



A WORLD FOR CHILDREN



2004 FINANCIAL STATEMENTS | PLAN INTERNATIONAL AUSTRALIA





# A World for Children

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## Company Particulars

### Honorary Board of Directors:

Wendy E McCarthy AO (Chair)  
Fiona J Sharkie (Deputy Chair)  
Brian F Dunkley (Secretary)  
Tim D A Beresford  
Philip L Endersbee  
Russell Gordon  
Thomas J S Kane  
Tan Le  
Shaun A Mays  
K Anne Skipper AM  
Margaret J Winn

### Secretary:

Brian F Dunkley

### National Executive Director:

Ian Wishart

### Registered Office:

Level 1, 533 Little Lonsdale Street  
Melbourne Victoria 3000  
Telephone: (03) 9670 0030  
Facsimile: (03) 9670 1130

### Auditors:

PricewaterhouseCoopers  
333 Collins Street  
Melbourne VIC 3000

### Solicitors:

Corrs Chambers Westgarth  
(Pro Bono Services)  
600 Bourke Street  
Melbourne VIC 3000

### Bankers:

Commonwealth Bank of Australia  
385 Bourke Street  
Melbourne VIC 3000



### CODE OF CONDUCT

We are a signatory to the Code of Conduct of the Australian Council for International Development and are committed to high standards of financial reporting, management and ethical practice. See [www.acfid.asn.au](http://www.acfid.asn.au).

## Directors' Report

In respect of the financial year ended 30 June 2004, the Directors of Plan International Australia (hereinafter referred to as Plan Australia) submit the following report:

### 1. Directors of the Company Currently in Office

The names of the Directors in office at the date of this report are:

Wendy E McCarthy AO (Chair)  
Fiona J Sharkie (Deputy Chair)  
Brian F Dunkley (Secretary)  
Tim D A Beresford (appointed 17 July 2003)  
Philip L Endersbee (appointed 13 November 2003)  
Russell Gordon  
Thomas J S Kane (appointed 25 April 2004)  
Tan Le (appointed 17 July 2003)  
Shaun A Mays (appointed 17 July 2003)  
K Anne Skipper AM (appointed 17 July 2003)  
Margaret J Winn

The following were Directors from the start of the financial year until their resignations:

The Hon. Michael H Lavarch (resigned 17 July 2003)  
Dr Peter A C Macdonald (resigned 1 September 2003)  
Debra A Russell (resigned 22 August 2003)

### 2. Principal Activities

The principal activities of Plan Australia during the year were raising funds for Plan International Inc. (hereinafter referred to as Plan International) for overseas development programs in developing countries, management and participation in these program activities, especially those funded by the Australian Government. Plan Australia continued to participate in a food aid grant by the United Nations World Food Program implemented by Plan Zimbabwe on behalf of Plan Australia. The grant enabled Plan to provide food to over 200,000 people over a ten month period in Plan operating areas of Zimbabwe. In total, 15,159 tonnes of food was distributed with a value of \$13.7 million (2003 \$15.4 million).

### 3. Income Tax

The Company is endorsed by the Australian Taxation Office as an Income Tax Exempt Charity (ITEC) and is therefore exempt from paying income tax.

### 4. Dividends

In accordance with the Memorandum of Association, no dividends are permitted.

### 5. Review of Operations

Plan Australia continues to grow in key areas with new milestones reached for revenue \$28,219,857 (2003 \$26,673,920) and sponsored children 30,849 (2003 26,911). The World Food Program (WFP) emergency food distribution revenue of \$13,748,703 (2003 \$15,378,855) continues to contribute substantial non-cash revenue. Our core activity, child sponsorship related revenue, reached \$10,928,029 (2003 \$9,140,552), a 20% increase over the previous year. The strong growth is attributed to an aggressive sponsor acquisition strategy utilising a direct approach method which began in April 2002. This strategy has been successful in acquiring many new sponsorships at an efficient cost per acquisition. The 15% increase in sponsorships in 2004 has seen Plan Australia reach its highest ever number of sponsored children of 30,849 (2003 26,911).

Total local expenditure for the year of \$5,340,347 (2003 \$3,926,597) grew over the previous year by 36% due to the cost of the successful direct approach acquisition strategy and increased grant program support costs. Child Centred Community Development expenditure of \$646,148 (2003 \$215,061) is comprised of government fundraising costs and other project costs. The expenditure has increased due to management of additional government grants and activities such as the Youth Conference and advocacy initiatives.

Ordinary activities for the year resulted in a deficit of \$622,830 (2003 \$570,642) and is a result of higher cash remittances to Plan International. Funds remitted of \$23,502,340 (2003 \$23,317,965) include a non-cash component relating to the income booked for the World Food Program food distribution in Zimbabwe. Cash remittances were \$9,900,000 (2003 \$8,300,000), an increase of 19%.

### 6. Significant Changes in the State of Affairs

The Directors are not aware of any significant changes in the state of affairs of the Company.

## Directors' Report (continued)

### 7. Events Subsequent to Balance Date

The Directors are not aware of any matter or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

### 8. Likely Developments

In the opinion of the Directors, there are no likely developments which would have a significant effect on the Company's operations or results.

### 9. Directors' Benefits

The Directors receive no remuneration for their services as Directors of the Company.

### 10. Directors' Interests in Contracts

Since the date of the last Directors' Report, no Director has declared, pursuant to Section 231 of the Corporations Act 2001, an interest in any contract by virtue of their directorships or memberships of other entities except as reported in Note 16. Related Parties.

