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 **IPPF FINANCIAL STATEMENTS 2003**

CONTENTS

Annual report of the Governing Council	1
Report of the Independent Auditors	10
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	14
Notes to the Financial Statements	16

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003

1 INTRODUCTION

The International Planned Parenthood Federation (IPPF) is a global network of member associations in 148 countries and the world's foremost voluntary, non-governmental provider and advocate of sexual and reproductive health and rights.

IPPF was formed in 1952 and incorporated in 1977 under a UK Act of Parliament: the International Planned Parenthood Federation Act 1977.

IPPF is governed by a Governing Council composed of 30 volunteers from the governing bodies of the membership

organisations, and appoints a Director-General as its chief executive officer responsible for managing the affairs of the Federation as determined by the Governing Council. Governing Council members are elected for a period of two years. Each Regional Council elects five members to serve as Governing Council members.

The Member Associations of IPPF are autonomous and report independently, therefore their accounts are not incorporated here.

2 CHARITY REGISTRATION NUMBER 229476

3 THE MEMBERS OF THE GOVERNING COUNCIL ENTITLED TO VOTE AT ITS MAY 2003 MEETING

Africa Region

Dr Mamadi Condé	Guinea Conakry
Mrs Hannatu L Ibrahim	Nigeria
Miss Catherine Kamau	Kenya
Mr Alfred Masupha	Zambia
Mrs Tamaro Touré	Senegal

Arab World Region

Miss Rana Abu Ghazallah	Palestine
Mrs Mariam Ment Ahmed Aicha	Mauritania
Mrs Laila Mohamed El Bannan	Egypt
Dr Tawfic El Deeb	Sudan
Prof Said Badri Kabouya	Algeria

East, South East Asia & Oceania Region

Prof Ho Pak Chung	Hong Kong
Ms Aiko Iijima	Japan
Dr Sea Baick Lee	Republic of Korea
Ms Lee Yoke Lee	Malaysia
Dr Zhao Baige	China

Europe Region

Mr Harry JFM Coppens	The Netherlands
Mr Robert Durie (Treasurer)	Ireland
Ms Gunta Lazdane	Latvia
Ms Velimira Mladenova	Bulgaria
Ms Carine Vrancken	Belgium

South Asia Region

Mrs Shirantini P De Silva	Sri Lanka
Mr Syed Munir Husain	Pakistan
Dr (Mrs) Nina Puri	India
Ms Fathimath Shafeega	Maldives
Ms Zakieh Shirafkan	Iran

Western Hemisphere Region

Ms Leda De Azevedo	Brazil
Mr Monty Eustace	St Vincent
Mrs Angela Gómez (President)	Colombia
Dr Jacqueline Sharpe	Trinidad and Tobago
Ms Karin Wallerstein	Uruguay

THE MEMBERS OF THE GOVERNING COUNCIL ENTITLED TO VOTE AT ITS NOVEMBER 2003 MEETING

Africa Region

Dr Mamadi Condé	Guinea Conakry
Mrs Hannatu L Ibrahim	Nigeria
Miss Catherine Kamau	Kenya
Mr Alfred Masupha	Zambia
Mrs Tamaro Touré	Senegal

Arab World Region

Mrs Mariam Ment Ahmed Aicha	Mauritania
Mrs Kawthar Al-Khaier	Syria
Mr Moncef Ben Ibrahim	Tunisia
Prof Said Badri Kabouya	Algeria
Ms Lina Sabra	Lebanon

¹ Including the Caribbean Affiliation which has an additional 18 country members.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)**East, South East Asia & Oceania Region**

Ms. Hang Can	China
Prof Ho Pak Chung	Hong Kong
Ms Aiko Iijima	Japan
Dr Sea Baick Lee	Republic of Korea
Dr Zhao Baige	China

South Asia Region

Mr Chhatra Bahadur Giri	Nepal
Mr Syed Munir Husain	Pakistan
Dr (Mrs) Nina Puri (President)	India
Dr Safieh Shahriari	Iran
Ms Roshni Motha Shirafkan	Sri Lanka

Europe Region

Mr Gert-Inge Brander	Sweden
Ms Gunta Lazdane	Latvia
Ms Velimira Mladenova	Bulgaria
Mr Paul Soemer	Germany
Ms Carine Vrancken	Belgium

Western Hemisphere Region

Ms Blanca Esponda	Mexico
Mr Monty Eustace (Treasurer)	St Vincent
Ms Marcela Rueda	Colombia
Dr Jacqueline Sharpe	Trinidad and Tobago
Ms Esther Vicente	Puerto Rico

4 THE RESPONSIBILITIES OF THE GOVERNING COUNCIL

The Charities Act 1993 and the International Planned Parenthood Federation Act 1977 require the members of the Governing Council to keep proper accounting records in order to enable them to prepare accounts for each financial year which give a true and fair view of the state of affairs of IPPF and the result for that period. In preparing these accounts, the members of the Governing Council are required to follow the recommendations outlined in the Statement of Recommended Practice, Accounting and Reporting by Charities, issued by the Charity Commissioners.

The members of the Governing Council are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to do so;
- Safeguard the assets of IPPF and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

5 ORGANISATION

The IPPF is a world-wide network of autonomous member associations, organised into six geographical regions, each with a Regional Council who elect members of the Governing Council. Each member association has a volunteer Board of Directors (elected by the membership of the Association) and sends one or more as a delegate to one of six Regional Councils.

IPPF has a Secretariat that carries out the policies and functions as approved by the Governing Council. The Secretariat has its headquarters in London and is divided into Central and Regional functional units.

There are six Regional Offices: Africa (Nairobi, Kenya), Arab World (Tunis, Tunisia), Europe (Brussels, Belgium), South Asia (London, UK transferring in 2004 to New Delhi, India), East, South East Asia and Oceania (Kuala Lumpur, Malaysia) and Western Hemisphere (New York, USA). These regional offices all act as branches of IPPF and in accordance with the IPPF Act 1977 constitute the IPPF as the entity.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

6 VISION AND MISSION STATEMENT

Our Vision

IPPF envisages a world in which every woman, man and young person has access to the information and services they need; in which sexuality is recognised both as a natural and precious aspect of life and as a fundamental human right; a world in which choices are fully respected and where stigma and discrimination have no place

Our Mission

- IPPF aims to improve the quality of life of individuals by campaigning for sexual and reproductive health and rights through advocacy and services, especially for poor and vulnerable people
- We defend the right of all young people to enjoy their sexual lives free from ill-health, unwanted pregnancy, violence and discrimination
- We support a woman's right to choose to terminate her pregnancy legally and safely
- We strive to eliminate STIs and reduce the spread and impact of HIV/AIDS.

