of schools, including the construction and rehabilitation of school buildings, water systems and school latrines, the provision of school materials, equipments and supplies;
- Increased participation of children in educational processes and schools' government;

<sup>6</sup> Eastern Europe is organisationally grouped with Africa to form one of Plan's 3 regions.

- Was involved in local and national education networks and lobby groups;
- Strengthened collaboration between teachers, parents and students which has improved school management with special efforts made to involve children and youth;
- Developed programmes for non-formal education in conflict-ridden and extremely poor countries, including Sierra Leone, Guinea and Niger;
- Continued to work in partnership with the communities, local and regional organisations – Hope for African Children Initiative (HACI), the African Child Policy Forum (ACPF),

the African Movement for Working Children and Youth (AMWCY), the Coalition of African NGOs working with Children (CANGOC) and the Forum for African Women Educationalists (FAWE).

Last year, Plan spent US \$199 million on child-centred community projects across the region.

Below are some of the outputs in the region:

- 3,377 community health workers were trained;
- 65 health centres were constructed and 106 renovated and equipped;
- 25,790 patients received medical treatment;

- 397,116 children were immunised;
- 13,776 children under-5 received supplementary micronutrients;
- 385,942 class sets for primary schools were distributed;
- 6,813 girls and 5,931 boys received primary school scholarships;
- 2,118 primary schools were provided with adequate furniture;
- 338 water points and 8,633 home latrines were constructed;
- 11,489 farmers received agricultural training;
- 2,080 women received vocational training and 2,617 people received business skills training.





## Plan's impact Case studies

In some of the African communities where Plan works, one of the issues identified by the children and their families was education. Last year our evaluation of Plan's education programmes showed an increased enrolment in schools over the last three years, specifically:

- In one area in Sierra Leone – 18,000 more pupils were enrolled in primary education;
- In Niger – 30 per cent in 2003, 41 per cent in 2004, to 50 per cent in 2005;
- In Guinea – increased enrolment of boys from 67 per cent to 81 per cent and from 54 per cent to 77 per cent for girls;
- In Kenya – 21 per cent increase in enrolment of girls.

In Tanzania, a community-based health care programme has greatly increased access to primary care in some of the communities Plan works with.

Project evaluation shows that:

- Family planning services are more widely available and more frequently used;
- The improved quality of the care has contributed to improve child nutrition;
- Breast-feeding has increased and malnutrition has decreased from 24 to 10 per cent in children below 5.

In Albania over the last three years a reproductive health programme has contributed to a reduction of 16 per cent of women with sexually transmitted diseases (STDs). The percentage of mothers with knowledge on family planning and contraceptives has increased from 27 to 65 per cent with the percentage of mothers who made pre and post-natal visits to the health centre increased from 88 to 98 percent.

### IN THE FUTURE PLAN WILL:

- Continue to promote the use and sustainability of basic social services, including education, health, water and sanitation, nutrition and food security;
- Raise awareness of child rights;
- Promote children's participation in decision-making;
- Lobby for the implementation of the Convention on the Rights of the Child at local, national and international level;
- Support child protection programmes in the region focussing on children affected by war and disaster and those affected by abuse and exploitation;
- Ensure psychological and social help for children affected by war;
- Promote school activities raising awareness on female genital cutting;
- Develop school and community-based mechanisms to detect, refer and report cases of abuse;
- Offer support to the establishment of referral services such as counselling, medical help, and legal aid at community level, especially for those affected by HIV/AIDS;
- Support income-generating activities targeting poor families in order to prevent child labour and increase family income;
- Lobby for the simplification of procedures for the prosecution of child traffickers;
- Support children, families, communities and organisations in claiming child rights, and create an enabling environment in which these rights are heard and exercised;
- Increase the quality and access to basic social services for vulnerable and marginalised groups, in the areas of education, protection, HIV/AIDS, health, including water and sanitation and livelihood.

“At first we thought Plan were only here to damage our agricultural field. Who do they think they are to push water from down the gorge up to the hills and claim they give us water. But today we witnessed that it is possible. God has answered our prayers. He brought Plan to our area, helped them push water upward and supply us with abundant water at our nearest point,” said **Ato Mariye Gelay, an elder from Lalibela, Ethiopia.**

In Lalibela water-borne diseases are the second major killer. Children and women had to walk up and down the mountains to collect water, and even then it was dirty. Plan developed 14 springs and 2 hand-dug wells to provide the community with safe and reliable water.

Through a solar pump, water is now pumped uphill to a reservoir with a holding capacity of 10,000 cubic meters. From here, the water flows to water points in the community and at the school compound. Mrs Fanta Misgana, mother of four children, is delighted.

“We cannot live without water. But getting it was so painful. Now thanks to Plan I can get water on my doorstep at any time of day.”

Her view is shared by the whole community and children now have time for study after school.





## In the Americas

### The situation

In Latin America, 213 million people are poor and 88 million of them are extremely poor<sup>7</sup>. These numbers have been increasing since 2004. The incidence of rural poverty in the region (59.1 per cent) is more than double the urban figure (26.1 per cent) and according to the Inter-American Development Bank, 35.5 per cent of the region's poor comprise households working in agriculture.

More than half of the population is under 18 years old. Two out of five people living in extreme poverty are children and 68 million children (35 per cent of all children) in Latin America are suffering from severe deprivation. Particularly vulnerable are children in the rural areas, girls, indigenous children, disabled children, street children and working children.

### Plan's activities in the region

Plan is currently working in 12 countries in Latin and Central America. These are Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Peru. The vast majority of Plan's work in the region is in rural areas, with an emphasis on livelihood, education, gender equality, health and HIV/AIDS and Sexually Transmitted Diseases (STDs).

### During the year, Plan:

- Promoted respect for children's rights and improved child protection services;
- Facilitated the participation of children and young people in decision-making on policies affecting their lives;
- Raised awareness of children's issues among a large audience by radio, TV and magazines, generating a sense of capability and self-esteem in the young people involved;
- Educated carers and government officials on issues of domestic violence. The lobby efforts in cooperation with other child-centred organisations, led to the adoption of recommendations by children's rights institutions and policy-makers in several countries;
- Established in cooperation with Child Helpline International, child help lines in several countries;
- Continued to campaign for universal birth registration;
- Facilitated discussions with boys and young men about their relationships with the opposite sex, in order to improve the position of women in society and tackling issues, including domestic violence, sexual preferences, contraceptives, HIV/AIDS, STDs and sexual reproductive health;
- Strengthened the role of schools in community development. In El Salvador, for example, the emphasis was on establishing effective

pre-school education, while in Guatemala the focus was on Early Childhood Care and Development, enabling children to enjoy a stimulating environment during pre-primary school age and facilitating a smooth enrolment in primary education;

- Promoted the adoption of quality learning 'Escuela Nuova' methodology<sup>8</sup>;
- Supported HIV/AIDS awareness raising campaigns, targeting older school children and adolescents.

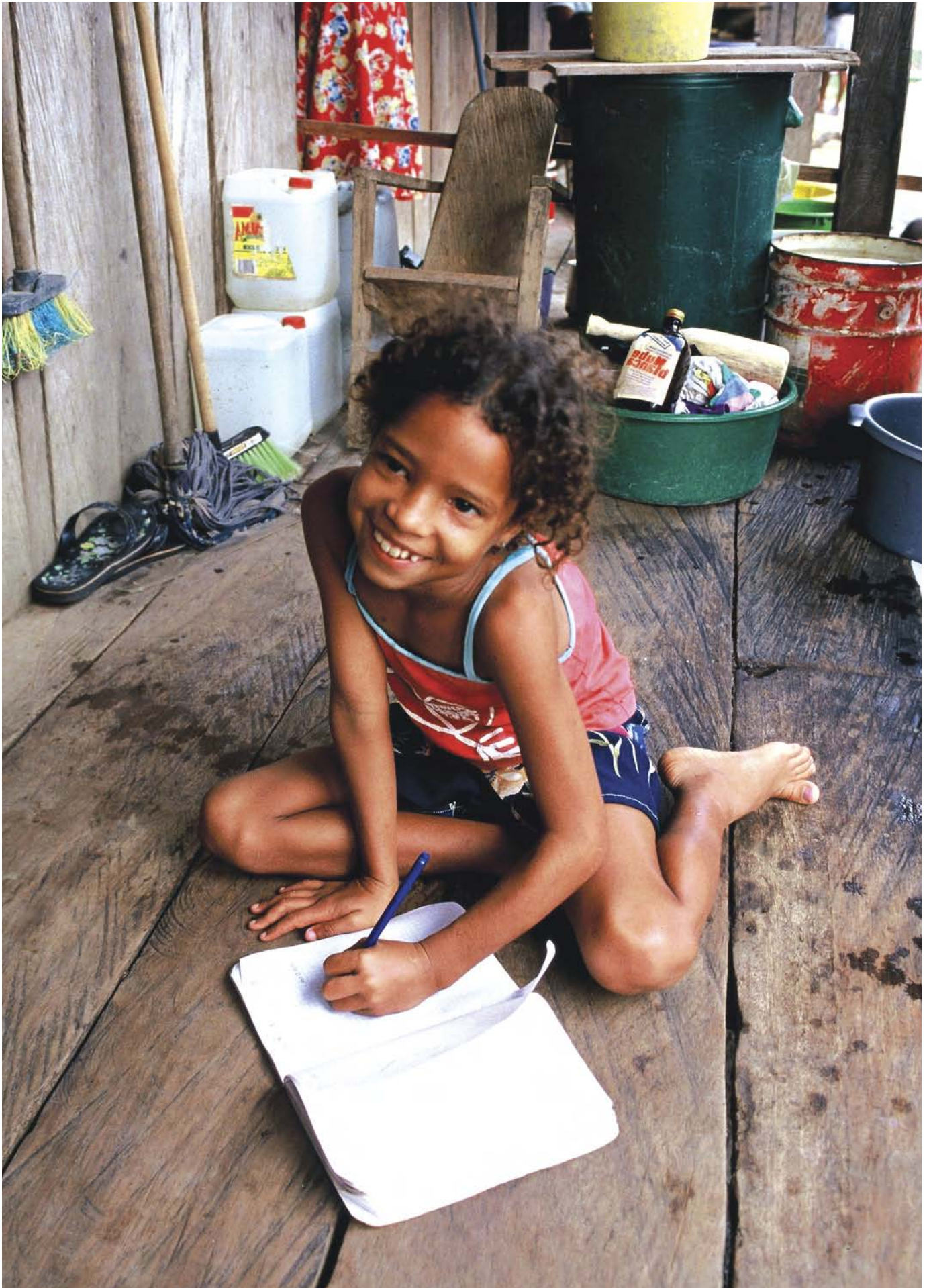
Last year, Plan spent US \$112 million on child-centred community projects across the region.