## Committee and Special Responsibilities

### Finance and Audit Committee

Sub Committee of the Board:  
Brian F Dunkley (Chair)  
Wendy E McCarthy AO (ex officio)  
Philip L Endersbee  
Russell Gordon  
Debra A Russell\*

### Fundraising and Events Committee

Sub Committee of the Board (have not formally met):  
K Anne Skipper AM (Chair)  
Tim D A Beresford  
Tan Le  
Wendy E McCarthy AO

### Program Advisory Committee

Sub Committee of the Board:  
Margaret J Winn (Chair)  
The Hon. Michael H Lavarch\*  
Dr Peter A C Macdonald\*  
Shaun A Mays  
Fiona J Sharkie

\* Board Directors who have since resigned from the office

### Nominations and Remuneration Committee

Sub Committee of the Board (have not formally met):  
Wendy E McCarthy AO (Chair)  
Fiona J Sharkie

### International Representatives

Directors of Plan Australia on the Board of Plan International are:  
Wendy E McCarthy AO, Director  
Fiona J Sharkie, Director

## Statement of Directors' Meetings Attendance

Director	Board of Directors		Finance and Audit Committee		Program Advisory Committee	
	Held *	Attended	Held *	Attended	Held *	Attended
Wendy E McCarthy AO	7	7	6	3		
Fiona J Sharkie	7	7			3	0
Brian F Dunkley	7	7	6	6		
Tim D A Beresford	6	6				
Philip L Endersbee	4	4	2	2		
Russell Gordon	7	5	6	5		
Thomas J S Kane	1	1				
The Hon. Michael H Lavarch	1	0			1	0
Tan Le	6	3				
Dr Peter A C Macdonald	1	0			1	0
Shaun A Mays	6	5			3	0
Debra A Russell	1	0	1	0		
K Anne Skipper AM	6	6				
Margaret J Winn	7	6			3	3

\* Reflects the number of meetings held during the time the Director held office

Directors' Report (continued)

11. Information on Directors currently in office



**Wendy E McCarthy AO** BA Dip Ed  
Board member since May 1996.  
Elected Chair November 1998. Chancellor, University of Canberra. Chair, McGrath Estate Agents.  
Chair, New South Wales Ministerial Health Participation Council. Deputy Chair, Sydney Community  
Foundation. Executive Director, McCarthy Management Pty Ltd, Corporate Good Works.



**Fiona J Sharkie** BBus (Marketing)  
Board member since October 2000.  
Director, Office of Womens Policy, Victorian Government.



**Brian F Dunkley** FCPA LLB. ACIS FAICD  
Board member since August 1996.  
Accountant. Managing Director, Bridun Pty Ltd. Director and Company Secretary, i-view Group Ltd.



**Tim D A Beresford** BEc (Hons) LLB MPhil (IR) ASIA  
Board member since July 2003.  
Banker, Head of Secured Finance, Westpac Banking Corporation.



**Philip L Endersbee** BBus (Administration)  
Board member since October 2003.  
Managing Director and owner, Wilderness Wear Pty Ltd. Member, Rotary Club of Melbourne (Chair,  
East Timor committee), East Timor Embassy Building Project. Fellow, Leadership Victoria.  
Independent Trustee and Director, John T Reid Charitable Trust.



**Russell Gordon** CA MBA BBus (Acc)  
Board member since February 2002.  
Chartered Accountant. General Manager, All Truck Bodies Pty Ltd.



**Thomas J S Kane** FAICD  
Board member since April 2004.  
Managing Director and founder, Peregrine Group of Companies. Chartered Member, Australian  
Human Resources Institute.



**Tan Le** BCom LLB (Hon)  
Board member since July 2003.  
CEO and co-founder, Emotiv Systems Pty Ltd. Young Australian of the Year 1998.  
Member, Australian Citizenship Council, National Committee for Human Rights Education in Australia,  
Advisory Board of the Centre for the Mind, Advisory Board of RMIT Business in Entrepreneurship.



**Shaun A Mays** BSc (Hons) MSc MBA FAICD  
Board member since July 2003.  
CEO, Deutsche Asset Management. Director, Deutsche Asset Management (Japan) Limited.  
Member, National Environmental Education Council, ASX Listing Appeals Committee,  
Federal Environment Minister's Roundtable.



**K Anne Skipper AM** Dip Nursing FAIM FAICD  
Board member since July 2003.  
Deputy Chair, South Australian Tourism Commission. Director, Savings and Loans Credit Unions,  
Cancer Council of South Australia.



**Margaret J Winn** BA Dip Ed  
Board member since November 1998.  
Health and Development Consultant, working on reproductive and sexual health projects in  
Asia-Pacific Region and Africa.

**Directors' Report (continued)**

**12. Indemnification And Insurance Of Officers**

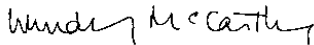
Plan International provides cover worldwide which includes officers of national organisations. The policy does not specify the premium for each national organisation nor individual Directors and executive officers. The Directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company) incurred in their position as Director or executive officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

**13. Environmental Regulations**

Plan Australia is committed to comply with all environmental legislation, regulations, standards and codes of practice relevant to its particular activities. It is also committed to keeping abreast of all occupational, health and safety issues.

As far as Plan Australia is aware there has been no breach of any relevant legislation. The Company is not subject to significant environmental regulation.

Signed in accordance with a resolution of the Board of Directors.



**Wendy E McCarthy AO  
DIRECTOR**



**Brian F Dunkley  
DIRECTOR**

Dated this 13th day of October 2004 at Melbourne



**“Being part of this program means having new adventures, new dreams, new goals, which little by little and with patience are turning real.”**

María, a participant in Plan's radio project in Ecuador

## Corporate Governance Statement

### Board of Directors and its Committees

The Board is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has also established a framework for the management of the Company including a system of internal controls and the establishment of appropriate ethical standards.

### Composition of the Board

The names of the Directors of the Company in office at the date of this statement are set out in the Directors' Report on page 3 of this Annual Report.

### Finance and Audit Committee

The Finance and Audit Committee meet prior to Board meetings.

The Committee is charged with the responsibility of advising on the establishment and maintenance of internal controls and appropriate ethical standards for the management of the economic entity.

The responsibility of the Finance and Audit Committee include, but are not restricted to:

- reviewing financial information and statements;
- reviewing external audit reports to ensure that prompt remedial action is taken by management to rectify major deficiencies or breakdowns in controls or procedures which have been identified;
- liaising with the external auditors to ensure that the statutory audits are conducted in an effective manner;
- monitoring procedures to ensure compliance with statutory requirements; and
- monitoring procedures to ensure that the Company assets are protected from defalcation, fraud, theft and other forms of diminution.