7 OUR CORE VALUES

Our core values

- IPPF believes that sexual and reproductive rights should be guaranteed for everyone because they are internationally recognised basic human rights
- We are committed to gender equality, and to eliminating the discrimination which threatens individual well-being and leads to the widespread violation of health and human rights, particularly those of young women
- We value diversity and especially emphasise the participation of young people and people living with HIV/AIDS in our governance and in our programmes
- We consider the spirit of volunteerism to be central to achieving our mandate and advancing our cause
- We are committed to working in partnership with communities, governments, other organizations and donors.

8 NEW STRATEGIC FRAMEWORK

2003 saw the development and finalization of the IPPF Strategic Framework, 2005-2015. The product of a Federation-wide consensus, this framework brings together the ideas and experience of IPPF member associations, senior volunteers, Regional Offices and Central Office, and has been approved by the Governing Council.

By combining an understanding of our past with a vision for our future, the new plan presents a "framework of opportunity" that member associations can interpret to develop the most appropriate response to the specific sexual and reproductive health challenges they face.

The Strategic Framework is not intended to impose a rigid set of rules or constraints. Rather, it embraces the diversity of situations member associations and regions

face. Whilst providing this flexibility, the framework unites the Federation in a common vision on which we are compelled to act if we are to meet the needs of women, men and young people throughout the world.

While IPPF recognizes that the vision and commitments of the International Conference on Population and Development (ICPD) represent a true international consensus, these goals are far from being achieved and require renewed financial and political support if they are to be realized. Similarly, the challenge to significantly reduce poverty, as called for by the UN Millennium Development Goals (MDGs), can only be met through good sexual and reproductive health – notably through universal access to SRH information and services by 2015.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

8 NEW STRATEGIC FRAMEWORK (CONTINUED)

In addressing these outstanding concerns, the Strategic Framework emphasises five priority areas on which we will focus:

- Adolescents/young people
- HIV/AIDS
- Abortion
- Access
- Advocacy

By creating capacity at the ground level to achieve the objectives laid out in the following pages, we can turn our vision into a reality. In doing so, member associations will not stand alone and can be assured of the full support of the Secretariat in what is to be a coordinated move forward at every level of the Federation.

This includes the development of four supporting strategies to reinforce the framework and its application at the grassroots level: 1) governance and accreditation 2) resource mobilization 3) capacity building and 4) monitoring and evaluation.

A crucial element of this Framework is the measurement of its implementation and impact. For this we have developed a series of Global Indicators for each of the five priority areas. Gathered across the Federation, these indicators will enable us to review, monitor and evaluate our performance against the key goals as a more effective way of reporting on our successes, measuring progress, and assessing the human impact of our work.

9 AREAS OF IPPF'S WORK

The following provides a brief overview of some of the activities which the IPPF has been involved with and where achievements have been made in 2003. Further information is available from our web-site (www.ippf.org) in our Annual Programme Review which has more extensive information about areas our Member Associations are working in.

Sexual Rights are Human Rights

The Sexual Rights are Human Rights conference organised by the European Network in June 2003 provided an important opportunity for reflection, dialogue, discussion, recommendations and, ultimately, for an expression of commitment. It brought together over 200 people from the 40 countries of Europe and Central Asia that are members of IPPF as well as experts in the field of SRHR and the human rights community. IPPF was a pioneer in advocating a rights-based approach to sexual and reproductive health and in 1995 developed the Charter on Sexual and Reproductive Rights. This conference opened up a new vision for the future and stimulated renewed commitment towards this approach.

Quality of Care

The "Strengthening the Quality of Reproductive Health Care" (QOC programme) is a five year initiative funded by the Bill and Melinda Gates Foundation which aims to improve the quality of sexual and reproductive health care in IPPF Member Associations. 2003 was a year of consolidation, expansion, and evaluation in the QOC programme as it reached its mid way point of implementation. In 2003, 34 Member Associations from across IPPF's six regions were participating in the initiative. The mid term evaluation showed that great progress had been made in the area of QOC standards and systems, which includes the development of the QOC Standards and Criteria and the Self-assessment Manual for Service Providers and Managers.

Examples of common QOC problems identified by Member Associations include: inadequate or lack of proper medical and clinical equipment; lack of sufficient SRH information provided to women, men and youth; lack of client privacy; and poor logistic systems. The Secretariat staff have worked with the senior management of the Member Associations to develop action plans to address these issues and provide financial assistance where necessary. The results can be measured in terms of increased client satisfaction with clinics, greater numbers of people attending clinics and general improvement in morale for staff working in these service delivery points.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)**Medtech enquiry service**

The Medtech enquiry service is a question and answer email service for Member Associations. Its purpose is to provide evidence-based responses to queries related to medical and technical aspects of sexual and reproductive health service delivery. Questions can range from contraception for HIV positive women, new family planning products, clinical management of safe and unsafe abortion, emergency contraception, breast and cervical cancer and so on. Medically trained staff within IPPF provide responses to these questions using sources such as the IPPF International Medical Advisory Panel, World Health Organization literature as well as scientific research.

Accreditation

Each Member Association within IPPF advocates on behalf of sexual and reproductive health and rights in its own country, in its own way. Despite the obvious diversity, and the strength that IPPF draws from its differences, each member of the IPPF also has a commitment to essential standards and responsibilities that come with membership.

Sixty-five standards which form the basic building blocks of the accreditation system are in place and cover programmes and services, constitution, governance and management. Each member is then reviewed every five

years with a team of regional volunteers and staff to assess its compliance with these standards. Following the review technical support is supplied by the Secretariat where standards have not been met. In 2003, 20 accreditation reviews were undertaken during the first year and five associations have been accredited.