Below are some of the outputs in the region:

- 686 training courses were run for community health workers;
- 27 health centres were constructed and 269 were renovated and equipped;
- 4,456 patients received medical treatment;
- 27,438 children from 580 communities were immunised;
- 16,283 girls and 15,346 boys received primary school scholarship;
- 2,685 participants took part in campaigns raising awareness on gender issues;
- 10,979 home latrines were constructed and upgraded;
- 1,757 women received vocational training.

<sup>7</sup> Poverty is a condition in which a person is deprived of, or lacks the essentials for a minimum standard of well-being and life. These essentials may be material resources such as food, safe drinking water, and shelter, or they may be social resources such as access to information, education, health care, social status, political power, or the opportunity to develop meaningful connections with other people in society. Extreme poverty is the most severe state of poverty, where people cannot meet basic needs for survival, such as food, water, clothing, shelter, sanitation, education and health care. The determination of the number of extreme poor is based on those living on US \$1 or less per day – UNDP, Human Development Report, 2005.

<sup>8</sup> The solutions in achieving higher levels of school enrolment and improved schools performance are teacher training programmes, curriculum development, school and community planning and management, as well as better performance evaluation. These are the components of the 'Escuela Nuova' approach applied by Plan. This is geared to improving accessibility, effectiveness and efficiency of education and to promoting an active and participatory method. This is done in collaboration with the respective ministries and local organisations.





## Plan's impact Case study

One of the issues identified by families in Bolivia, Colombia and Peru was the need to improve children's health. In 2004 Plan implemented a programme in 833 communities across the three countries (Integrated Management of Childhood Illnesses strategy). Its evaluation process in Bolivia revealed that:

- The average percentage of mothers with increased knowledge of diseases increased from 30 per cent to 75 per cent since 2004;
- The percentage of children dying from curable diseases has fallen by 67 per cent in the same period;
- Child mortality has dropped in the intervention areas from 131 to 38 per 1,000 live births (ESPECS. Bolivia Country Program Initial Assessment. March 2004).

Plan in Bolivia also implemented a programme to fight the spreading of the Chagas disease and the creation of a healthier environment for children. The Chagas infection is a disease carried by the Vinchuca insect. It affects the health and quality of life of children and their families, responsible for 13 per cent of all deaths of people between 15 – 75 in Bolivia, with 70 per cent of children below 5 in rural areas infected. Last year's evaluation of this project, which started in 2003 showed that:

- 5,000 families have benefited from this project;
- Infection rates have fallen dramatically from 70 per cent to 10 per cent;
- 92.3 per cent of all homes in the affected communities improved through the fumigation and painting of the homes, the elimination of areas where the Vinchuca might thrive and reproduce and the improvement of animal pens.

### IN THE FUTURE PLAN WILL:

- Continue to address violence against children. Plan will devote particular attention to activities which target groups and individuals who are difficult to reach or require special attention, including children in conflict, victims of trafficking and child labourers;
- Raise awareness and prevention of HIV/AIDS, targeting young people, making them aware of the issue and their sexual and reproductive health rights. These programmes will be gender-sensitive and will use schools, media and other venues to reach young people in an effective way;
- Continue to develop a regional approach to HIV/AIDS and stimulate regional exchange of knowledge and experience through alliances and networks;
- Promote best practices in food and nutrition security;
- Strengthen local organisations and institutions delivering services, like agricultural extension, microfinance and vocational training;
- Continue to work to reduce mortality rates among the under-fives, devoting attention to the primary health care for children of primary school age and programmes that integrate health and education.



“I really liked being a child promoter and I think the treatment was good. I have learnt about Chagas disease and I’ve helped my classmates to take their medicine properly. Together we have improved our houses and now there are no bugs, well there might be one or two in the animals’ pens, but in our houses there aren’t any,” says Nilda 11 years old from Tarija, Bolivia, who participated in Plan’s project to fight the

**Chagas disease in Bolivia.**

Chagas disease is one of the most serious public health issues in Bolivia. It accounts for 13 per cent of deaths of Bolivians aged between 15 and 75 years old, with 1.8 million people at risk of contracting it. This killer disease is caused by a parasite, spread to humans by an insect called the Vinchuca beetle, which thrives in poor housing conditions.

In partnership with a local organisation, Fundación Pro Habitat and the Ministry of Health and Housing, Plan has been working in collaboration with local children and their families to eradicate the parasite.

The project is raising awareness of the disease and helping people to improve their houses.

As part of the project, children are regularly tested for the disease in 115 rural communities in the endemic areas of Bolivia. When a child tests positive to the disease, home treatment begins in earnest under the supervision of the health workers, with the commitment and support of their peers, their family and community until the treatment is complete.





## Plan UK's Activities Fundraising

“Plan has been a great help in making our childhood a memorable one. Helping a child like me is helping the total development of my country and the world at large.” **Francis, 15, Ghana.**

Plan UK's main activities are: Fundraising, Development Education, Advocacy and Communication and other Programme Activities, including emergency relief and risk reduction preparedness work and the mobilisation of young citizens for better governance.

### In 2005/06 Plan UK said it would:

- Continue to consolidate its position as the leading child sponsorship agency in the UK;
- Raise awareness of Plan's work amongst institutional bodies and develop working partnerships with them to tackle the underlying causes of child poverty in the countries where it works, resulting in an increase in contributions for its work;
- Focus on getting its supporters in the UK more engaged in Plan UK's work and increase their commitment;
- Build awareness and diversify Plan UK's sources of income.

In 2005/06 Plan UK raised in excess of £38 million, including gifts in kind totalling £3.3 million. This exceeded the Board's internal target of £35 million and represented a £7.4 million (24 per cent) increase on the prior year.

Core to Plan UK's fundraising success is the continued loyalty and generosity of its donors – more than 115,000 households across the UK sponsor a child with Plan.

### In 2005/06 Plan UK raised funds through:

#### Child sponsorship

Child sponsorship is a unique way for supporters in the UK to help make a lasting difference to the lives of the world's poorest children and their

communities. Money is pooled to benefit all children but unlike many other forms of giving, supporters can actually see the difference they are making.

This is made possible by the personal connection with their sponsored child. This connection is something that not only encourages children's confidence, but can often be a rewarding and enlightening experience for the sponsors too.

#### OBJECTIVES:

**Build links across the world and continue to consolidate Plan UK's position as the leading child sponsorship agency in the UK.**

### During the year:

- 66 per cent of Plan UK's income came from sponsors' regular contributions. These contributions enable Plan UK to make long-term commitments to the communities it works with so that together over 12 – 15 years we can help ensure they reach a stage of self-reliance;
- Over 80 per cent of UK sponsors gave tax efficiently via 'Gift Aid', allowing Plan UK to claim an even higher amount from the Inland Revenue;
- Plan UK commissioned an independent research body to carry out a supporter satisfaction survey whose results showed that 90 per cent of its sponsors are very

satisfied with their experience of sponsoring a child, 84 per cent of them thought child sponsorship made them more aware of the challenges facing people in developing countries, and 87 per cent thought child sponsorship provides them with evidence of the impact of their donations on the lives of children, and more than half felt more informed when talking about development issues thanks to their sponsorship and the communications they receive.

### Contributions from official bodies<sup>9</sup>

Grants, contributions and partnerships with institutional bodies allow Plan UK to address issues on a wider scale, such as the work to increase awareness of, and to develop ways of preventing the spread of HIV/AIDS, malaria and child-centred community work.

Through Plan UK, institutional bodies know they are entrusting their funds to an innovative, global development actor, accountable to its stakeholders and with rigorous monitoring and evaluation procedures in place.

#### OBJECTIVES:

**Raise awareness of Plan's work amongst institutional bodies and develop working partnerships with them to tackle the underlying causes of child poverty in the countries where it works, resulting in an increase in contributions for Plan's work.**

<sup>9</sup> Plan UK classifies Official Bodies as government departments and international governmental organisations (such as the European Commission) but excludes donations in kind which are shown under Other Donations and Appeals.

### During the year, Plan UK:

- Was successful in attracting funds from key institutional donors such as the European Community (EC), Department for International Development (DfID), the Isle of Man, Guernsey, Jersey, the Big Lottery Fund and Comic Relief. For the full list of institutional bodies see inside back cover. Grants won from these donors are being used to implement projects in over 40 countries across the world;
- Won a Partnership Programme Agreement with DfID for 5 years with funding of £3.2m for the period July 2006 to March 2008 – an acknowledgement of our global presence and significant contribution as a child-centred community development agency;
- Received approval for £2.0m worth of funding, from DfID, over the next 5 years for a global programme to promote child-centred disaster risk reduction methodologies. For more information on this see our emergencies section;
- Won a €3m malaria grant supporting innovative malaria work in Zimbabwe from the European Commission.

### Other donations and appeals

Plan UK also receives funds from trusts and foundations, companies and generous individuals supporting our projects, responding to our appeals and leaving legacies in their wills.