The committee reviews the monthly financial statements and the Annual Report and makes recommendations to the Board for the approval and adoption of the reports.

### Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

### Ethical Standards

The Board sets out the standards in accordance with which each Director, manager and employee of the Company are expected to act. The requirement to comply with these ethical standards is communicated to all employees.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### The Role of Stakeholders

The Board of Directors aims to ensure that the stakeholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to stakeholders as follows:

- the Annual Report is distributed to all stakeholders (unless a stakeholder has specifically requested not to receive the document). The Board ensures that the Annual Report includes relevant information about the operations of the Company and details of future developments, in addition to other disclosures required under the Corporations Act 2001.

The Board encourages full participation of stakeholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

## Independent audit report to the members of Plan International Australia

### Audit opinion

In our opinion, the financial report of Plan International Australia:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Plan International Australia as at 30 June 2004, and of its performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for Plan International Australia (the company), for the year ended 30 June 2004.

The Directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

PR Lewis, partner

Melbourne, 13 October 2004



## Directors' Declaration

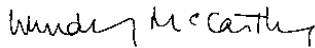
The Directors declare that the financial statements and notes set out on pages 10 to 21;

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Wendy E McCarthy AO**  
**DIRECTOR**



**Brian F Dunkley**  
**DIRECTOR**

Dated this 13th day of October 2004 at Melbourne



**“We may be young but we have some very good ideas. Children can do something if they are given a chance.”**

Zubeda, age 12, from Tanzania

## Statement of financial performance

For the year ended 30 June 2004

	Notes	2004 \$	2003 \$
<b>Revenue from Ordinary Activities</b>	2	28,219,857	26,673,920
<b>Other expenses from ordinary activities</b>			
World Food Program emergency food distribution		13,748,703	15,378,855
Other overseas projects		9,753,637	7,939,110
Other project costs		396,828	80,235
Community education		69,178	7,720
Fundraising costs			
* public		3,148,984	2,541,101
* government		249,320	134,826
Administration		1,476,037	1,162,715
<b>Deficit of revenue over disbursements from ordinary activities</b>		<b>(622,830)</b>	<b>(570,642)</b>

The above statement of financial performance should be read in conjunction with the accompanying notes.

## Statement of financial position

As at 30 June 2004

	Notes	2004 \$	2003 \$
<b>Current Assets</b>			
Cash Assets	4	357,836	1,076,235
Receivables	5	370,832	101,050
Investments	6 (a)	1,095,000	1,695,000
Other	6 (b)	147,458	2,992
<b>Total Current Assets</b>		<b>1,971,126</b>	<b>2,875,277</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	7	293,275	204,432
<b>Total Non-Current Assets</b>		<b>293,275</b>	<b>204,432</b>
<b>TOTAL ASSETS</b>		<b>2,264,401</b>	<b>3,079,709</b>
<b>Current Liabilities</b>			
Payables	8	77,194	885,016
Provisions	9	72,414	59,365
<b>Total Current Liabilities</b>		<b>149,608</b>	<b>944,381</b>
<b>Non-Current Liabilities</b>			
Provisions	10	8,373	7,419
<b>Total Non-Current Liabilities</b>		<b>8,373</b>	<b>7,419</b>
<b>TOTAL LIABILITIES</b>		<b>157,981</b>	<b>951,800</b>
<b>NET ASSETS</b>		<b>2,106,420</b>	<b>2,127,909</b>
<b>EQUITY</b>			
Reserves	11	2,106,420	2,005,792
Funds available for future use	11	-	122,117
<b>TOTAL EQUITY</b>		<b>2,106,420</b>	<b>2,127,909</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of cash flows

For the year ended 30 June 2004

	Notes	2004 \$	2003 \$
<b>Cash flows from operating activities</b>			
Receipts from donors		11,675,807	9,889,869
Payments to suppliers and employees		(6,216,508)	(3,901,090)
		5,459,299	5,988,779
Interest received		132,356	142,473
Government grants received		2,319,476	1,566,137
Other overseas grants received		146,363	360,890
Payments to Plan International for programs and services		(9,201,609)	(8,301,459)
<b>Net cash (outflow) from operating activities</b>	<b>19</b>	<b>(1,144,115)</b>	<b>(243,180)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(175,957)	(107,610)
Proceeds from sale of property, plant and equipment		1,673	-
Proceeds from sale of investments		600,000	950,000
<b>Net cash inflow from investing activities</b>		<b>425,716</b>	<b>842,390</b>
<b>Net increase (decrease) in cash held</b>			
Cash at the beginning of the financial year		(718,399)	599,210
		1,076,235	477,025
<b>Cash at the end of the financial year</b>	<b>4</b>	<b>357,836</b>	<b>1,076,235</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

30 June 2004

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Plan Australia is a not-for-profit organisation and is a recognised charitable institution formally incorporated as a public company limited by guarantee, and these accounts comply with such of the prescribed requirements as are relevant to the financial statements.

#### A. Organisation and Purpose

The Plan group is an international, humanitarian, child centred development organisation, without religious, political or governmental affiliation.

Plan's prime purpose is to provide sustainable community development programs for the alleviation of poverty and the advancement of the education, health, habitat and livelihood of needy children, their families and communities in developing countries or where such programs may be needed because of war, disaster or other major social disturbances. Plan Australia is an independent non-sectarian, not-for-profit company limited by guarantee. Plan's purpose in Australia is to raise awareness and funds for sustainable community development programs in the developing world as well as manage and participate in Plan's program activities, especially those funded by the Australian Government. Plan Australia also works to build understanding and relationships between the children, their families and communities in the developing world, and sponsors and donors in Australia who provide ongoing financial support.

Plan Australia is an autonomous member of the Plan International worldwide group, made up of a number of similar legal entities. These separate national supporting entities are located in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Republic of Korea, Netherlands, Norway, Spain, Sweden, United Kingdom, and United States of America. The members jointly subscribe to an agreement that establishes Plan International as the service arm of the worldwide group.