Integrated Management System

The IMS is a results based management system which is available to the Federation as a whole. It integrates into one system all the components required to ensure modern management of IPPF, and as a result, it ensures better planning, programming, monitoring, evaluation and documentation of the Federation's work.

During 2003, the system assisted the strategic planning process with 102 Member Associations providing baseline data on the five priority areas. The system is now operational in English, French, Spanish and Arabic. The web-based application is highly secure and accessible via the Internet. In addition to programme and budget monitoring the system includes a clinical and non-clinical service collection module, a global search facility to encourage the sharing and dissemination of knowledge within the Federation, the accreditation support system as well as medical information regarding hormonal contraceptives (IPPF Directory of Hormonal Contraceptives).

10 GOVERNANCE

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the IPPF's system has been developed to provide reasonable assurance to the Governing Council that there are proper procedures in place and that they are operating effectively.

The key elements of the system of internal control are:

- Delegation: there is a clear organisational structure with lines of authority and responsibility for control; and procedures for reporting decisions, actions and issues;
- Reporting: the Governing Council approves and reviews the annual work programme budget and income predictions and monitors actual and forecast income and expenditure on a regular basis;
- Risk management: there are processes in place for identifying, evaluating and managing significant risks faced by the IPPF. The Governing Council believe that all the major risks to which the IPPF is exposed have been identified and reviewed and that systems have been established to mitigate those risks. The IPPF are continually updating this process and are currently ensuring that all Regional offices have in place a detailed risk map and action plan;
- Internal audit: an internal audit function assesses risks and reviews controls within the IPPF. The position of internal auditor was vacant for 4 months in 2003 but the post was filled from May 2003 until April 2004. The process of recruiting a new internal auditor is underway; and
- Review: the Audit Committee is comprised of four members elected by Governing Council from a list of persons who are either volunteer members of a member organisation but who are not members of Governing Council as well as the President and Treasurer. The Committee oversees the adequacy of the system of internal control, and IPPF compliance with relevant statutory and other finance regulations and advises the Governing Council of any relevant matters.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)**11 STATEMENT ON RESERVES**

The members of the Governing Council have reviewed the level of reserves. Note 17 to the financial statements shows the funds of the IPPF. This indicates the split of reserves between the general, designated, restricted and endowment funds.

The members of the Governing Council aim to have over the longer term a general reserve balance of 25% of the next year's approved unrestricted expenditure. This percentage represents 3 months of unrestricted expenditure. This recognises the timing of the majority of annual unrestricted government grants which are received in the second-half of each year, and the need for IPPF to meet the commitments to Member Associations and the Secretariat (Regional and Central offices).

At the time of approving the 2004 budget in November 2003, the general reserve at 1 January 2004 was estimated to be US\$24 million. The unrestricted expenditure programme budget approved for 2004 was US\$56.4 million. The general reserve therefore reflected 43% against our ideal position of 25%. The actual level of the general reserve at 1 January 2004 was US\$24.7 million. This represents 44% or 5 months of the budgeted 2004 unrestricted expenditure.

The Governing Council felt that with the continuing uncertainties surrounding income, this higher reserve allowed the 2004 budget to be implemented with a greater degree of certainty at this crucial time of implementing a new Strategic Framework. In the previous two years the general reserve had represented 8.2% (2002) and 23.7% (2003) of the unrestricted budgeted, both of which had put considerable strain on the cash flow position of IPPF. Throughout 2004, steps will be taken to utilize some of this excess reserve, as well as to consider whether the current reserve policy leaves the organization vulnerable to both exchange rate movements and delays in receiving donor income.

The largest designated fund relates to the Western Hemisphere Sustainability Fund. This fund of US\$21.1 million was created in 2002 following the receipt of a legacy for use in the Western Hemisphere Region, as such it has been designated for that purpose.

12 STATEMENT ON INVESTMENTS

There are no restrictions under the 1977 Act in relation to the charity's powers to invest. IPPF currently hold investments in terms of shares and securities as well as cash deposits.

Shares and securities

All shares and securities held are traded on the New York Stock Exchange. The Western Hemisphere Regional Board have appointed an Investment Committee to monitor these investments. The committee is comprised of four members of the Board who have relevant investment experience. Following a selection process, Merrill Lynch Asset Management were appointed to manage these funds. The investment managers provide quarterly performance reports to the investment committee detailing all asset information as well as investment returns against appropriate indices.

Following the poor performance of the shares traded on the New York stock market in 2002 some welcome signs of improvement were seen in 2003. IPPF continue to closely monitor the performance of their investments.

Cash

Regular cash-flow predictions for both unrestricted and restricted income and expenditure are prepared. Given the historical timing of receipts the level of cash on deposit varies significantly during the year. In order to obtain sufficient returns on such balances, yet allowing for reaction to emergencies, surplus liquid assets are placed on short-term deposit on a weekly basis. Investment options are regularly reviewed and IPPF have identified deposit accounts which allow the maximum interest to be generated from cash balances whilst giving the flexibility of access to those funds at short notice and these accounts are used when the cash reserves warrant such investment.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

13 GRANT MAKING PROCEDURES

IPPF operate a Resource Allocation System which aims to ensure that 70% of all unrestricted grants go to Member Associations in the highest need countries with a further 26.5% allocated to a further 50 high need countries (as defined by the UNFPA). This ensures that IPPF fulfils its mission to meet the needs of the poorest.

14 FINANCIAL REVIEW

During 2003, IPPF provided US\$41.7 million to member associations and partner organizations. Through the Regional and Central Offices a further US\$17 million was provided in direct technical assistance and support, enhancing the quality of services of all IPPF Member Associations.

The Resource Allocation System aims to ensure that 70% of all unrestricted grants go to member associations in the highest need countries with a further 26.5% allocated to a further 50 high need countries. This assures that IPPF fulfils its mission to meet the needs of the poorest. In 2003, IPPF allocated 67.7% and 25.6% respectively to these categories.

Working in 180 countries, IPPF continues to be the largest civil society provider of sexual and reproductive health information and services in the world. Approximately 32 million visits are made to IPPF facilities for sexual and reproductive health services, including family planning. Over 23.2 million oral pills and 102 million condoms were distributed. Together with other family planning methods, IPPF provided 7.58 million 'couple years of protection' and introduced 2.4 million new users to family planning. 21.6 million visits were made to IPPF facilities for non-contraceptive services, including counselling, gynaecological care, HIV/AIDS-related activities, diagnosis and treatment of sexually transmitted infections, mother and child health, and abortion-related services.