### OBJECTIVES:

**Focus on getting our supporters in the UK more engaged in Plan UK's work and increase their commitment; and build awareness and diversify Plan UK's sources of income.**

### During the year, Plan UK:

- Received an increase in contributions for donations and appeals from existing supporters – a rise of 30 per cent on last year;
- Successfully engaged a growing number of companies. Reassured by Plan's monitoring and evaluation procedures, corporates have increasingly trusted Plan's work in assisting more children, resulting in an increase in corporate income of over 100 per cent. For the full list of our corporate supporters, see inside back cover;
- Raised £852,000 for our emergency work in El Salvador, Guatemala, Niger, Malawi and Pakistan;
- Received over £400,000 from charitable foundations, including a substantial donation from the Freemasons' Grand Charity, to support our tsunami rehabilitation work in India and Sri Lanka;
- Registered a 23 per cent increase in income from legacies, the result of an increased

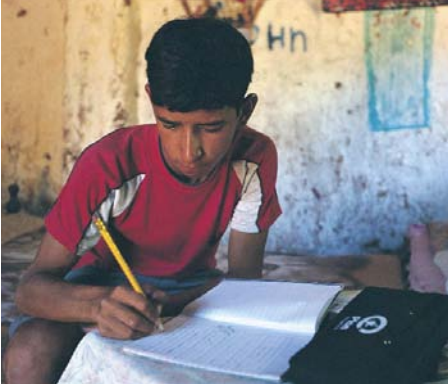
number of individuals entrusting Plan UK with their assets after their death;

- Successfully launched a range of alternative gifts directly sourced by the communities where Plan works. The catalogue, promoted to existing supporters, together with an online presence raised a total £324,000;
- Received food aid for the value of £3.3 million for communities in Malawi and Zimbabwe as part of a gift in kind contribution from the United Nations World Food Programme (WFP).

### IN THE FUTURE PLAN WILL:

- Consolidate the 5-year plan to build awareness and diversify income in the UK;
- Build on the results of the supporters' satisfaction survey to deepen their knowledge of development issues and their relationship with the children and communities with whom we work;
- Further expand the selection of alternative gifts for individuals and companies wanting to support Plan's projects;
- Continue to integrate global IT systems to engage cost-effectively more supporters in the UK;
- Strengthen the relationships and partnerships with institutional bodies to benefit more children and their families.





## Plan UK's Activities Development Education

“I am very proud and happy to be one of the members of the Media Club. During the past year, I have worked very closely with other young journalists in the club. I have learnt a lot from my friends and from the social work that I have participated in.

“During my time at the Media Club I have been on field trips and witnessed children living in difficult circumstances. This made me more determined to help them with my skills as a young journalist.

“Being a member of the club means that I can improve my writing skills by regularly writing articles. I can also practise organising and facilitating club meetings. But most importantly, I now have more friends with whom I can share my thoughts. I no longer feel timid, shy or embarrassed speaking in front of a large audience. I feel more confident now speaking about my thoughts and points of view.”

**Nguyen Thi Tuong Vi, Vietnam, member of Plan Youth Media Club.**

Plan UK's Development Education unit generates activities to raise awareness, involvement and active participation of people in the UK in the lives and problems of people in developing countries, becoming world citizens and contributing to the protection of the rights of the child worldwide.

Plan UK enters into dialogue and informs diverse UK groups, including supporters, teachers, government and education specialists, about the position of children in poor countries and the various causes of poverty amongst children and about child-centred community development.

### **In 2005/06 Plan UK said it would:**

- Develop a new development education website which will act as a portal to access a range of Plan's development education resources;
- Establish a Development Education Advisory Panel (DEAP) made up of teachers and experts in the field to advise and guide Plan UK's development education work;
- Explore the possibilities for establishing strategic partnerships with other Plan offices and external organisations to increase Plan's impact;

- Produce global learning resources to be used interactively in UK schools;
- Facilitate a school's online discussion forum on Identity, Rights and Responsibilities and produce online educational resources.

### **During the year, Plan UK:**

- Developed a new website launched in January 2007 as a portal to Plan's development education resources;
- Initiated dialogue with key education practitioners for the constitution of an advisory panel guiding Plan UK's development education work;
- Collaborated with 4 European Plan offices for the development of a school linking initiative;
- Facilitated online discussion on Identity, Rights and Responsibilities between children and pupils in the UK and students in some of Plan's programme countries;
- Produced online education resources based on the students' online discussion and a report on the learning and achievements of the 'Identity, Rights and Responsibilities' project;
- Fostered the development of the Children's Advisory Panel.

### **In future, Plan UK will:**

- Ensure that the development education website is effectively used by a significant number of schools;
- Link schools from the UK and Plan's programme countries and work with schools in Malawi, Sierra Leone and Kenya and schools in the United Kingdom on a trial linking project;
- Facilitate a development education project involving schools, producing resources to be used as educational materials;
- Produce materials on life in the UK by Plan UK's Children's Advisory Panel to be circulated to schools in developing countries and Plan supporters.





## Plan UK's Activities Advocacy and Communication

“Countries should find ways of reducing poverty because you cannot learn while you are hungry.”

**Indira, 14, India.**

Plan UK brings experts, children and young people in developing countries into discussion with representatives of the UK Government, international organisations and ministers in order to influence the shaping of policies affecting the lives of those Plan works to benefit: disadvantaged children and their families.

Plan UK keeps politicians, ministers and policy-makers up-to-date with important information, lessons learned, and proposes its recommendations via expert meetings, reliable reports and direct contacts.

### **In 2005/06, Plan UK said it would:**

- Influence policy development in the area of social protection so that governments support children and their families in poor countries with pensions, benefits and the abolition of school and health fees;
- Document and reflect on Plan's experience in delivering social protection in its programmes in poor countries;
- Continue its advocacy work in ensuring that children have a say in their own development;
- Bring to the attention of UK parliamentarians issues surrounding social protection in developing countries.

### **During the year, Plan UK:**

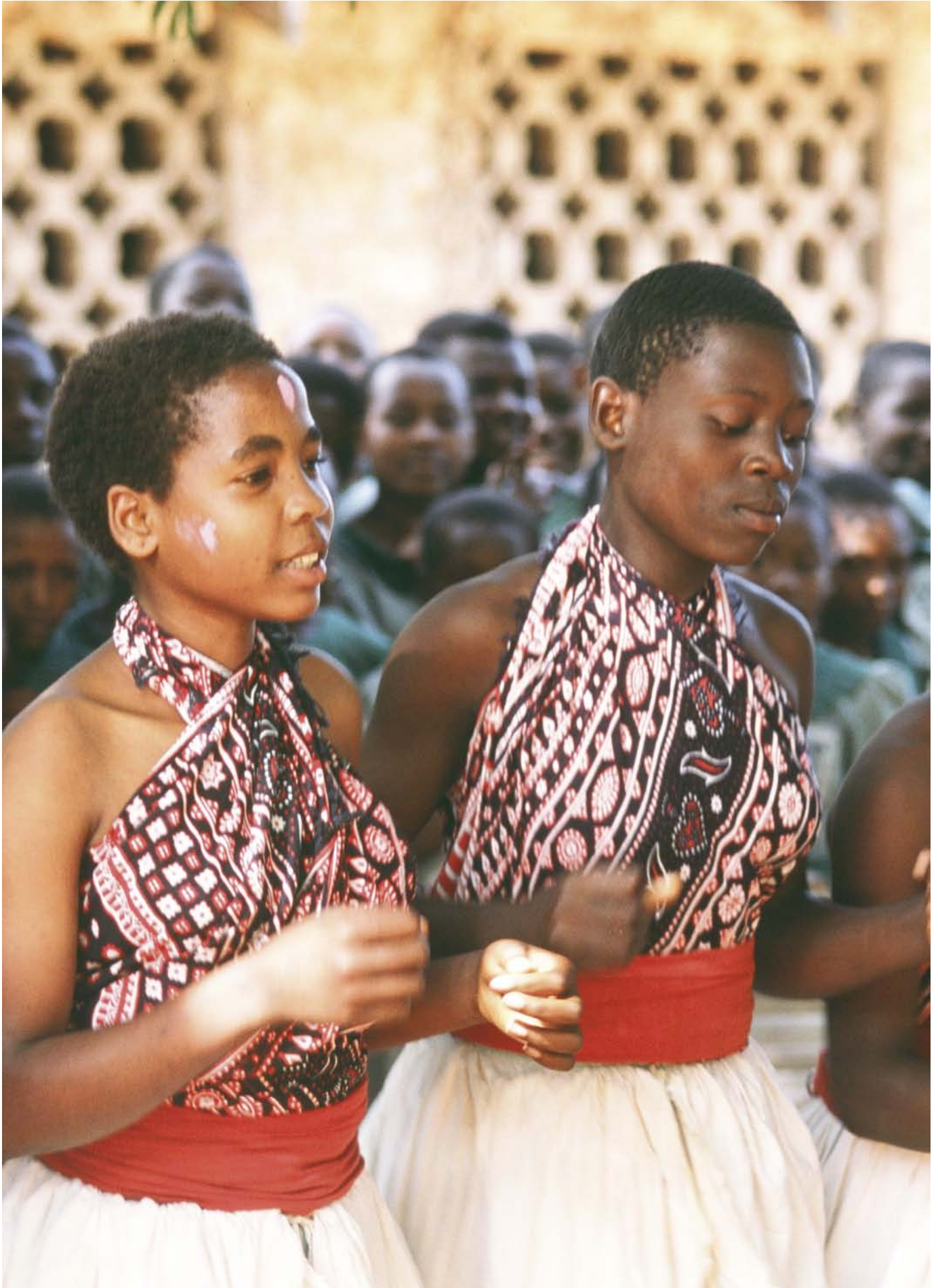
- Produced and distributed widely a policy document which outlined Plan UK's position on how social protection can be used to end child poverty;
- Organised two debates in Parliament and brought the issue of social protection to the attention of MPs who attended regular 'breakfast meetings' organised by Plan UK;

- Made a submission to DfID's consultation process for their new White Paper, which outlines their aid strategy for the forthcoming period. The submission highlighted the importance of children's participation in development initiatives and social protection for Plan. The White Paper committed the UK Government to making social protection one of the basic services, together with education, health and water. We are therefore nearer to a basic cash benefit for every child;
- Published several policy notes on social protection, Disaster Risk Reduction and HIV/AIDS, which outline Plan's policy recommendations for donors on these issues and promote the importance of the participation of children and young people in all issues which affect them;
- Continued to work with other non-governmental organisations, governments and international organisations to influence decision-making and promote best practice in addressing children's issues. Plan UK is a member of a number of international coalitions, including Grow Up Free From Poverty, Global Campaign for Education, Global Movement for Children, BUILD, the Orphans and Vulnerable Children Working Group, the Inter-Agency Group for Rights-Based Approaches and the UK Aid Network;
- Encouraged the Grow Up Free From Poverty network to adopt social protection as their key campaigning issue for the next year;
- Organised a meeting with several children from the UK and Kenya and Gareth Thomas, the Under-Secretary of State for International Development, so that they could discuss the vulnerability of children and young people to HIV and AIDS in advance of his attendance at the International AIDS Conference held in Toronto;

- Involved children and young people in all advocacy initiatives, where possible, to ensure that their voices were heard.