#### B. Basis of Accounting

The financial statements have been prepared on the basis of historical costs, and except where stated, do not take into account current valuations of non-current assets. Plan Australia has not adopted a policy of revaluing its non-current assets on a regular basis, and they are not stated at amounts in excess of their recoverable amounts. The accounting policies have been consistently applied, unless otherwise stated.

#### C. Revenue Recognition

Revenue is recognised for the major business activities as follows:

##### Donation and Grant Income

Revenues relating to donations are recognised upon receipt of the funds. Revenues relating to grant income are recognised when they are received or receivable.

World Food Program emergency food distribution revenue is recognised in the Statement of Financial Performance upon receipt of official documentation from the World Food Program and converted to Australian dollars based upon the average monthly exchange rate of the month when food distribution took place. Original documentation is stated in United States dollars.

##### Interest Received

Funds are regularly transmitted to Plan International in accordance with a predetermined schedule of funding requirements. However, if any funds transmitted to Plan International are in excess of current disbursement needs, these are invested by Plan International. Interest income earned on these investments is then allocated back to the respective national organisations in accordance with an established formula, which is based primarily on the ratio that each national organisation's contribution bears to the total contribution from all national organisations. Interest is recognised on an accrual basis.

##### Donations of Goods and Services

Resources received in the form of intangible income such as donated facilities, voluntary help or beneficial loan arrangements, the value of which cannot be accurately quantified, are not included in the financial statements. Donated services, such as community-service radio, television announcements and press advertisements, the value of which cannot be accurately quantified, are not included in the financial statements.

Nevertheless, the Directors recognise and appreciate the inestimable value to Plan Australia of the resources received and services voluntarily given by corporations, groups and individuals.

Notes to the financial statements 30 June 2004 (continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectibility of trade debtors is reviewed on an ongoing basis.

**E. Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates at balance date.

**F. Investments**

Investments are brought to account at cost. Investment income is recognised on an accrual basis. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments.

**G. Depreciation of Property, Plant and Equipment**

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	5 – 10 years
Computer equipment	3 – 5 years

The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets.

**H. Leasehold Improvements**

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 2 years.

**I. Recoverable Amount of Non-Current Assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net surplus or deficit in the reporting period in which the recoverable amount write-down occurs.

**J. Leased Assets**

There were no finance leases in operation during the year. Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expense over the period of expected benefit.

**K. Income Tax**

Plan Australia is exempt from the payment of income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

**L. Trade and Other Creditors**

These amounts represent liabilities for goods and services provided to the organisation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**M. Web Site Costs**

Costs in relation to web sites controlled by the organisation are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the organisation that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits which vary from 2 to 5 years.

Notes to the financial statements 30 June 2004 (continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Employee Benefits**

**(i) Annual leave**

Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in Current Liabilities – Provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**(ii) Long service leave**

Liabilities for long service leave expected to be settled within 12 months of the reporting date are recognised and measured in accordance with the above note in respect to annual leave.

Liabilities for long service leave expected to be settled more than 12 months from the reporting date are recognised in Non-Current Liabilities - Provisions and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Employees are considered on an individual basis to determine likelihood of departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**(iii) Superannuation**

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable. Superannuation contributions by the Company comply with the Superannuation Guarantee rate of 9% with some employees contributing additional payments.

**O. Cash**

For purposes of the statement of cash flows, cash includes cash on hand, deposits at call with banks, and investments in money market instruments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**P. Reserves and Retained Surpluses**

Refer to Note 11 for accounting policies in respect of these items.

**Q. International Financial Reporting Standards (IFRS)**

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Company's financial statements for the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained surpluses as at 1 July 2004.

The Company has established a project plan to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. This includes analysing the Australian equivalents to IFRS and identifying the accounting policy changes that will be required.

A preliminary analysis of the impacts on the financial reports prepared using the Australian equivalents to IFRS has identified one key difference in accounting policies as follows:

- change in revenue recognition in respect of government grants as a result of the upcoming AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, which requires government grant income to be recognised over the periods necessary to match them with the related costs which they are intended to compensate. The impact on the financial report, had it been prepared using the Australian equivalent to IFRS, is not expected to be reliably estimated until the detailed impact analysis is finalised, as discussed above.

Notes to the financial statements 30 June 2004 (continued)

	2004 \$	2003 \$
<b>NOTE 2. REVENUE</b>		
<b>Revenue from operating activities</b>		
Donations and Gifts – Monetary and Non-Monetary		
Child sponsorship	10,928,029	9,140,552
Designated projects	667,404	631,726
	11,595,433	9,772,278
Legacies and bequests	11,784	40,047
	11,607,217	9,812,325
<b>Revenue from outside the operating activities</b>		
Grants		
World Food Program emergency food distribution	13,748,703	15,378,855
AusAID	2,319,476	1,331,351
Other Overseas	350,049	19,507
	16,418,228	16,729,713
Investment income	159,772	102,638
Other income	34,640	29,244
	16,612,640	16,861,595
<b>Revenue from ordinary activities</b>	<b>28,219,857</b>	<b>26,673,920</b>

**NOTE 3. OPERATING SURPLUS**

**(a) Net gains and expenses**

Surplus from ordinary activities includes the following specific net expenses:

**Expenses**

Depreciation		
Plant and equipment	16,703	19,598
Computer equipment	64,028	49,885
Total depreciation	80,731	69,483
Amortisation – leasehold improvements	2,983	–
Net loss on disposal of property, plant and equipment	1,727	–
Rental expense relating to operating lease		
Minimum lease payments	98,934	89,953

**(b) Individually significant items**

**Expenses**

World Food Program funds remitted to International Headquarters	13,748,703	15,378,855
Surplus funds remitted to International Headquarters	9,753,637	7,939,110
	<b>23,502,340</b>	<b>23,317,965</b>

**NOTE 4. CURRENT ASSETS - CASH ASSETS**

Cash and deposits	<b>357,836</b>	<b>1,076,235</b>
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The above figures reconcile to cash at the end of the financial year as shown in the statement of cash flows.