Income

The overall income received by IPPF in 2003 was US\$87.0 million.

IPPF's main source of funding is government contributions which accounted for 73% of the total incoming resources. Unrestricted government grants showed a significant increase of 10% or US\$5.5 million. This was due in most part to the weakening of the US dollar against European currencies, and subsequent gains on foreign currency translation.

The Government of Denmark increased their funding by 11% which was a welcome development. On the whole, 2003 saw the contributions stabilise for most of the government donors, which in the political arena that IPPF finds itself in, represents crucial support to the organization and the work being undertaken.

Restricted government grants decreased by US\$2.3 million. The Japanese Government provided a further \$1 million for a HIV/Aids trust fund and new funding was received from the Australian Government for support within ESEAO region. The previous year had included a substantial grant from the German Government of US\$2.5 million, largely to support projects working with Islamic women and youth for which funding was received at the start of this multi-year project.

Grants from multilaterals and other income sources decreased by US\$11.2 million. This was due to the previous year when a single legacy of US\$18 million was received in the Western Hemisphere Region. Ignoring this legacy, which distorted the 2002 figures, this income line is seeing steady growth. The support of a number of US Foundations who provide unrestricted funding along with support from the European Commission, the U.K. Community Fund, UNFPA and income raised by the IPPF private sector fundraising programme from the general public, has allowed IPPF to diversify funding and see support for a number of innovative projects being undertaken.

Expenditure

The overall expenditure in 2003 was US\$74.8 million. This compared with US\$73.6 million in the previous year.

Grants to member associations reduced by 6.5% to US\$41.7 million. This was due to a reduction in unrestricted grants. When the budget was approved in November 2002, there was some uncertainty over funding levels for 2003 which required IPPF to reduce the unrestricted grants.

ANNUAL REPORT OF THE GOVERNING COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2003 (continued)

14 FINANCIAL REVIEW (CONTINUED)

Following the stabilization in income in 2003 and the favourable exchange rate position such unrestricted grants to member associations will increase by 25% for 2004.

Restricted expenditure was greater than income received in year reflecting multi-year agreements where funding is received at the start of a project with expenditure continuing for a number of subsequent years.

2003 saw a major restructuring of the central office component of the Secretariat. The costs, both financial and human associated with making over 20 staff redundant were considerable. The new structure has been in place since May 2003 and is allowing the appropriate support - technical, financial and strategic - to be provided to the Federation but also conscious of a need to streamline the financial costs of the Secretariat as much as possible. The financial impact in terms of reduced unrestricted costs within central office will be seen in the 2004 results.

The Regional activity costs remained largely unchanged.

Funds

When compared with 2002, IPPF's total funds and reserves increased by US\$15.4 million.

The general fund increased by US\$13.2 million in 2003, to an overall level of US\$24.5 million. This has been due in part to the unexpected weakening of the US dollar when receiving government grants. IPPF is currently working on a funding review to identify areas where some of these funds can be invested in line with the new Strategic Framework.

The largest designated reserve (US\$21.1 million) relates to a substantial individual legacy received by Western Hemisphere Region in 2002 which is being invested whilst an appropriate spending policy is put into place.

The restricted fund balance of US\$15.4 million reflects funds received in advance of the project taking place. These funds will be used in 2004 and beyond.

Trading Subsidiary

2003 was the second year in which the trading subsidiary of IPPF, Enet.comm. Ltd operated. The company primarily engages in commodity supply services and with the social marketing of contraceptives in conjunction with Member Associations. In 2003 the company made a trading profit of \$97,000 for the period to 30 November 2003.

Future Funding

IPPF continues to try and increase longer term stability and income. Government donors do not generally confirm their contributions until shortly before they are paid and usually only for the particular year in question. Indications for 2004 are positive with many government donors committing to the same level of funding as 2003 and in a few cases such as the United Kingdom and Sweden increases have been pledged.

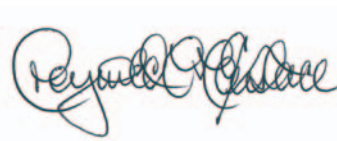
IPPF continues to work on diversifying its funding base by increasing the number of fundraising opportunities among non-governmental organisations including trusts, foundations, the private sector and individual giving.

IPPF thanks all its donors and volunteers for their continuing and generous support.

Approved on behalf of the Governing Council on 23 May 2004.



Dr (Mrs) Nina Puri, President



Mr Monty Eustace, Treasurer

REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE GOVERNING COUNCIL OF THE INTERNATIONAL PLANNED PARENTHOOD FEDERATION

We have audited the financial statements on pages 11 to 47.

This report is made solely to the Governing Council members, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Governing Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members of the Governing Council and auditors

The members of Governing Council are responsible for preparing the annual report, as described on page 3, and the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 21 and section 44 respectively of those Acts. 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 International Planned Parenthood Federation Act 1977 and the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the

significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's and the group'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 of the state of affairs of the charity and the group as at 31 December 2003 and of the group's incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the International Planned Parenthood Federation Act 1977 and the Charities Act 1993.