### **In the future, Plan UK will:**

- Continue to influence policy development in the area of child participation, governance, accountability and social protection, in particular by encouraging DfID to commit a specific share of expenditure to such initiatives;
- Follow up with DfID on promises made in the White Paper on all aspects which affect children;
- Document and reflect on Plan's experience in developing governance and social protection in Plan programmes in poor countries;
- Work with the Grow Up Free From Poverty coalition to organise the launch of their social protection campaign;
- Promote the involvement of children and young people in governance initiatives in poor countries;
- Contribute evidence to various hearings by the UK Parliament's International Development Select Committee and advocate for children to participate in these hearings.





## Plan UK's Activities Reducing people's vulnerability to disasters

**“Children are tomorrow’s leaders so their welfare should be looked after for them to have a better tomorrow.” Dingase, 11, Malawi.**

The impact of both man-made and natural hazards on the countries where Plan works is increasing over the years due to poverty, conflict and climate change.

Plan believes it has a responsibility to provide support to the children, families and communities it works with who are affected by crises and disasters.

Plan is working to strengthen its capacity to respond and manage these circumstances in a manner coherent with its child-centred community development principles. These include:

1. Relief and humanitarian work, where Plan can bring added value to the response effort;
2. Disaster preparedness and risk reduction work. Reducing people’s vulnerability to disasters is paramount and needs to be addressed through a range of activities, from short-term interventions aimed at increasing their level of preparedness, to longer-term development approaches aimed at preventing disasters in the future.

### During the year, Plan UK:

- Supported humanitarian response programmes across the globe, with total funding from supporters, corporate partners and institutional donors of over £3 million. This enabled Plan to support work in: central Java after the earthquake in May 2006; El Salvador and Guatemala after Hurricane Stan decimated coastal regions; Malawi and Niger, helping battle the on-going food crises; and Pakistan after the major earthquake of last October left hundreds of thousands homeless. Additionally, relief work has been continuing in those countries affected by the Asian Tsunami of 2004 and in Darfur with communities affected by the violent conflict;

- Contributed to the strengthening of Plan’s emergency response capacity, providing expertise to programmes in Indonesia, shaping the development of new strategy and policy related to emergency work, and supporting children’s view of the work of Plan and other organisations in emergencies, including collecting the assessment of the aid effort by affected children in Plan’s report ‘Children and the Tsunami’<sup>10</sup>;
- Worked with its NGO partners in the UK and Europe to shape humanitarian programming, engaging in dialogue with DfID, the European Commission and other key policy-makers, particularly advocating for wider recognition of children’s agencies in disaster management. To this end Plan joined VOICE, the leading European NGO platform on humanitarian issues;
- Started an innovative Disaster Risk Reduction (DRR) programme supported by DfID. The 5-year programme, implemented across a number of Plan countries, will provide concrete evidence of children’s role in disaster management, as well as mainstream DRR approaches. The programme will play a major role in strengthening Plan’s integrated disaster management approach.

### In the future, Plan UK will:

- Provide support to those in urgent need where it has the capacity and the mandate to do so. Plan is committed to the principles of the International Humanitarian Charter, and will work towards the provision of professional and accountable humanitarian response work;
- Keep its supporters fully informed as to the progress of its disaster response work and seek to find improved ways of ensuring accountability towards its supporters;

- Place children at the centre of its disaster management work. Through its on-going Disaster Risk Reduction programme and other research and programming opportunities Plan will seek to identify and implement best practice for making children active participants in risk reduction, preparedness and response, both to improve its own programmes and shape others’ policy.

<sup>10</sup> A copy of the report can be found at [www.plan-uk.org/newrooms/publications/](http://www.plan-uk.org/newrooms/publications/)







## Plan UK's Activities Plan is mobilising young citizens for better governance

“My experience as a child leader has been really enriching as I am able to reach out to poor children and help them understand their rights and responsibilities. More than being proud of myself because of all my accomplishments, I am really proud of Plan because of their continuous support for the children,”

says 11-year old Angelo, President of his local Municipal Children's Association in Camotes, Philippines.

The call for meaningful participation of children of all ages in Camotes, stirred a positive response in the communities as children and young people organised themselves in functional Barangay Children's Associations and Municipal Children's Associations in 56 villages. The children worked together in helping each other to be productive and responsible citizens. Each group elected their own president and leaders.

“Before, we were only concerned about kid stuff. Now thanks to the groups, it's surprising how we are able to talk about our rights and issues,” says 15-year old Queenie Rose.

Representatives from the groups participate in island-wide consultations to tackle children's issues. They are encouraged to speak their minds on various issues facing them, including HIV/AIDS, drugs, education and health.

Elected group leaders represent children and young people in most of the Barangay and Municipal Councils for the Protection of Children where they have a platform to voice and share their and their peers' concerns.

### DfID Partnership Programme Agreement

Governance and children are not words that are intuitively associated with each other, but Plan UK believes they should be.

Children and youth constitute the majority of the developing world. They are the most vulnerable, the most affected by poverty and yet they are the least consulted members of society.

Plan UK recognises the vital contribution children make across the developing world, to their families and their communities.

Its experience shows that they have unique capacities to bring about behavioural and attitudinal change for the development of their communities.

### During the year, Plan UK:

- Worked with Plan country offices in preparing its proposal for a Partnership Programme Agreement (PPA) with DfID in support of our governance work. Plan UK was successful in securing the partnership for the next five years (2006 – 2011) which will provide extra resources, opportunities for improved policy dialogue, sharing of expertise, institutional development and strategic linkages with DfID. These opportunities will support the achievement of the programme's aim: to promote children and young people's participation in better governance which addresses the wellbeing of children living in poverty.

### In the future, Plan UK will:

- Provide support to programme countries to ensure greater participation and representation of young citizens in formal and informal governance, including Plan's work in strengthening children's clubs, youth associations and young people's parliaments;
- Build the capacity of local civil society organisations to influence governments in Plan's programme countries to adopt and implement child rights legislation and policies;
- Connect young people across the world through development education initiatives, including school linking for increased awareness and understanding of global citizenship.





# Governance and Management of Plan UK

## How Plan UK is managed

A Board of Directors governs Plan UK. The Board is responsible for determining the policies and the strategic directions of the charity. It meets regularly and delegates the day-to-day operations of the organisation to the Chief Executive and a team of senior officers (detailed on page 40).

The members of the Board of Directors are shown on page 40. New Directors are chosen in consultation with the full UK Board and with a view to ensuring that all the skills and experience needed to govern an organisation like Plan UK are fully represented. It has become the practice for Director appointments to be advertised nationally and be subject to a formal selection and interview process. New Directors are invited to attend a full induction with a full agenda covering all areas of the charity's activities.

Plan UK has an Audit Committee currently comprising three Directors. In accordance with its terms of reference, it reviews the financial statements of the Company, assesses the Company's internal financial control systems and monitors the risk assessment processes implemented by management. During 2005/06 the Audit Committee approved the implementation of an internal audit programme based around the key strategic risks previously identified by the organisation. This work has commenced in 2006/07.

During the year, Plan UK nominated two Directors to Plan, Inc's Board of Directors ("International Board"), consisting primarily of representatives of the Boards of the national organisations.

Following the year end, Plan, Inc has streamlined its governance, reducing the size of the International Board effective 1 January 2007. Plan UK now has 1 representative on the International Board and 2 representatives in the Members' Assembly. The International Board is in turn accountable to the Members' Assembly made up of delegates from all the NOs (national organisations).

The members of Plan UK are the current Board of Directors whose liability is limited to £10 each. No Director has any interest in the Company's contracts or any interest in the Company's funds.

## Responsibilities of Plan UK's Directors

Company and Charity Law require the Directors of Plan UK to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and the Charitable Company and of the Group's net incoming (or outgoing) resources, including its income and expenditure for that period. The Directors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005 in preparing the annual report and financial statements of the Charity. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates which 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 an on-going concern basis, unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company, and enable it to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: "Accounting and Reporting by Charities".

The Directors have overall responsibility for ensuring that the Charitable Company has an appropriate system of controls, both financial and non-financial.

The Directors are also responsible for safeguarding the assets of the Charitable Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

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 they ought to have taken in their duty as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Risk Management

Key risks within Plan UK have been reviewed by management and the Directors. Plan UK has been running a risk register for several years listing all current identified risks. Each item is analysed according to its perceived potential impact together with actions that either have or will be taken in mitigation. During 2005/06, processes for identifying and managing risks have been reviewed and a new risk register has been produced which focuses on Plan UK's strategic objectives. Directors and management have had significant input into this process. Risk workshops have been run in departments to ensure that risk

management is at the forefront of everyone's work throughout the organisation. An internal audit programme has been implemented to monitor the effectiveness of the procedures used to mitigate these risks.

The Audit Committee will review the results of this work, including the actions taken in response to any recommendations. The risk register will also be updated on the basis of the results of these audits. In carrying out the review of risks at Plan UK, a high priority has been placed upon ensuring the following:

- Field capacity and expertise are maximised;
- Global information technology projects are fully supported by Plan UK;
- Income continues to grow in line with Plan UK's strategy;
- Sufficient attention is given to the way in which Plan is portrayed in the media and by opinion formers.

The following statements summarise the Charity's position in managing identified forms of financial risk:

Plan UK has no exposure to investment price risk as it currently holds no listed or other equity investments. Prices of materials and services purchased are subject to contracts with suppliers, based on current market prices. Other price risks are not considered to be significant to Plan due to the nature of its activities.