**Deposits at call**

The deposits are bearing an interest rate of 4.60% (2003 – 4.20%).



Notes to the financial statements 30 June 2004 (continued)

	2004 \$	2003 \$
<b>NOTE 5. CURRENT ASSETS - RECEIVABLES</b>		
Other debtors	123,034	101,050
Plan International (note 16)	247,798	–
	<b>370,832</b>	<b>101,050</b>

**Other debtors**

These amounts generally arise from transactions outside the usual operating activities of the organisation.

**NOTE 6. CURRENT ASSETS - OTHER**

**(a) Investments**

Investments	<b>1,095,000</b>	<b>1,695,000</b>
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Investments comprise unlisted securities (at cost) of government stocks and bonds of \$200,000 (2003 –\$200,000) and debentures in other corporations of \$895,000 (2003 - \$1,495,000). The investments have floating interest rates of between 5.05% and 5.71%.

**(b) Other**

Prepayments	1,523	1,126
Accrued Revenue	145,935	1,866
	<b>147,458</b>	<b>2,992</b>

**NOTE 7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

Leasehold improvements – at cost	10,272	–
Less: Accumulated amortisation	2,983	–
	<b>7,289</b>	<b>–</b>
Plant and equipment – at cost	91,005	124,474
Less: Accumulated depreciation	54,091	70,522
	<b>36,914</b>	<b>53,952</b>
Computer Equipment – at cost	335,306	261,125
Less: Accumulated depreciation	86,234	110,645
	<b>249,072</b>	<b>150,480</b>

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Leasehold Improvements \$	Plant & Equipment \$	Computer Equipment \$	Total \$
Carrying amount at 1 July 2003	–	53,952	150,480	204,432
Additions	10,272	3,065	162,620	175,957
Disposals	–	3,400	–	3,400
Depreciation / amortisation expense (note 3 (a))	2,983	16,703	64,028	83,714
<b>Carrying amount at 30 June 2004</b>	<b>7,289</b>	<b>36,914</b>	<b>249,072</b>	<b>293,275</b>

**NOTE 8. CURRENT LIABILITIES – PAYABLES**

Trade creditors	–	131,205
Other creditors	77,194	47,327
Plan International (note 16)	–	706,484
	<b>77,194</b>	<b>885,016</b>

Notes to the financial statements 30 June 2004 (continued)

	2004 \$	2003 \$
<b>NOTE 9. CURRENT LIABILITIES – PROVISIONS</b>		
Employee benefits (note 15)	72,414	59,365
<b>NOTE 10. NON-CURRENT LIABILITIES – PROVISIONS</b>		
Employee benefits (note 15)	8,373	7,419
<b>NOTE 11. RESERVES AND RETAINED SURPLUS</b>		
<b>(a) Reserves</b>		
Memorial funds	1,145,609	1,133,825
General funds	293,275	204,431
Capital reserve	667,536	667,536
	<b>2,106,420</b>	<b>2,005,792</b>
<b>Movements</b>		
Memorial funds		
Balance 1 July 2003	1,133,825	1,093,778
Transfer of bequests received during the year from retained surplus	11,784	40,047
<b>Balance 30 June 2004</b>	<b>1,145,609</b>	<b>1,133,825</b>
<b>General funds</b>		
Balance 1 July 2003	204,431	166,304
Transfer from retained surplus	88,844	38,127
<b>Balance 30 June 2004</b>	<b>293,275</b>	<b>204,431</b>
<b>(b) Retained surplus</b>		
Retained surplus at the beginning of the financial year	122,117	122,117
Current year funds deficit	(622,830)	(570,642)
Transfers to Memorial funds	(11,784)	(40,047)
Transfers to General funds	(88,844)	(38,127)
Funds transferred to Plan International unappropriated surpluses	601,341	648,816
<b>Retained surplus at the end of the financial year</b>	<b>–</b>	<b>122,117</b>
<b>(c) Nature and purpose of reserves</b>		
<b>(i) Memorial funds</b>		
The memorial funds reserve represents the principal of contributions held in accordance with the wishes of the donor, to remain in perpetuity in Australia for use by Plan Australia.		
<b>(ii) General fund</b>		
Amounts expended on the acquisition of property, plant and equipment are appropriated from the revenue and expenditure account to the general fund during the year of acquisition, or at the time the asset is held ready for use.		
As the property, plant and equipment are utilised in the operations of Plan Australia, the depreciation charge is included as an operating expense and an equivalent amount is released from the general fund.		
On the disposal of property, plant and equipment, the gain/loss is included as part of the operating expense and the book value is released from the general fund.		
<b>(iii) Capital Reserve</b>		
The reserve represents the surplus over the book value of a property donated to Plan Australia and transferred by resolution of the Board to reserves, to be held in reserves and utilised in the event of a major publicity campaign or such other event deemed appropriate by resolution of the Board of Directors.		

Notes to the financial statements 30 June 2004 (continued)

**NOTE 12. FINANCIAL INSTRUMENTS**

**(a) Interest rate risk exposures**

The organisation's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the organisation intends to hold fixed rate assets and liabilities to maturity.

2004	Notes	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
<b>Financial Assets</b>							
	4	357,836					357,836
	5		370,832				370,832
	6		1,095,000				1,095,000
		<b>357,836</b>	<b>1,465,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,823,668</b>
Weighted average interest rate		4.40%	5.40%				
<b>Financial liabilities</b>							
	8	-	77,194	-	-	-	77,194
		<b>357,836</b>	<b>1,388,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746,474</b>
<b>2003</b>							
2003	Notes	Floating interest rate \$	Fixed interest maturing in:			Non-interest bearing \$	Total \$
			1 year or less \$	Over 1 to 5 years \$	More than 5 years \$		
<b>Financial Assets</b>							
	4	1,076,235					1,076,235
	5		101,050				101,050
	6		1,695,000				1,695,000
		<b>1,076,235</b>	<b>1,796,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,872,285</b>
Weighted average interest rate		4.20%	4.80%				
<b>Financial liabilities</b>							
	8	-	178,532	-	-	-	178,532
		<b>1,076,235</b>	<b>1,617,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,693,753</b>