KPMG LLP

Chartered Accountants & Registered Auditor
London

23 May 2004

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	Unrestricted \$'000	Donor Restricted \$'000	Endowment \$'000	2003 Total \$'000	2002 Total \$'000
INCOME						
Donations, legacies and similar incoming resources:						
Grants from governments	2	60,524	2,914	-	63,438	60,271
Grants from multilaterals and other income sources	3	7,562	12,442	-	20,004	31,175
Activities in furtherance of the charity's objectives	5	367	-	-	367	488
Activities for generating funds:						
Investment income and interest	4	995	295	-	1,290	875
Foreign exchange gains		967	-	-	967	481
Income of subsidiary trading company	12	979	-	-	979	600
TOTAL INCOMING RESOURCES		71,394	15,651	-	87,045	93,890
Less costs of generating funds:						
Regional Fundraising	7	768	17	-	785	1,040
Central Fundraising	8	739	-	-	739	662
Expenditure of subsidiary trading company		1,075	-	-	1,075	611
		2,582	17	-	2,599	2,313
Net incoming resources available for charitable application		68,812	15,634	-	84,446	91,577
CHARITABLE EXPENDITURE						
Costs of activities in furtherance of the objects of the charity:						
Grants to Member Associations and partner organisations:						
Cash grants	6	26,941	9,305	-	36,246	38,051
Technical assistance	6	1,822	-	-	1,822	3,039
Commodity grants	6	2,603	1,101	-	3,704	3,473
Programme activities:						
Regional activities	7	4,233	3,466	-	7,699	7,063
Central activities	8	1,436	3,570	-	5,006	2,809
Support Costs:						
Regional programme support	7	2,830	-	-	2,830	3,972
Central programme support	8	1,467	-	-	1,467	1,634
Managing and administering the charity:						
Regional administration and general services	7	5,220	232	-	5,452	4,653
Central administration and general services	8	5,645	-	-	5,645	5,700
Regional reorganisation costs	7	65	-	-	65	900
Central reorganisation costs	8	2,313	-	-	2,313	-
TOTAL CHARITABLE EXPENDITURE		54,575	17,674	-	72,249	71,294
Total Resources Expended		57,157	17,691	-	74,848	73,607
NET INCOMING (OUTGOING) RESOURCES						
BEFORE TRANSFERS		14,237	(2,040)	-	12,197	20,283
Transfers between funds	17	852	(852)	-	-	-
NET INCOMING (OUTGOING) RESOURCES		15,089	(2,892)	-	12,197	20,283
Gains/ (Losses) on investment assets	12	2,975	66	104	3,145	(1,503)
NET MOVEMENT IN FUNDS		18,064	(2,826)	104	15,342	18,780
Funds brought forward at 1 January	17	41,788	18,296	711	60,795	41,814
Unrealised foreign exchange movements taken to reserves		(27)	6	23	2	201
FUNDS CARRIED FORWARD AT 31 DECEMBER	17	59,825	15,476	838	76,139	60,795

There are no recognised gains and losses other than those included above. All the above results arise from continuing operations. The notes on pages 16 to 47 form part of these accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	Unrestricted \$'000	Donor Restricted \$'000	Endowment \$'000	2003 Total \$'000	2002 Total \$'000
FIXED ASSETS						
Tangible assets	11	1,929	10	-	1,939	2,387
Investments	12	25,748	3,289	838	29,875	22,188
Long term loans	13	586	-	-	586	1,010
Total Fixed Assets		28,263	3,299	838	32,400	25,585
CURRENT ASSETS						
Stock of goods		852	-	-	852	230
Receivable from donors	14	5,746	288	-	6,034	8,179
Receivable from associations		701	-	-	701	848
Receivable from others		1,007	928	-	1,935	1,955
Prepayments		923	20	-	943	445
Cash at bank		30,566	12,953	-	43,519	29,618
Total current assets		39,795	14,189	-	53,984	41,275
CREDITORS: amounts falling due within one year						
Accounts payable		1,590	638	-	2,228	1,196
Payable to associations		1,316	715	-	2,031	1,636
Accruals and other creditors		1,474	38	-	1,512	1,570
Deferred income	15	3,662	621	-	4,283	1,495
Total current liabilities		8,042	2,012	-	10,054	5,897
Net Current Assets		31,753	12,177	-	43,930	35,378
Provisions for liabilities and charges	16	191	-	-	191	168
TOTAL NET ASSETS		59,825	15,476	838	76,139	60,795
Represented by:						
Unrestricted:						
General		24,700	-	-	24,700	11,354
Designated		35,125	-	-	35,125	30,434
Restricted		-	15,476	-	15,476	18,296
Endowment		-	-	838	838	711
TOTAL FUNDS AND RESERVES	17	59,825	15,476	838	76,139	60,795

Approved on behalf of the Governing Council on 23 May 2004



Dr (Mrs) Nina Puri, President



Mr Monty Eustace, Treasurer

BALANCE SHEET (CHARITY) AS AT 31 DECEMBER 2003

	Notes	2003 Total \$'000	2002 Total \$'000
FIXED ASSETS			
Tangible assets	11	1,939	2,387
Investments	12	29,875	22,188
Long term loans	13	586	1,010
Total Fixed Assets		32,400	25,585
CURRENT ASSETS			
Stock of goods		826	218
Receivable from donors	14	6,034	8,179
Receivable from associations		702	842
Receivable from others		1,821	2,076
Prepayments		943	445
Cash at bank		44,569	29,423
Total current assets		54,895	41,183
CREDITORS: amounts falling due within one year			
Accounts payable		1,902	1,106
Payable to associations		2,453	1,636
Accruals and other creditors		2,449	1,541
Deferred income	15	4,283	1,495
Total current liabilities		11,087	5,778
Net Current Assets		43,808	35,405
Provisions for liabilities and charges	16	191	168
TOTAL NET ASSETS		76,017	60,822
Represented by:			
Unrestricted:			
General		24,343	11,381
Designated		35,368	30,434
Restricted		15,468	18,296
Endowment		838	711
TOTAL FUNDS AND RESERVES		76,017	60,822

Approved on behalf of the Governing Council on 23 May 2004



Dr (Mrs) Nina Puri, President



Mr Monty Eustace, Treasurer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003		2002	
		\$'000	\$'000	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	a		15,087		(2,435)
Returns on investments					
Interest received and similar income			1,296		781
Capital expenditure					
Purchase of tangible assets		(241)		(619)	
Purchase of marketable securities		(8,261)		(16,714)	
Sale of tangible assets		1		440	
Sale of marketable securities		5,595		16,897	
			(2,906)		4
Financing					
Long term loan repayments received		424		192	
Long term loans issued		-		-	
			424		192
Increase/(decrease) in cash	b		13,901		(1,458)

Note a: Reconciliation of net incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities

Net incoming resources		12,197		20,283
Interest receivable and similar income		(1,290)		(875)
Depreciation		706		692
Exchange movement on tangible assets		(26)		31
Donations in kind		(1,874)		(13,857)
Decrease/(increase) in receivables from donors		2,145		(3,902)
Decrease in receivables from associations		147		82
Decrease in receivables from others		21		2
(Increase)/decrease in stock		(622)		51
(Increase)/decrease in prepayments		(498)		39
Increase in deferred income		2,788		363
Increase/(decrease) in accounts payable		1,032		(595)
Increase/(decrease) in payable to associations		395		(1,737)
Decrease in accruals and other creditors		(57)		(748)
Increase/(decrease) in provisions		23		(2,264)
Net cash inflow/(outflow) from operating activities		15,087		(2,435)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**Note b: Reconciliation of net cash flow to movements in net debt:**

	Note	<i>2003</i> \$'000	<i>2002</i> \$'000
Increase/(decrease) in cash in the year		13,901	(1,458)
Movement on foreign exchange		-	-
Movement in net debt for the period		13,901	(1,458)
Net funds at 1 January 2003		29,618	31,076
Net funds at 31 December 2003	c	43,519	29,618

Note c: Analysis of changes in net debt:

	<i>At 1 Jan</i> <i>2003</i> \$'000	<i>Cash</i> <i>flows</i> \$'000	<i>Movement on</i> <i>foreign exchange</i> \$'000	<i>At 31 Dec</i> <i>2003</i> \$'000
Cash in hand and at bank	29,618	13,901	-	43,519

Note of explanation

Cash balances are historically higher at 31 December each year due to the timing of government receipts, many of which are received in the last quarter of the financial year. However, the timing of grant payments to Member Associations means that the cash funds are significantly reduced in the first quarter of each financial year. The cash balance also includes restricted funds for use in the following years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investments, and in accordance with applicable United Kingdom accounting standards, applicable United Kingdom law and the Statement of Recommended Practice ("SORP"), Accounting and Reporting by Charities, issued by the Charity Commissioners.

Basis of preparation

IPPF exists as an entity under the provisions of the IPPF Act. There are six regions within the Federation and the accounts of these are combined to form the IPPF. All regional offices act as branches of IPPF and therefore fall under the term 'branches' in accordance with FRS 2 and the Charities SORP.

IPPF Africa Regional Office, Nairobi, and IPPF Europe Regional Office, Brussels are branches of the head office, Central Office in London. Their results are combined with those of Central Office. IPPF, Western Hemisphere Inc (WHR) is a separate company incorporated in the State of New York, USA, as a membership corporation with not-for-profit status. All its results are combined with those of Central Office on the basis that its members are also members of IPPF, and are in a Regional Office pursuing the same objectives and policies as the rest of IPPF. IPPF WHR is not a trading subsidiary, and therefore its results have not been separately disclosed.

IPPF has a trading subsidiary, ENet.comm Ltd. This primarily engages in commodity supply services and social marketing of contraceptives in conjunction with member associations. Its results for the trading period to 30 November 2003 have been consolidated in accordance with FRS 2 on a line by line basis.

IPPF owns two companies, Helm Management Services Ltd and Specialist Management Services Ltd. The transactions with these companies have been recognised in the accounts of IPPF Central Office and IPPF Regional Offices and relate to employee costs and professional fees (see notes 7, 8 & 10). Both companies became dormant on 5 April 2003 and were dissolved on 19 December 2003. In the opinion of the Governing Council the results of these subsidiary companies are not material to the accounts of IPPF and therefore have not been consolidated.

Incoming Resources

Income is recognised in the period to which it is receivable (see separate deferred income policy).

Grants from governments and other agencies have been included as donations and similar incoming resources.

Donations in kind are included in donations and similar incoming resources where the amounts are material and an estimated market value is readily attainable.

Legacies are recognised when the charity is advised by the personal representatives of an estate that payment will be made or property transferred and the amount involved can be quantified.

No attempt is made to put a monetary value on volunteer activities. For more information see the Report of the Governing Council and note 22, Trustee information which discloses amounts paid on behalf of Trustees in the execution of their duties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)**Resources expended and basis of allocation of costs**

Grants payable to associations of cash and commodities (being contraceptives and related goods) represent direct aid to affiliated and non-affiliated organisations. These grants are given on an annual basis. Amounts not yet given at the year end relating to commodities are accrued for as liabilities on the basis that a commitment exists to supply these remaining commodities or cash.

Regional activities are those carried out by the Regional Offices serving local Member Associations. Central activities are exclusively, those of the Central Office, London, which serve IPPF as a whole.

Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations.

Programme support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations but which directly relate to providing support, advice and training on sexual and reproductive health matters.

Costs of generating funds comprise the costs incurred in commercial trading activities and fundraising. Fundraising costs include all direct costs including personnel costs, publicity material and direct mailing material.

Management and administration of the charity includes costs incurred by finance, human resources, internal audit and the Secretariat attributable to the management of IPPF's assets, organisational administration and compliance with constitutional and statutory requirements. This includes the management and administration of Regional Offices who provide direct support to the Member Associations.

Where IPPF acts as an agent for another party upon specific projects, all costs and overheads recovered are netted off against those costs.

Where overheads on IPPF's own projects are recovered by way of donations and grants, these and their related costs are not netted off but are shown separately.

Deferred income

Deferred income comprises amounts received in the period which the donor has given for use in future accounting periods only. Other forms of income, such as lease benefits, are also deferred in order to match the income with the periods that they are intended to benefit.

Fixed assets

All assets costing more than \$1,000 are capitalised. All assets are stated at cost. All assets are depreciated in line with their expected useful lives using the straight line method at the following rates:

Land	no depreciation
Freehold buildings	2%
Office furniture	10%
Office equipment	20%
Computer hardware	33%
Vehicles	33%
Freehold improvements	10%
Leasehold improvements	Period of lease

Any realised gains or losses on disposals of fixed assets are taken to the Statement of Financial Activities in the year in which they occur.

The transitional rules of FRS15 "Tangible Fixed Assets" have been adopted.

Investments

Investments are valued at market value as at 31 December 2003. All gains and losses are taken to the Statement of Financial Activities as they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**1 ACCOUNTING POLICIES (CONTINUED)**

Stock of goods

Stock is valued at the lower of cost and net realisable value and consists of contraceptives and related medical equipment.

Foreign currency

The results from operations denominated in foreign currency are translated into US Dollars using an average rate of exchange for the Statement of Financial Activities (SOFA) and the year end rate for the Balance Sheet. Unrealised exchange differences arising as a result of this application of exchange rates are taken to the Translation Reserve (see note 17) whilst realised exchange differences are recognised as part of administration and general support costs.