The majority of the Charity's income is derived from long term committed giving which results in a strong predictable positive cashflow (see description of reserves policy on page 38). Most donors pay by direct debit and as a consequence Plan UK has immaterial arrears of contributions. Plan UK receives the majority of its funds on a monthly basis, and therefore debts can be met as they fall due. The Charity also receives grants awarded to finance Plan's activities and incorporates this information into its business plans.

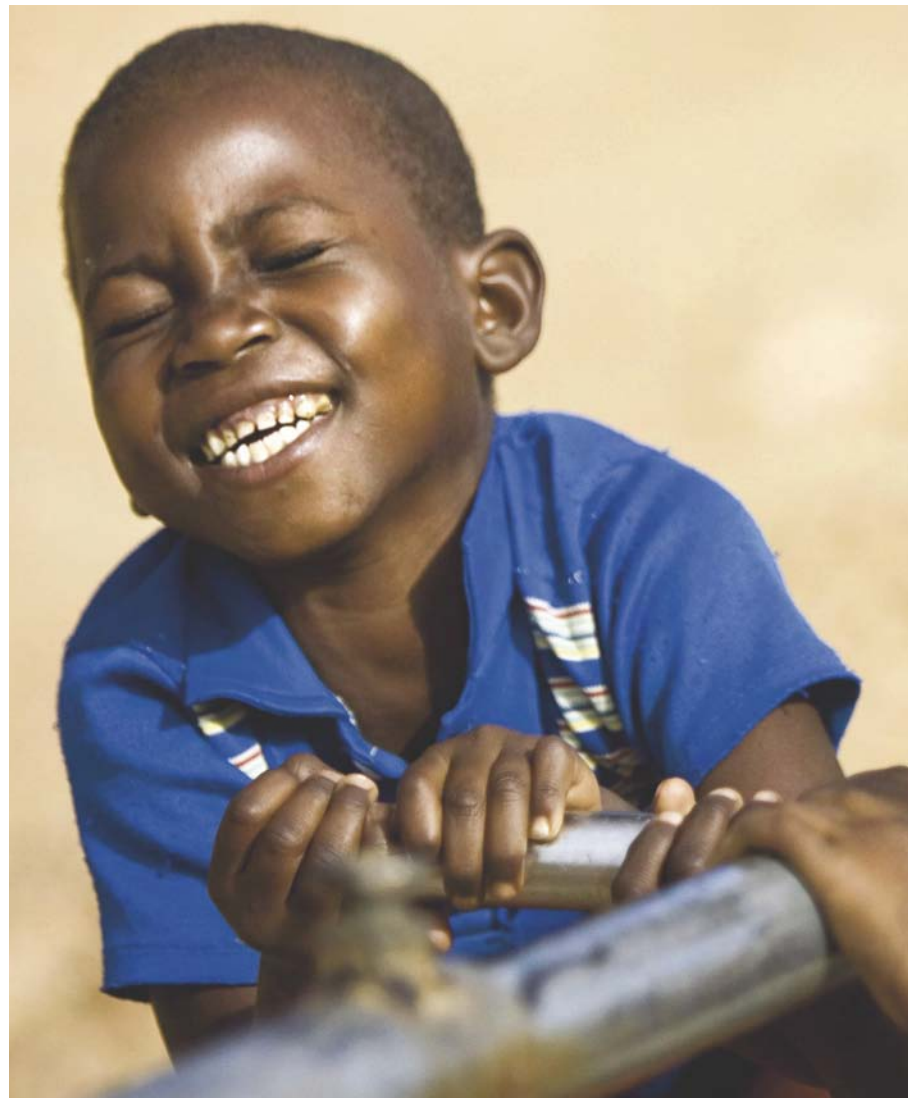
The Charity is able to place any surplus funds on short term deposit account with the Company's bankers.

Cash placed on deposit attracts interest at a variable rate of interest. The company does not use derivatives to hedge any of the risks it faces.

"I was born on 18 November 1989. I've lived in the city for three years now. I rent a small hut with my brother, who is older than me. I have six brothers and sisters. I went to school until grade four and then left my family to work.

"My mother is dead but my father agrees with my decision. When I arrived here I started doing evening school, but I've stopped now because I can't afford it. I came to the city to change my life. It's a better life now. I'm a full-time shoe shiner and I help my family. I've been happier though: my happiest memories are of life in the village when my mother was alive.

"I have no idea about my rights. My education is what I want most. If I had a chance I'd love to go to school to help myself, my family and my country. I wanted to be a doctor once. Now I just want to eat enough to help my family," **Eshetu, 16, Ethiopia.**





## Financial Review

Plan UK aims to be accountable to all its stakeholders, and to report financial information in a way that is accessible and easy to understand. Plan UK's 2005 accounts received First Prize in the 2006 CAF Charities' Online Accounts Awards in the 'Top 100 UK fundraising charities' category.



"The criteria used by the judges in selecting the winners were that the online report and accounts: need to demonstrate the highest levels of accuracy and transparency; need to comply with the Charities' SORP (Statement of Recommended Practice) and the necessary Charity Commission guidelines; need to include the charity's mission, a clear explanation of its objectives and achievements, and the use of a good balance of design, content and functionality in order to make the accounts easily accessible and web-friendly."

### Year to 30 June 2006

The resources expended on charitable activities increased by 31.2 per cent compared to the previous year, which included expenditure of £3.3 million relating to gifts in kind. Increased charitable donations from sponsors, other individual donors and institutional donors, enabled Plan UK to channel more resources to projects in programme countries. The underlying trend over the past 5 years is that both income and charitable expenditure are rising and this is in line with the strategic objectives of Plan UK.

Group Six Year History		2001	2002	2003	2004	2005	2006
Sponsors in the UK and Ireland		97,357	103,407	109,134	114,364	118,487	121,036
Increase %		13.0%	6.2%	5.5%	4.8%	3.6%	2.2%
Total incoming resources	£'000	21,197	24,362	28,394	27,844	31,183	38,592
Increase %		15.2%	14.9%	16.6%	-1.9%	12.0%	23.8%
Expenditure on charitable activities	£'000	17,430	19,829	20,178	26,226	24,985	32,781
Increase %		16.8%	13.8%	1.8%	30.0%	-4.7%	31.2%

Other Donations and Appeals income continued to grow significantly, with an increase of 108 per cent on 2004/05, making 2005/06 a record year for Plan UK. This growth is the result of several areas of our fundraising activity performing well. Plan UK is proving increasingly successful at bringing in legacy income; new and existing major donors have given significantly increased contributions; our corporate and community fundraising department is expanding its work;

virtual gift activity is generating increasing funds; gifts in kind totalled £3.3 million in 2005/06 and grants from bodies not classified as "official bodies" have also risen dramatically. Income from Sponsorship rose by 7.7 per cent due to the increased generosity of our existing supporters and a boost in the number of individuals deciding to sponsor children through Plan. Income from Official Bodies also showed an increase of 9.3 per cent.

Whilst total incoming resources increased by 23.8 per cent, expenditure on generating funds increased by only 10.4 per cent. Last year Plan UK spent 84.3 per cent of total resources expended on direct charitable activities which is well within our target of 80p in every pound being spent in pursuit of our child centred development objectives.

## Report of Board of Directors for the Year Ended 30 June 2006

Group Six Year History	2001	2002	2003	2004	2005	2006
<b>Income and Expenditure £'000</b>						
<b>Income</b>						
Sponsor pledges	16,295	18,617	21,432	21,883	23,581	25,399
Contributions from official bodies	1,998	2,200	2,489	1,760	2,382	2,604
Other donations, appeals, trading subsidiary and interest	2,904	3,545	4,473	4,201	5,220	10,589
<b>Total Income</b>	<b>21,197</b>	<b>24,362</b>	<b>28,394</b>	<b>27,844</b>	<b>31,183</b>	<b>38,592</b>
<b>Expenditure</b>						
Costs of generating voluntary income	3,717	3,773	4,385	4,530	5,205	5,746
Trading subsidiary	106	109	169	145	178	269
Governance costs				95	88	95
Direct charitable expenditure	17,430	19,829	20,178	26,226	24,985	32,781
<b>Total Expenditure</b>	<b>21,253</b>	<b>23,711</b>	<b>24,732</b>	<b>30,996</b>	<b>30,456</b>	<b>38,891</b>
Net (Outgoing)/ Incoming Resources	(56)	651	3,662	(3,152)	727	(299)

The costs for the years 2001 to 2003 are based on the figures presented in the accounts for those years. No attempt has been made to re-analyse them according to SORP 2005 as the Charity considers that the costs would outweigh the benefits of redoing detailed calculations.

The UK Department for International Development's (DfID) Civil Society Department supported 8 of Plan UK's projects last year, providing £802,213 (2005 - £681,836). Plan UK provided £604,058 in funds for the same projects.

Project Name	Country	DFID £	Plan £	Total £
Prevention of violence and promotion of child rights	Dominican Republic	15,145	161,709	176,854
Combating child labour in Ecuador	Ecuador	153,003	23,959	176,962
Empowering civil society in the fight against female genital mutilation	Mali	196,088	156,363	352,451
Adolescent reproductive health rights	Nicaragua	85,543	-	85,543
Early childhood care and development	Philippines	27,460	26,179	53,639
Child rights	Indonesia	168,275	235,848	404,123
Community based organisations strengthening	Kenya	156,699	-	156,699
	<b>Total</b>	<b>802,213</b>	<b>604,058</b>	<b>1,406,271</b>

The Big Lottery Fund grants totalled £192,194 (2005 - £394,568):

Project Name	Country	Big Lottery		Total £
		Fund £	Plan £	
Educational renewal project	Sierra Leone	192,194	84,236	276,430

The Conflict, Humanitarian and Security Department at DfID donated £33,343 (£NIL in 2005) for Disaster Risk Reduction programmes in the Philippines, El Salvador and Sierra Leone.

As of 1 July 2006, Plan UK entered into a Programme Partnership Agreement (PPA) with DfID which has a 5-year duration and includes projects that previously fell under the Civil Society and Community Funds. Funds will total £1.8m in each of the initial years of the partnership.

**The Board of Directors wishes to thank all those who have supported Plan UK's work over the past year.**

The latest figures for the split of Plan's world-wide expenditure, including the proportion of expenditure on individual programme domains, are given below.