**(b) Net fair value of financial assets and liabilities**

**On-balance sheet**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the organisation approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Notes to the financial statements 30 June 2004 (continued)

**NOTE 12. FINANCIAL INSTRUMENTS (CONTINUED)**

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	<b>2004</b> <b>Net fair</b> <b>value</b> <b>\$</b>	<b>2003</b> <b>Net fair</b> <b>value</b> <b>\$</b>
<b>On-balance sheet financial instruments</b>		
<b>Financial assets</b>		
Cash and deposits	357,836	1,076,235
Other debtors	123,034	101,050
<b>Non-traded financial assets</b>	<b>480,870</b>	<b>1,177,285</b>
<b>Traded investments</b>		
Debentures, bills and bonds	1,095,000	1,695,000
	<b>1,575,870</b>	<b>2,872,285</b>
<b>Financial liabilities</b>		
Trade creditors	–	131,205
Other creditors	77,194	47,327
<b>Non-traded financial liabilities</b>	<b>77,194</b>	<b>178,532</b>
	<b>2004</b> <b>\$</b>	<b>2003</b> <b>\$</b>

**NOTE 13. REMUNERATION OF AUDITORS**

During the year the following services were paid to the auditor of the organisation, its related practices and non-related audit firms:

**Audit services**

Fees paid to PricewaterhouseCoopers Australian firm	<b>23,800</b>	<b>21,500</b>
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**NOTE 14. COMMITMENTS FOR EXPENDITURE**

**Operating leases**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	104,781	99,149
Later than one year but not later than 5 years	110,020	210,355
<b>Commitments not recognised in the financial statements</b>	<b>214,801</b>	<b>309,504</b>

**NOTE 15. EMPLOYEE BENEFITS**

**Employee benefit liabilities**

Provision for employee benefits		
Current	72,414	59,365
Non-current	8,373	7,419
<b>Aggregate employee benefit liability</b>	<b>80,787</b>	<b>66,784</b>

**Employee numbers**

Average number of (equivalent full time) employees during the financial year	19.2	17.5
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**NOTE 16. RELATED PARTIES**

The following persons were Directors of Plan Australia at the end of the financial year:

W E McCarthy; F J Sharkie; B F Dunkley; T D A Beresford; P L Endersbee; R Gordon; T J S Kane; T Le; S A Mays; K A Skipper; M J Winn

The following were appointed during the financial year:

T D A Beresford (17 July 2003); P L Endersbee (13 November 2003); T J S Kane (25 April 2004); T Le (17 July 2003); S A Mays (17 July 2003); K A Skipper (17 July 2003)

The following resigned during the financial year:

The Hon. M H Lavarch (17 July 2003); Dr P A C Macdonald (1 September 2003); D A Russell (22 August 2003)

Notes to the financial statements 30 June 2004 (continued)

2004  
\$

2003  
\$

**NOTE 16. RELATED PARTIES (CONTINUED)**

**Remuneration and retirement benefits**

The Directors serve in an honorary capacity and do not receive remuneration for their services as Directors of the Company. No amounts were paid on retirement from office or to prescribed superannuation funds in respect of Directors of the Company.

**Other transactions with directors and director-related entities**

There were no transactions with Directors and director related entities during the year.

**Controlling entities**

The nature of the Company's activities and relationship with Plan International is described in Note 1 to the financial statements.

**Amounts receivable from or payable to related parties**

Aggregate amounts receivable from / (payable to) related parties

Plan International		
Current account	–	698,391
Retained / Unappropriated surpluses	247,798	(1,404,875)
	<b>247,798</b>	<b>(706,484)</b>

**Other transactions with related parties**

Amounts are transferred to Plan International for program and services expenditures. The Directors are not paid any remuneration for their services as Directors of Plan International. Interest is received from Plan International on remitted funds.

**Controlled entity**

Foster Parents Plan of Australia Pty Ltd is a dormant shelf company formed in 1991 for the purpose of facilitating the change of name from Foster Parents Plan of Australia to Plan International Australia. The paid-up capital of \$4 is held on trust by two Directors.

**NOTE 17. MEMBERS GUARANTEE**

The Company is limited by guarantee. If the Company is wound up, the Articles of Association states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. There were 59 members as at 30 June 2004.

**NOTE 18. EVENTS OCCURRING AFTER REPORTING DATE**

The Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report of the financial statements that has, or may, significantly affect the operations of Plan Australia, the results of those operations or the state of affairs of the Company in subsequent financial years.

**NOTE 19. RECONCILIATION OF SURPLUS FROM ORDINARY ACTIVITIES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Notes	2004 \$	2003 \$
Excess of revenue over operating expenses		22,879,510	22,747,323
Payments to Plan International		(23,502,340)	(23,317,965)
Decrease in fund balances		(622,830)	(570,642)
Depreciation and amortisation	3	83,714	69,483
Net loss on sale of non-current assets	3	1,727	–
Change in operating assets and liabilities			
(Increase) decrease in trade and other debtors	5	(269,782)	368,838
(Increase) decrease in other operating assets	6	(144,466)	45,461
(Decrease) in trade creditors	8	(131,205)	(126,247)
(Decrease) in other operating liabilities	8–10	(75,276)	(45,394)
Increase in other provisions		14,003	15,321
<b>Net cash (outflow) from operating activities</b>		<b>(1,144,115)</b>	<b>(243,180)</b>

## Information and declarations to be furnished under the Charitable Fundraising Act 1991

	2004 \$	2003 \$
<b>Authority Condition 7(1)(a): Statement of income and expenditure (fundraising)</b>		
<b>Revenue</b>		
Donations and Gifts – Monetary and Non-Monetary		
Child sponsorship	10,928,029	9,140,552
African Emergency Appeal	–	160,865
Tanzania Appeal	40,405	–
Christmas Appeal	203,998	92,505
End of Financial Year	284,950	213,553
Designated projects	138,051	164,803
Legacies and bequests	11,784	40,047
	11,607,217	9,812,325
Total Fundraising costs	3,148,984	2,541,101
<b>Surplus of revenue over disbursements from fundraising activities</b>	<b>8,458,233</b>	<b>7,271,224</b>