Leased assets

The annual payments in relation to lease arrangements, known as operating leases, are charged to the Statement of Financial Activities on an accruals basis.

Provisions

Provision is made, where material, for the present value of future liabilities and losses which have occurred during the financial year and up to the date on which the financial statements are approved by Governing Council. The recognition of a provision is in accordance with FRS 12 Provisions, contingencies, commitments and post balance sheet events. The charge for a provision is made against the appropriate resources expended category to which it relates.

Pension contributions

IPPF contributes to both defined benefit and defined contribution pension schemes (see note 21).

Defined contribution scheme costs are charged to the Statement of Financial Activities as they are incurred. IPPF makes contributions to the Central Office pension scheme (a defined benefit scheme) based on the advice from triennial actuarial valuations. Any material deficiencies or surpluses that arise are dealt with by changes to the level of contributions.

Pension costs are recognised on a systematic basis so that the cost of providing retirement benefits to employees is evenly spread over the service lives of the employees concerned. Any excess or deficiency of the actuarial value of the assets over the actuarial value of liabilities of the scheme is allocated over the average remaining service lives of current employees in accordance with SSAP 24.

The transitional arrangements of the new accounting standard, FRS 17 Retirement Benefits require disclosure of assets and liabilities as 31 December 2003, calculated in accordance with the requirements of FRS 17.

Funds

IPPF maintains four types of fund:

- Permanent Endowment - where the capital is held in perpetuity to generate income to further the charitable objects of IPPF, income generated is unrestricted;
- Restricted - where the purposes for which the funds can be used have been restricted by donors or the terms of an appeal;
- Designated - where the funds are unrestricted, but where the Governing Council have designated them for a specific purpose;
- Unrestricted - where the funds are not restricted as to use but may be applied for any purpose within the charity's objects.

Transfers between funds are made where the donor restrictions allow with appropriate disclosure in note 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

2 GRANTS FROM GOVERNMENTS

	<i>Local currency (LC)</i>	<i>2003 LC'000</i>	<i>2002 LC'000</i>	<i>2003 \$'000</i>	<i>2002 \$'000</i>
UNRESTRICTED					
Australia	Australian \$	1,570	1,570	1,018	852
Belgium	US \$	92	100	92	100
Canada	Canadian \$	4,100	4,100	3,060	2,790
Denmark	Danish Krone	50,000	45,000	7,590	5,885
Finland	Euro	253	252	291	241
Germany	Euro	2,556	2,556	2,771	2,447
Japan	US \$	14,708	14,708	14,708	14,708
The Netherlands	Euro	6,807	6,807	7,824	6,515
New Zealand	New Zealand \$	950	950	531	402
Norway	Norwegian Krone	40,000	45,000	5,977	5,539
Sweden	Swedish Krona	70,000	70,000	8,477	7,719
Switzerland	Swiss Franc	1,000	1,000	715	661
United Kingdom	£ Sterling	4,500	4,500	7,170	6,938
Barbados	US \$	4	-	4	-
China	US \$	100	100	100	100
Korea (South)	US \$	50	50	50	50
Malaysia	US \$	30	-	30	-
Pakistan	US \$	2	2	2	2
Thailand	US \$	2	2	2	2
Unrestricted, excluding earmarked grants				60,412	54,951
New Zealand – Vision 2000 Activities	New Zealand \$	200	200	112	85
Unrestricted, including earmarked funds				60,524	55,036
RESTRICTED					
Australia	Australian \$	370	-	240	-
Germany	Euro	440	2,566	504	2,540
Finland	Euro	52	90	60	88
	US \$	152	-	152	-
Japan	US \$	1,022	1,022	1,022	1,022
The Netherlands	Euro	776	800	900	750
	US \$	-	759	-	759
States Of Jersey	£ Sterling	23	25	36	35
United Kingdom	£ Sterling	-	26	-	41
Restricted				2,914	5,235
Total restricted and unrestricted grants from governments				63,438	60,271

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

3 GRANTS FROM MULTILATERALS AND OTHER INCOME SOURCES

	<i>Unrestricted</i> \$'000	<i>Donor Restricted</i> \$'000	<i>2003 Total</i> \$'000	<i>2002 Total</i> \$'000
Erik E & Edith H Bergstrom Foundation	-	794	794	555
Brown Foundation	-	-	-	25
A & R Contorer	-	-	-	104
Community Fund	-	105	105	545
The Educational Foundation of America	-	271	271	-
Equilibres et Population	-	86	86	-
European Commission	-	3,444	3,444	343
Ford Foundation	-	58	58	20
Bill & Melinda Gates Foundation	-	2,600	2,600	3,023
Gesellschaft f. Tech. Zusammenarbeit	-	11	11	51
The William & Flora Hewlett Foundation	1,000	1,800	2,800	2,550
Alfred Jurzykowski Foundation	-	-	-	7
Ernest Kleinwort Charitable Trust	-	-	-	17
The John D & Catherine T MacArthur Foundation	-	395	395	78
David & Lucile Packard Foundation	1,250	167	1,417	800
PATH	-	-	-	33
Rockefeller Foundation	-	50	50	332
Margaret Sanger Centre International	-	18	18	-
Roger & Vicki Sant Fund	-	-	-	70
Summit Foundation	-	40	40	-
United Nations Fund for Population Activities (UNFPA)	-	1,414	1,414	823
Wallace Global Fund	-	-	-	65
Westwind Foundation	2	103	105	175
World Health Organisation	-	5	5	11
Sergei S Zlinkoff Fund for Medical Education	-	-	-	156
Legacies	-	-	-	19,178
Other (1)	5,310	1,081	6,391	2,214
Total	7,562	12,442	20,004	31,175

(1) This income was raised by Private Sector Fundraising Programme from the general public.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

4 INVESTMENT INCOME AND INTEREST

	<i>Unrestricted</i> \$'000	<i>Donor Restricted</i> \$'000	<i>2003 Total</i> \$'000	<i>2002 Total</i> \$'000
Interest receivable from cash deposits	347	279	626	515
Dividends and similar income from US listed securities	648	16	664	360
Total	995	295	1,290	875

5 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES

This consists mainly of income from sales of publications and audio-visual materials. Also included are fees received in connection with undertaking the supply of commodities to Member Associations.