Total worldwide expenditure (% split)	2006 %	2005 %
Growing up healthy	13.1	11.6
Learning	16.2	16.8
Habitat	11.9	10.6
Livelihood	5.0	4.3
Building relationships	10.8	10.3
Program support	14.2	14.8
Field administration	7.6	8.8
Development education	1.4	1.3
Technical support	1.7	2.2
Advocacy	0.5	0.5
Program	82.4	81.2
Fundraising	8.9	8.4
Other operating costs	8.7	10.4
<b>Total expenditure</b>	<b>100</b>	<b>100</b>

The categorisation of program expenditure represents the way in which programmes were managed during 2005/06. Prior year data has been restated on a comparable basis.

Total expenditure worldwide has risen from US \$476.5m in 2004/05 to US \$587.2m in 2005/06, an increase of 23%.

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

**Growing up healthy:**

vaccination programmes, 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 programme 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 staff, audit staff, secretaries, guards, communication costs.

**Development education:**

activities to increase knowledge, understanding and motivation among Plan's stakeholders and within the public at large, by providing opportunities so that they can take an active role in addressing issues of poverty and vulnerability which prevent disadvantaged children in the developing world from realising their full potential.

**Technical support:**

professional and specialist advice provided by national organisations (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 NOs and the central organisation, cost of handling funds received.

Where applicable, each of the above categories includes salaries.

## Reserves

The Directors have reviewed the reserves of the Charity. The term 'reserve' (unless otherwise indicated) is used to describe that part of the Charity's Consolidated funds that is freely available for its general purposes. These were £0.5m at 30 June 2006 (2005 - £1.5m).

As a child sponsorship organisation, Plan UK is able to predict a large proportion of its total monthly income with a high degree of confidence. The reserves policy is based on maintaining sufficient working capital to cover its anticipated needs for at least two months. The remaining funds are passed across to Plan, Inc where the treasury function controls the flow of funds to the programme countries.

Under this policy, reserves are expected to be in the range of £1.0m to £1.5m with the most significant fluctuations around the start and the end of each calendar month due to significant volumes of receipts and payments.

Any reserves above or below this operating level arise from a timing difference between receiving the cash and passing it to Plan, Inc. In the unlikely event that an unanticipated expenditure was to occur for which funds were insufficient, cash could be called back from Plan, Inc. Such action has never been required.

The financial position of Plan UK is sound. Net current assets at year end were £1.9m which means we have sufficient liquidity to continue to manage our operations efficiently whilst maintaining a continuous and sizable flow of funds to Plan, Inc.

## Subsidiary Companies

Plan UK has established a subsidiary (note 12) to deal with trading activities of the Charity, which include a gift and Christmas card catalogue. The results are consolidated in accordance with the recommendations of the SORP. Plan UK owns 100% of the issued share capital (£2).

Plan Ireland Charitable Assistance Limited, which trades as Plan Ireland, falls to be treated as a subsidiary in the 2005/06 accounts. Operations in Ireland have been funded by Plan UK through a grant. Activities in the third year of operation yielded total incoming resources of 1,590,279 (2005 - 869,000 ) Euros, excluding the Plan UK grant. Total net (outgoing)/incoming resources were (9,236) (2005 - 162,400) Euros. Plan UK relinquished its control over Plan Ireland on 1 July 2006 and Plan Ireland is now a separate



national organisation in its own right. Children sponsored from the Irish Republic are no longer attributed to Plan UK, which meant that as at 1 July, 116,000 children are sponsored through Plan UK.

The main activity of the trading subsidiary (note 12) is the sale of merchandise to sponsors of Plan UK and third parties. Trading turnover in 2006 was £309,231 (2005 - £225,412). It is the policy of the subsidiary to make a charitable donation of any financial surplus to Plan UK (2006 - £44,475 and 2005 - £50,913).

### Taxation status

The Company is a registered charity within the definition of Section 505 of the Income and Corporation Taxes Act 1988. The Company's income is accordingly exempt from taxation on its charitable activities.

### Human Resources

Plan UK and its subsidiaries pride themselves on offering a high standard of service to their sponsors and have increased their staffing by 4 to 65 full-time and 3 part-time employees over the past year to guarantee quality and efficiency.

Plan UK is also fortunate to benefit from the support of a number of volunteers, interns and work placements, who provided approximately 14,655 working hours based on recorded attendance (2005 - 14,800 hours).

Their dedication has enabled Plan UK to carry out research, improve its administration systems and provides essential support to the Operations function which in turn enhances the relationship between the Charity, its supporters and beneficiaries.

Both staff and volunteers are valued by Plan UK, which is keen to involve them in its work as much as possible, by holding regular communication events, including discussions and presentations, and by offering training and work placements.

We rely heavily on community volunteers in the programme countries where Plan works. There are about 20 volunteers for each paid worker. They perform an invaluable role in liaising with families, helping to plan and manage projects, delivering gifts and helping with correspondence. In return they receive training in issues such as project management, child participation and administration.

**The Board of Directors is grateful to all staff and volunteers for their commitment to Plan UK and their efforts over the last year.**





## Legal and administrative information

### Patrons:

Michael Aspel OBE  
 Marie Helvin  
 Virginia McKenna  
 The Lord Paul  
 Ruth Rendell  
 Dr Miriam Stoppard  
 Baroness Warnock of Weeke  
 Len Woodley QC

### Principal Officers:

Marie Staunton	Chief Executive
John Pinchard	Company Secretary
Claire Jarrold	Supporter Relations Manager
Jeremy Cooper	Marketing Manager
Stuart Mulholland	Programme Manager
Sharon Goulds	Communications Manager
Angela Beerman	Human Resources Manager

### Directors:

J Boateng	
JLF Buist CB	
TS Barton	Resigned 23 February 2006
NC Chapman	Chairman
J Clare	Resigned 25 May 2006
J Clark	
PJ Drissell	
Hon Anne Grant	
TC Hoegh	
JS Khan	
MT Keane	Resigned 25 May 2006
S Narula	
AM Penrose	

### Registered Office:

5/6 Underhill Street,  
 London NW1 7HS  
 Tel: 020 7482 9777, Fax: 020 7482 9778  
 Email: mail@plan-international.org.uk

### Auditors:

PricewaterhouseCoopers LLP  
 1 Embankment Place  
 London WC2N 6RH

### Solicitors:

Russell-Cooke  
 2 Putney Hill  
 London SW15 6AB

### Bankers:

Barclays Bank  
 Church Street East  
 Woking GU21 1AE

## Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to be re-appointed and a resolution concerning their re-appointment will be proposed at the annual general meeting.

### By order of the Board

John Pinchard  
 Company Secretary

Nigel Chapman  
 Chairman

26 April 2007

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAN INTERNATIONAL (UK)

We have audited the group and parent charity financial statements ("the financial statements") of PLAN International (UK) for the year ended 30 June 2006 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The responsibilities of the directors for preparing the Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Responsibilities of Plan UK's Directors.

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 charitable 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 Report of the Board of Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Message from Plan UK Chair, the Chief Executive's Report and the Report of the Board of Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable 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 group's and the parent charitable company's affairs as at 30 June 2006 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, 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 Report of the Board of Directors is consistent with the financial statements.

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered  
Auditors  
London

26 April 2007

## Consolidated Statement of Financial Activities

(Incorporating the Income and Expenditure Account) for the year ended 30 June 2006

		Unrestricted Funds	Restricted Funds	2006 Total	2005 Total
<b>Incoming resources</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Incoming resources from generated funds</b>					
<b>Voluntary income</b>					
Sponsor pledges		25,395	4	25,399	23,581
Contributions from official bodies	Note 3(a)	–	2,604	2,604	2,382
Other donations and appeals	Note 3(b)	1,373	8,681	10,054	4,831
<b>Activities for generating funds</b>					
Trading subsidiary income	Note 12	313	–	313	229
<b>Investment income</b>					
Interest income		222	–	222	160
<b>Total incoming resources</b>		<b>27,303</b>	<b>11,289</b>	<b>38,592</b>	<b>31,183</b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
<b>Voluntary income</b>					
Sponsor pledges		(3,904)	–	(3,904)	(3,891)
Contributions from official bodies		(592)	–	(592)	(509)
Other donations and appeals		(1,250)	–	(1,250)	(805)
<b>Trading subsidiary costs</b>	Note 12	(269)	–	(269)	(178)
<b>Charitable activities</b>					
Development education, advocacy and communications		(920)	–	(920)	(760)
Programme activities		(21,126)	(10,735)	(31,861)	(24,225)
<b>Governance</b>		(95)	–	(95)	(88)
<b>Total resources expended</b>	Note 4	<b>(28,156)</b>	<b>(10,735)</b>	<b>(38,891)</b>	<b>(30,456)</b>
<b>Net income/(expenditure) and net movement in funds</b>		(853)	554	(299)	727
<b>Total funds brought forward</b>		1,711	770	2,481	1,754
<b>Total funds carried forward</b>	Note 10	858	1,324	2,182	2,481

All income and expenditure relates to continuing activities. There are no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

## Consolidated and Charity Balance Sheet as at 30 June 2006

		<b>Group 2006</b>	<b>Group 2005</b>	<b>Charity 2006</b>	<b>Charity 2005</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible assets	Note 7	329	214	320	207
Investment – shares in subsidiary undertakings	Note 12	–	–	–	–
		329	214	320	207
<b>Current assets</b>					
Stock		30	34	–	–
Debtors	Note 8	2,254	2,801	2,350	2,809
Cash at bank and in hand		2,238	1,815	1,751	1,608
		4,522	4,650	4,101	4,417
Creditors – amounts falling due within one year	Note 9	(2,669)	(2,383)	(2,445)	(2,340)
Net current assets		1,853	2,267	1,656	2,077
<b>Net assets</b>		<b>2,182</b>	<b>2,481</b>	<b>1,976</b>	<b>2,284</b>
<b>Funds:</b>					
Note 10					
<b>Unrestricted funds</b>					
General		529	1,497	472	1,412
Designated					
-Tangible fixed asset fund		329	214	320	207
<b>Restricted funds</b>		<b>1,324</b>	<b>770</b>	<b>1,184</b>	<b>665</b>
<b>Total funds</b>		<b>2,182</b>	<b>2,481</b>	<b>1,976</b>	<b>2,284</b>