### Authority Condition 7(1)(b): Balance sheet

Please refer to Statement of financial position

### Authority Condition 7(2)(a): Accounting principles

Please refer to Note 1 in Notes to financial statements

### Authority Condition 7(2)(b): Material matter or occurrence

Please refer to Directors' Report

### Authority Condition 7(2)(c): Direct services, charitable objects, costs of administration

Please refer to Directors' Report

### Authority Condition 7(2)(d): Appeals in which traders where engaged

Gross Income *	2,869,440	3,327,660
Direct expenditure	1,610,682	1,164,319

\* Gross income has been extrapolated to reflect the full expected benefit from the acquisition of a sponsor at the annual rate of \$420

### Authority Condition 7(2)(e): List of forms of fundraising appeals conducted

Please refer to Statement of income and expenditure (fundraising)

### Authority Condition 7(2)(f): Comparisons

(i) total costs of fundraising to the gross income from fundraising	Total FR Costs	3,148,984	2,541,101
	Gross FR Income	11,607,217	9,812,325
	Ratio	27%	26%
(ii) net surplus from fundraising to the gross income from fundraising	Net FR Surplus	8,458,233	7,271,224
	Gross FR Income	11,607,217	9,812,325
	Ratio	73%	74%
(iii) total costs of services provided by the authority holder to the total expenditure	Total Costs	5,340,347	3,926,597
	Total Expenditure	28,842,687	27,244,562
	Ratio	19%	14%
(iv) total costs of services provided by the authority holder to the total income received	Total Costs	5,340,347	3,926,597
	Total Income	28,219,857	26,673,920
	Ratio	19%	15%

### Authority Condition 7(3): Statement of income and expenditure for fundraising appeals

Please refer to Statement of income and expenditure (fundraising)

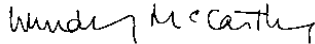
## Information and declarations to be furnished under the Charitable Fundraising Act 1991

### DIRECTORS' DECLARATION IN ACCORDANCE WITH AUTHORITY CONDITION 7(4)

The Directors declare that:

- (a) the statement of financial performance gives a true and fair view of all income and expenditure of the organisation for the year ended 30 June 2004 with respect to fundraising appeals; and
- (b) the statement of financial position gives a true and fair view of the state of affairs of the organisation as at 30 June 2004 with respect to fundraising appeals conducted by the organisation; and
- (c) the provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the organisation; and
- (d) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Directors.



**Wendy E McCarthy AO**  
**DIRECTOR**



**Brian F Dunkley**  
**DIRECTOR**

Dated this 13th day of October 2004 at Melbourne



**“Education is like a torch to me,  
which is lighting up my life.”**

Raju, age 17, from India

## Independent audit report in accordance with section 24 of the Charitable Fundraising Act 1991 (the Act)

### Audit Opinion

In our opinion, the information and declarations made under the Charitable Fundraising Act 1991 for the year ended 30 June 2004:

- a) presents a true and fair view of all income and expenditure and the financial result with respect to fundraising appeals;
- b) presents a statement of financial position that gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation;
- c) complies with the provisions of the Act, the regulations under that Act and the conditions attached to the authority by the organisation; and

In addition, we also note, in accordance with our obligations under the Act, that in our opinion:

- the accounts and associated records have been properly kept during the year;
- the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals;
- the money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with this Act and regulations;
- Plan International Australia (the Company) is solvent and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- there have been no contraventions of the Act.

This opinion must be read in conjunction with the rest of our audit report.

### Scope

#### The financial report and directors' responsibility

The preparation of the financial report, comprising the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for Plan International Australia (the company), for the year ended 30 June 2004 and the preparation of the information and declarations made under the Charitable Fundraising Act 1991 (the Act) for the year ended 30 June 2004 is the responsibility of the Directors of Plan International Australia.

### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of the audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Charitable Fundraising Act 1991, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report. While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by Directors or management.

### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001



PricewaterhouseCoopers

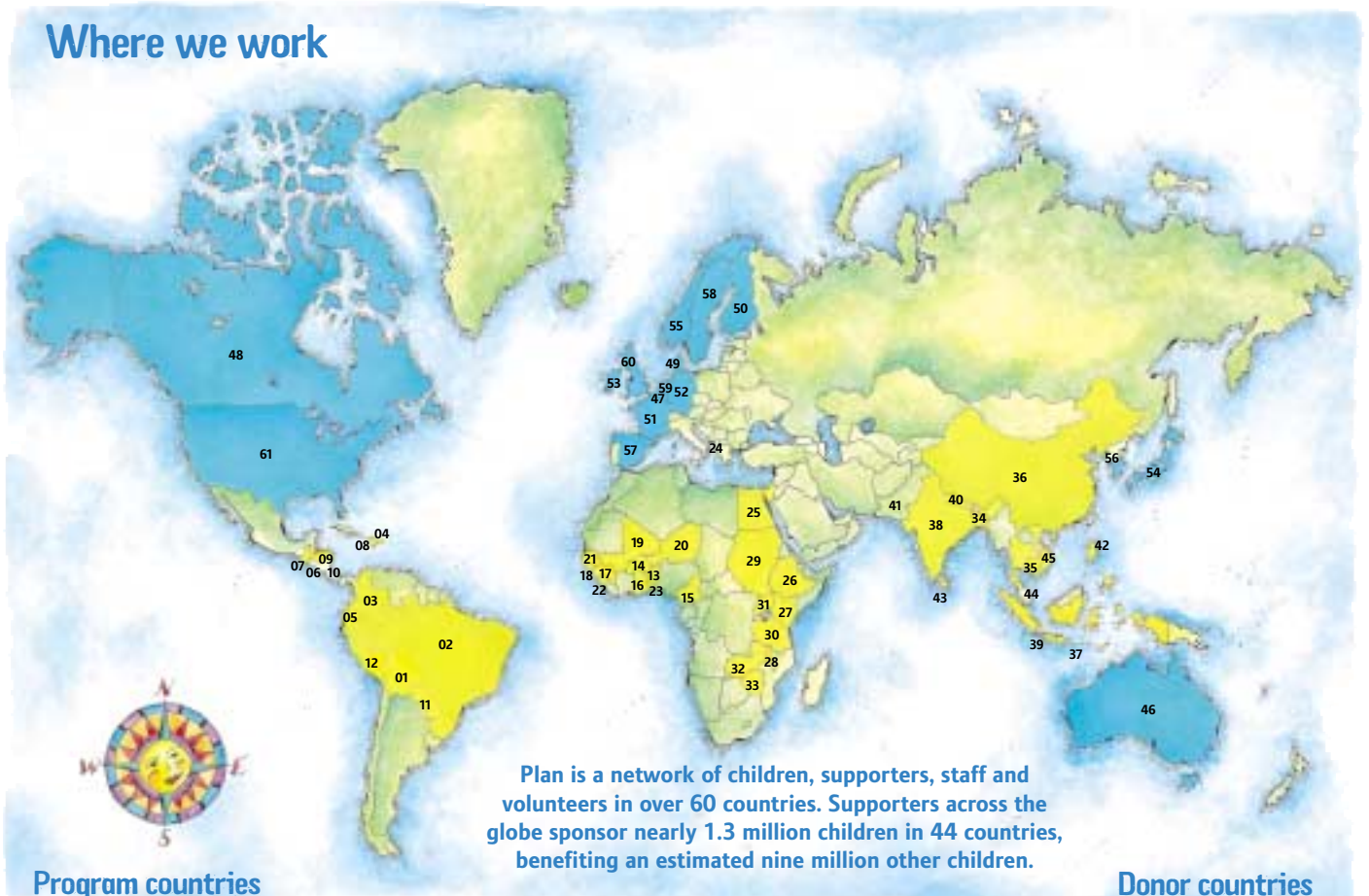


PR Lewis, partner

Melbourne, 13 October 2004



## Where we work



### Program countries

#### THE AMERICAS

- 01 Bolivia
- 02 Brazil
- 03 Colombia
- 04 Dominican Republic
- 05 Ecuador
- 06 El Salvador
- 07 Guatemala
- 08 Haiti
- 09 Honduras
- 10 Nicaragua
- 11 Peru
- 12 Paraguay

#### WEST AFRICA

- 13 Benin
- 14 Burkina Faso
- 15 Cameroon
- 16 Ghana
- 17 Guinea
- 18 Guinea-Bissau
- 19 Mali
- 20 Niger
- 21 Senegal
- 22 Sierra Leone
- 23 Togo

#### EASTERN AND SOUTHERN AFRICA AND EUROPE

- 24 Albania
- 25 Egypt
- 26 Ethiopia
- 27 Kenya
- 28 Malawi
- 29 Sudan
- 30 Tanzania
- 31 Uganda
- 32 Zambia
- 33 Zimbabwe

#### ASIA

- 34 Bangladesh
- 35 Cambodia
- 36 China
- 37 East Timor
- 38 India
- 39 Indonesia
- 40 Nepal
- 41 Pakistan
- 42 Philippines
- 43 Sri Lanka
- 44 Thailand
- 45 Vietnam

### Donor countries

- 46 Australia
- 47 Belgium
- 48 Canada
- 49 Denmark
- 50 Finland
- 51 France
- 52 Germany
- 53 Ireland
- 54 Japan
- 55 Norway
- 56 Republic of Korea
- 57 Spain
- 58 Sweden
- 59 The Netherlands
- 60 United Kingdom
- 61 United States of America

## About Plan

- Plan is one of the world's largest and most respected children's charities. For over 65 years, we have worked with children to help transform their lives and bring sustainable improvements to their communities.
- We have no religious or political affiliation and are recognised by the United Nations and other agencies as a world authority on the wellbeing of children.
- Children assist in identifying their community's needs – such as safe housing, food and water, accessible schools, reliable incomes and health care – and then help plan and put into action projects which benefit everyone in the community.
- We also campaign for the rights of children and work to address complex social and cultural issues including female infanticide, birth registration, child labour, paedophilia and HIV/AIDS prevention and care.
- Plan employs almost 7000 staff throughout the world, over 6200 of whom work in the 45 Program Countries. Ninety-eight per cent of staff in Program Countries are recruited locally, further increasing the impact and sustainability of Plan's work.

### Plan in Australia

Plan came to Australia in 1971, at which time it was known as 'Foster Parent's Plan'. At the end of June 2004, over 27,000 sponsors in Australia supported 30,849 children and their communities in 44 of the world's poorest countries.

Plan Australia increases the benefits of child sponsorship programs

all around the world through special projects funded by AusAID, the World Food Program and private donations. Our special projects during 2003-2004 which addressed priority areas that impact on Plan programs in Eastern and Southern Africa and Asia were:

- Early Childhood Care and Development in India, Vietnam and Indonesia
- Youth Media in Vietnam
- Microfinance programs in Nepal and the Philippines
- Community Learning and Assistance in Bangladesh
- Water and Sanitation in Tanzania.

We further increase the impact of our programs through participation in global and national advocacy campaigns and development education initiatives, which together, increase public awareness and action on issues of poverty and the advancement of children's rights.

Plan's Australian National Office is located in Melbourne where the equivalent of 19 full time staff are employed in the areas of child centred community development, supporter services, marketing and communications, finance, information technology and administration.

Volunteers play a valuable role in a range of tasks including opening, sorting and forwarding letters and gifts from sponsors and sponsored children. 'Friends' or 'Planner' groups also volunteer their time to support Plan's promotional and fundraising work in Canberra, Sydney, Adelaide and Perth.

Plan aims to help as many of the world's children as possible, and more and more people in Australia are choosing to 'be a part of it.'



Plan  
1/533 Little Lonsdale Street  
Melbourne Victoria 3000  
Australia

Tel 1800 038 100  
Fax 03 9670 1130  
Email [info@plan.org.au](mailto:info@plan.org.au)

[www.plan.org.au](http://www.plan.org.au)