Approved by the Board and signed on their behalf by:



**Nigel Chapman**  
Director



**Anne Grant**  
Director

26 April 2007

## Consolidated Statement of Cash Flow for year ended 30 June 2006

		2006 £'000	2005 £'000
<b>Net cash inflow from operating activities</b>	Note A	458	559
<b>Returns on investment and servicing of finance – interest received</b>		152	118
<b>Capital expenditure:</b>			
Payments to acquire tangible fixed assets		(187)	(106)
<b>Increase in cash and cash equivalents</b>	Note B	423	571
<b>Notes to the Cash Flow Statement</b>			
<b>A) Reconciliation of changes in resources to net inflow from operating activities</b>			
Net (expenditure)/ income for the year		(299)	727
Interest income		(216)	(160)
Depreciation charges		72	64
Decrease/(increase) in debtors		611	(583)
Decrease in stock		4	-
Increase in creditors		286	511
<b>Net cash inflow from operating activities</b>		<b>458</b>	<b>559</b>
<b>B) Analysis of changes in cash and cash equivalents during the year</b>			
<b>Balance brought forward</b>		1,815	1,244
Net cash inflow/(outflow)		423	571
<b>Balance carried forward</b>		<b>2,238</b>	<b>1,815</b>

## Notes Forming Part of the Financial Statements for year ended 30 June 2006

### 1. Organisation and purpose

Plan is an association of global not-for-profit organisations ("Plan") formed for the purpose of providing material aid and services to needy families and their communities in the developing world. To accomplish this purpose it is organised into a number of separate legal entities which, in the year ended 30 June 2006, included Plan, Inc ("Plan, Inc"), a not-for-profit organisation incorporated in the United States of America, Plan Ltd. and 17 national organisations. The latter represent the work of Plan in their country, fundraise and contribute to the management of Plan. Plan International (UK) ("Plan UK") is one such national organisation. Funds raised by the national organisations are used for programmes to benefit sponsored children, their families and communities through Plan International, Inc, which operates field offices in forty-seven countries. The results of Plan UK are included in the worldwide combined accounts prepared by Plan, Inc, which are publicly available.

### 2. Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" published in March 2005 ("The 2005 SORP") and applicable United Kingdom accounting standards. The statement of financial activities (SOFA), group balance sheet and cash flow statement consolidate the financial statements of the Charity and its subsidiary undertakings. The Charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and has adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA has been presented for the Charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the 2005 SORP.

#### (b) Subsidiary undertakings

The accounts of subsidiaries are consolidated with the Charity on a line-by-line basis. Transactions and balances between the entities are eliminated on consolidation. Details on subsidiaries are given in note 12.

#### (c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general

objectives of the Charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The use of each restricted fund is set out in the notes to the financial statements.

#### (d) Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income, there is reasonable certainty of receipt and the amount can be quantified with reasonable accuracy.

Income from sponsors is accounted for on a receipts basis except that the portion of annual sponsorship contributions which relates to future periods is carried forward in the balance sheet as deferred income.

Income tax refunds on donations are recognised as income on an accruals basis for all payments covered under a deed of covenant or gift aid certificate. Grants and other income are recognised when the agreed conditions for receipt have been met and there is reasonable certainty of receipt.

Trading subsidiary income represents the amounts invoiced to customers for goods supplied, excluding VAT.

Interest income includes interest earned by Plan, Inc on funds remitted to it by Plan UK, which is subsequently passed back to Plan UK by Plan, Inc. No amounts are included in the financial statements for services donated by volunteers. Other gifts in kind are recognised at a reasonable estimate of their fair value.

#### (e) Resources expended

All expenditure is accounted for on an accruals basis, and is classified in the SOFA according to the activity to which it relates. Direct costs, including attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Irrecoverable VAT is applied to the cost from which it arises. Support costs, which include central functions such as general management, accounting, general post and communications, information technology and human resources, are allocated between activities on the basis of staff numbers

employed during the period. Governance costs are the costs associated with the governance arrangements of the Charity and include an estimate of management time spent on strategic activities as well as direct costs associated with governance.

#### (f) Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Items costing less than £200 are not capitalised. The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable.

Depreciation for all fixed assets except computer software is calculated on a straight-line basis at a rate of 20 per cent to write off the cost of the assets over their estimated useful lives. Depreciation of computer software is calculated on a straight-line basis at a rate of 33 per cent. Computer software under development is not depreciated until it is available for its intended use.

#### (g) Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value.

#### (h) Pension costs

Pension contributions paid by the Company in respect of employees to a defined contribution scheme are charged to the SOFA as they become payable.

#### (i) Operating leases

Operating lease rentals are charged to the SOFA in the period in which they are incurred.

#### (j) Foreign exchange transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the SOFA. The income and expenditure of the overseas subsidiary (Plan Ireland) are translated at average yearly rates. The assets and liabilities are translated at the year-end rate. Any translation differences arising are included in movements on fund balances.

#### (k) Company status

The Charity is a company limited by guarantee. The members of the Company are the Directors named on page 40. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

### 3. Income analysis

#### (a) Contributions from Official Bodies

	Unrestricted £'000	Restricted £'000	2006 Total £'000	2005 Total £'000
DfID	-	861	861	868
European Commission	-	1,031	1,031	685
Other public funding	-	712	712	829
<b>Total</b>	<b>-</b>	<b>2,604</b>	<b>2,604</b>	<b>2,382</b>

Plan UK classifies Official Bodies as government departments and international governmental organisations (such as the European Commission) but excludes donations in kind which are shown under Other Donations and Appeals.

#### (b) Other Donations and Appeals

	Unrestricted £'000	Restricted £'000	2006 Total £'000	2005 Total £'000
Plan Ltd	1,222	-	1,222	752
Trusts and major donors	-	1,242	1,242	663
Corporations	-	400	400	195
Big Lottery Fund	-	192	192	395
Emergency appeals	-	852	852	999
Gift Aid on restricted income	-	390	390	382
Comic Relief	-	157	157	332
Trading donations and alternative gifts	-	379	379	296
Gifts in kind	-	3,288	3,288	-
Other donations	151	1,781	1,932	817
<b>Total</b>	<b>1,373</b>	<b>8,681</b>	<b>10,054</b>	<b>4,831</b>

The donation from Plan Ltd of £1.2m (2005 - £0.75m) is a donation received under deed of covenant in order to support the Company's charitable activities. Gifts in kind relate to the delivery of food aid in Malawi and Zimbabwe and were received under the United Nations World Food Programme.

### 4. Resources expended

#### (a) Analysis of total resources expended

Group	Support £'000	Staff costs £'000	Other Direct £'000	2006 £'000	2005 £'000
<b>Costs of generating funds</b>					
Sponsorship	452	588	2,864	3,904	3,891
Official bodies	205	373	14	592	509
Other donations	287	194	769	1,250	805
<b>Trading</b>	-	-	269	269	178
<b>Charitable activities</b>					
Development education, advocacy and communications	414	359	147	920	760
Programme activities	-	-	31,861	31,861	24,225
<b>Governance costs</b>	40	-	55	95	88
<b>Grand total</b>	<b>1,398</b>	<b>1,514</b>	<b>35,979</b>	<b>38,891</b>	<b>30,456</b>
Re-allocate salaries within support costs	(699)	699	-	-	-
<b>Grand total</b>	<b>699</b>	<b>2,213</b>	<b>35,979</b>	<b>38,891</b>	<b>30,456</b>



Staff costs initially included within Support are reallocated to Staff costs. Programme activities represent amounts passed to Plan, Inc which are used to cover programme costs and related programme support costs, the costs of the central services for the programme countries and Plan, Inc's administrative costs.

	2006 £'000	2005 £'000
<b>Net income/expenditure is stated after charging:</b>		
Audit fee of consolidated financial statements (£20,000 for Charity. 2005 - £20,000)	23	25
Non-audit fees paid to our auditors	17	10
Depreciation	72	64
Operating lease rentals – buildings	192	192

#### (b) Analysis of Support Costs

	Sponsorship £'000	Official Bodies £'000	Other Donations £'000	Charitable Activities £'000	Governance £'000	2006 Total £'000	2005 Total £'000
Staff costs	210	97	144	208	40	699	639
Communication	41	18	24	35	-	118	127
Depreciation	24	11	15	22	-	72	64
Travel and meetings	10	4	3	4	-	21	19
Office and premises costs	167	75	101	145	-	488	489
<b>Grand total</b>	<b>452</b>	<b>205</b>	<b>287</b>	<b>414</b>	<b>40</b>	<b>1,398</b>	<b>1,338</b>

Support costs have been allocated to each of the above activities on the basis of the number of staff employed during the period by the relevant activity. Governance staff costs are an estimate of time spent by management on clearly identified governance matters.

#### Analysis of Support Staff Costs

	2006 £'000	2005 £'000
Head office and central support	425	370
IT	100	97
Finance	174	172
	<b>699</b>	<b>639</b>

#### (c) Analysis of Governance Costs

	2006 £'000	2005 £'000
Audit and professional fees	55	48
Apportionment of staff costs	40	40
	<b>95</b>	<b>88</b>

## 5. Staff costs

	2006 £'000	2005 £'000
<b>Staff Costs</b>		
Wages and salaries	1,869	1,451
Social security	186	159
Pension costs	50	48
Sub Total	2,105	1,658
Other staff costs	108	143
<b>Total</b>	<b>2,213</b>	<b>1,801</b>

Plan UK has a defined contribution pension scheme, which matches employee contributions up to a maximum of 5 per cent of pensionable salary. The resulting fund belongs to the employee and can be transported when leaving Plan UK. No employees receive benefits under a defined benefits pension scheme.

The number of employees whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was as follows:

	2006	2005
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	1	1

The pension contributions for these higher paid employees to defined contribution schemes were £7,500 (2005 - £7,132).

The average number of employees, calculated on a full-time equivalent basis, analysed by activity was:

	2006	2005
Sponsorship activities	18	16
Official bodies and grants	8	6
Other donation activities	10	7
Support activities	20	26
Charitable activities	12	9
<b>Total</b>	<b>68</b>	<b>64</b>

## 6. Directors' remuneration

None of the Directors received any remuneration during the year for services to the Company (2005 - nil). Expenses reimbursed to Directors (where claimed) were £1,211 (2005 - £185). These expenses related to 3 Directors and covered out-of-pocket expenses of £1,211 in respect of travel (2005 - £180) and £NIL in respect of communications expenses (2005 - £5).

## 7. Tangible fixed assets

Group	Computer software £'000	Alterations to premises £'000	Furniture £'000	Computer and other office equipment £'000	Total £'000
<b>Cost</b>					
At 1 July 2005	161	91	132	238	622
Additions	145		14	28	187
At 30 June 2006	<b>306</b>	<b>91</b>	<b>146</b>	<b>266</b>	<b>809</b>
<b>Accumulated depreciation</b>					
At 1 July 2005	78	59	114	157	408
Charge for the year	6	18	10	38	72
At 30 June 2006	<b>84</b>	<b>77</b>	<b>124</b>	<b>195</b>	<b>480</b>
<b>Net book amount</b>					
At 30 June 2005	83	32	18	81	214
At 30 June 2006	<b>222</b>	<b>14</b>	<b>22</b>	<b>71</b>	<b>329</b>

<b>Charity</b>	<b>Computer software £'000</b>	<b>Alterations to premises £'000</b>	<b>Furniture £'000</b>	<b>Computer and other office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 July 2005	160	91	132	230	613
Additions	143	-	14	26	183
<b>At 30 June 2006</b>	<b>303</b>	<b>91</b>	<b>146</b>	<b>256</b>	<b>796</b>
<b>Accumulated depreciation</b>					
At 1 July 2005	78	59	114	155	406
Charge for the year	5	18	10	37	70
<b>At 30 June 2006</b>	<b>83</b>	<b>77</b>	<b>124</b>	<b>192</b>	<b>476</b>
<b>Net book amount</b>					
At 30 June 2005	82	32	18	75	207
<b>At 30 June 2006</b>	<b>220</b>	<b>14</b>	<b>22</b>	<b>64</b>	<b>320</b>

Charity and Group additions to computer software include an amount of £140,891 (2005 - £73,446) in respect of assets in the course of construction. The closing net amount was £214,337. This amount has not been depreciated.

## 8. Debtors

	<b>Group 2006 £'000</b>	<b>Group 2005 £'000</b>	<b>Charity 2006 £'000</b>	<b>Charity 2005 £'000</b>
Official Bodies	608	447	608	343
Income tax recoverable	547	2,027	547	2,027
Prepayments and accrued income	132	306	132	295
Plan, Inc	777	-	777	-
Other debtors	190	21	286	144
	<b>2,254</b>	<b>2,801</b>	<b>2,350</b>	<b>2,809</b>

Other debtors for the Charity include an amount of £66,718 (2005 - £92,815) receivable from the trading subsidiary (see note 12).

## 9. Creditors

	<b>Group 2006 £'000</b>	<b>Group 2005 £'000</b>	<b>Charity 2006 £'000</b>	<b>Charity 2005 £'000</b>
Trade creditors	486	461	482	449
PAYE and NI	5	-	-	-
Deferred income	794	955	771	943
Accruals	505	131	363	112
Other creditors	879	836	829	836
	<b>2,669</b>	<b>2,383</b>	<b>2,445</b>	<b>2,340</b>

Other creditors include an amount payable to Plan Ltd of £777,767 (2005 - £836,217).

The movements in deferred income are analysed below:

<b>Group and Charity</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income at 1 July	955	754
Amounts released from previous years	(891)	(651)
Incoming resources deferred in the year	730	852
	<b>794</b>	<b>955</b>

Commitments under operating leases in respect of land and buildings in the following financial year are as follows:

	<b>£'000</b>	<b>£'000</b>
Operating lease expiring: Within two to five years	201	192

## 10. Statement of funds

<b>Group</b>	<b>Balance 1</b>	<b>Total</b>	<b>Total</b>	<b>Transfers</b>	<b>Balance</b>
	<b>July 2005</b>	<b>incoming</b>	<b>resources</b>		<b>30 June</b>
	<b>£'000</b>	<b>resources</b>	<b>expended</b>	<b>£'000</b>	<b>2006</b>
<b>Unrestricted funds:</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>General reserve</b>	1,497	27,303	(28,152)	(115)	529
<b>Designated funds</b>					
Tangible fixed asset fund	214	-	-	115	329
	1,711	27,303	(28,152)	-	858
<b>Restricted funds</b>	770	11,289	(10,735)	-	1,324
<b>Total funds</b>	<b>2,481</b>	<b>38,592</b>	<b>(38,887)</b>	<b>-</b>	<b>2,182</b>

<b>Charity</b>	<b>Balance 1</b>	<b>Total</b>	<b>Total</b>	<b>Transfers</b>	<b>Balance</b>
	<b>July 2005</b>	<b>incoming</b>	<b>resources</b>		<b>30 June</b>
	<b>£'000</b>	<b>resources</b>	<b>expended</b>	<b>£'000</b>	<b>2006</b>
<b>Unrestricted funds:</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>General reserve</b>	1,412	26,448	(27,275)	(113)	472
<b>Designated funds</b>					
Tangible fixed asset fund	207	-	-	113	320
	1,619	26,448	(27,275)	-	792
<b>Restricted funds</b>	665	10,760	(10,241)	-	1,184
<b>Total funds</b>	<b>2,284</b>	<b>37,208</b>	<b>(37,516)</b>	<b>-</b>	<b>1,976</b>

The transfer made between general and designated funds is effected to match the net book value of fixed assets with a designated fund (see note 7).

Restricted funds comprise the following unexpended balances on donations and grants given for specific purposes:

	<b>Balance 1 July 2005</b>	<b>Total incoming resources</b>	<b>Total resources expended</b>	<b>Balance 30 June 2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Restricted funds:</b>				
DfID	117	861	(589)	389
European Community	300	1,031	(590)	741
Other Donations and Appeals	248	8,870	(9,064)	54
<b>Charity</b>	<b>665</b>	<b>10,762</b>	<b>(10,243)</b>	<b>1,184</b>
Plan Ireland	105	527	(492)	140
<b>Group</b>	<b>770</b>	<b>11,289</b>	<b>(10,735)</b>	<b>1,324</b>

## 11. Analysis of assets and liabilities between funds

<b>Group</b>	<b>Unrestricted funds</b>		<b>Restricted</b>	<b>Total</b>
	<b>General</b>	<b>Designated</b>	<b>Funds</b>	<b>Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fund balances at 30 June 2006 are represented by:</b>				
Tangible fixed assets	-	329	-	329
Current assets	2,849	-	1,673	4,522
Current liabilities	(2,320)	-	(349)	(2,669)
	529	329	1,324	2,182
<b>Fund balances at 30 June 2005</b>	<b>1,497</b>	<b>214</b>	<b>770</b>	<b>2,481</b>

<b>Charity</b>	<b>Unrestricted funds</b>		<b>Restricted</b>	<b>Total</b>
	<b>General</b>	<b>Designated</b>	<b>Funds</b>	<b>Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fund balances at 30 June 2006 are represented by:</b>				
Fixed assets	-	320	-	320
Current assets	2,568	-	1,533	4,101
Current liabilities	(2,096)	-	(349)	(2,445)
	472	320	1,184	1,976
<b>Fund balances at 30 June 2005</b>	<b>1,412</b>	<b>207</b>	<b>665</b>	<b>2,284</b>

## 12. Investments - Subsidiary undertakings

Charity	2006 £	2005 £
Shares in subsidiary undertakings	2	2

Plan UK owns the entire issued share capital of Foster Parents Plan International (UK) Ltd, a trading company whose business is the sale of merchandise to sponsors of Plan and third parties. It is the policy of the subsidiary to make a charitable donation of any financial surplus to Plan UK.

Plan Ireland Charitable Assistance Limited ("Plan Ireland"), a charity registered in Ireland, fell to be treated as a subsidiary during the year ended 30 June 2006. Operations in Ireland were funded by Plan UK by way of a grant until June 2006. All funds raised there are passed directly to Plan Inc. Trading started in the financial year to 30 June 2005.

Subsidiary	Foster Parents Plan International (UK) Ltd		Plan Ireland	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
<b>Total incoming resources</b>	313	229	1,869 <sup>1)</sup>	1,155 <sup>1)</sup>
<b>Total resources expended:</b>				
Cost of generating funds	269	177	874	530
Cost of charitable activities	-	-	986	509
Governance costs	1	1	5	5
<b>Total net assets</b>	-	-	<b>200</b>	<b>197</b>

<sup>1)</sup> Including a grant of £759,400 (2005 - £539,951) from Plan UK

## 13. Post Balance Sheet Events

On 1 July 2006, Plan UK relinquished control over Plan Ireland in order that Plan Ireland would become a national organisation in its own right. This change will result in a charge of £200,000 in the group financial statement for the year ending 30 June 2007, representing the net assets held by Plan Ireland on the date that control was relinquished. There is no impact on the Charity's own financial statements.

## 14. Related Parties

Plan, Inc allocates back to the national organisations the interest it earns on the funds transmitted to it by the national organisations.

This allocation is based on the timing and size of the remittances from each National Organisation during the fiscal year in which the interest is earned. The accompanying statements of activities include allocated interest income of £195,051 and £130,679 for the years ended June 30, 2006 and 2005, respectively.

**Plan UK would like to thank the following trusts, statutory funders, corporate and individual donors who have supported our work over the past financial year:**

**Institutions:**

DfID  
European Commission  
European Commission Humanitarian Aid Office – ECHO  
The Big Lottery Fund  
Comic Relief  
The Isle of Man Overseas Aid Committee  
The Jersey Overseas Aid Commission  
The States of Guernsey Overseas Aid Committee

**Trusts and Foundations:**

The Freemasons' Grand Charity  
The Band Aid Charitable Trust  
Sir Halley Stewart Trust  
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Mercury Phoenix Trust  
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