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS

	Unrestricted			Donor restricted		Endowment	2003	2002
	<i>Cash Grants</i> \$'000	<i>Commodity Grants</i> \$'000	<i>Technical Assistance</i> \$'000	<i>Cash Grants</i> \$'000	<i>Commodity Grants</i> \$'000	<i>Cash Grants</i> \$'000	<i>Total</i> \$'000	<i>Total</i> \$'000
Africa	10,839	704	1,000	2,655	636	-	15,834	16,966
Arab World	1,729	256	254	960	153	-	3,352	4,509
E & SE Asia and Oceania	2,586	502	-	872	75	-	4,035	4,077
Europe	611	-	81	914	8	-	1,614	1,575
South Asia	4,995	176	-	1,706	108	-	6,985	8,273
Western Hemisphere	4,458	936	487	2,198	117	-	8,196	7,317
Other countries (1)	1,723	29	-	-	4	-	1,756	1,846
Total	26,941	2,603	1,822	9,305	1,101	-	41,772	44,563

Commodity grants consist of contraceptives and related goods.

Technical assistance represents services provided by IPPF and funded by Member Associations from unrestricted core grants.

(1) Refers to grants made to partner organisations supporting multi-region programmes in several countries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

<i>Rank</i>	<i>Country</i>	<i>Association</i>	<i>\$</i> <i>Unrestricted</i>	<i>\$</i> <i>Restricted</i>	<i>\$</i> <i>Total</i>
Grants to Member Family Planning Organisations					
1	India	Family Planning Association of India	1,462,673	359,752	1,822,425
2	Bangladesh	Family Planning Association of Bangladesh	1,293,188	121,938	1,415,126
3	Pakistan	Family Planning Association of Pakistan	1,257,927	533,008	1,790,935
4	Nepal	Family Planning Association of Nepal	853,034	435,692	1,288,726
5	Kenya	Family Planning Association of Kenya	820,590	108,901	929,491
6	Ghana	Planned Parenthood Association of Ghana	703,677	76,577	780,254
7	Tanzania	Uzazi na Malezi Bora Tanzania	681,799	81,082	762,881
8	Ethiopia	Family Guidance Association of Ethiopia	681,529	19,870	701,399
9	Zambia	Planned Parenthood Association of Zambia	670,145	325,472	995,617
10	Nigeria	Planned Parenthood Federation of Nigeria	668,307	137,385	805,692
11	Brazil	Sociedade Civil Bem-Estar Familiar no Brasil	611,808	240,729	852,537
12	Philippines	Family Planning Organization of the Philippines	588,148	14,216	602,364
13	Uganda	Family Planning Association of Uganda	581,931	63,474	645,405
14	Senegal	Association Sénégalaise pour le Bien-Etre Familial	574,419	34,462	608,881
15	Colombia	Asociación Pro-Bienestar de la Familia Colombiana	546,691	225,137	771,828
16	Caribbean	Caribbean Family Planning Affiliation comprising of:			
	<i>Anguilla</i>	<i>Anguilla Family Planning Association</i>	695	-	695
	<i>Antigua And Barbuda</i>	<i>Antigua Planned Parenthood Association</i>	46,666	-	46,666
	<i>Aruba</i>	<i>Foundation for the Promotion of Responsible Parenthood</i>	4,288	-	4,288
	<i>Bahamas</i>	<i>Bahamas Family Planning Association</i>	14,741	12,750	27,491
	<i>Caribbean</i>	<i>Caribbean Family Planning Affiliation Ltd</i>	189,896	-	189,896
	<i>Curacao</i>	<i>Foundation for the Promotion of Responsible Parenthood</i>	3,665	-	3,665
	<i>Dominica</i>	<i>Dominica Planned Parenthood Association</i>	44,061	60	44,121
	<i>Grenada</i>	<i>Grenada Planned Parenthood Association</i>	80,283	600	80,883
	<i>Guadeloupe</i>	<i>Association Guadeloupéenne pour le Planning Familial</i>	2,386	-	2,386
	<i>Nevis</i>	<i>Nevis Family Planning Association</i>	1,088	-	1,088
	<i>St Kitts</i>	<i>St. Kitts Family Life Services Association Ltd.</i>	12,165	-	12,165
	<i>St Lucia</i>	<i>Saint Lucia Planned Parenthood Association</i>	63,812	-	63,812
	<i>St Vincent</i>	<i>St. Vincent Planned Parenthood Association</i>	36,872	-	36,872
17	Cote D'Ivoire	Association Ivoirienne pour le Bien-Etre Familial	446,464	158,276	604,740
18	Togo	Association Togolaise pour le Bien-Etre Familial	443,169	12,018	455,187
19	Mexico	Fundación Mexicana para la Planeación Familiar	418,607	101,693	520,300
20	Dominican Republic	Asociación Dominicana Pro-Bienestar de la Familia	413,970	221,026	634,996
21	Indonesia	The Indonesian Planned Parenthood Association	387,418	76,129	463,547
22	China	China Family Planning Association	387,375	73,500	460,875
23	Haiti	Association pour la Promotion de la Famille Haïtienne	378,031	193,359	571,390
24	Mali	Association Malienne pour la Promotion et la Protection de la Famille	375,207	207	375,414
25	Burkina Faso	Association Burkinabé pour le Bien-Etre Familial	358,929	20,779	379,708
26	Guinea Conakry	Association Guinéenne pour le Bien-Etre Familial	342,587	55,209	397,796
27	Madagascar	Fianakaviana Sambatra	338,120	113,083	451,203
28	Peru	Instituto Peruano de Paternidad Responsable	317,730	140,998	458,728
29	Benin	Association Béninoise pour la Promotion de la Famille	302,911	74,346	377,257
30	Guatemala	Asociación Pro-Bienestar de la Familia de Guatemala	291,604	266,011	557,615

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS (CONTINUED)

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

<i>Rank</i>	<i>Country</i>	<i>Association</i>	<i>\$</i> <i>Unrestricted</i>	<i>\$</i> <i>Restricted</i>	<i>\$</i> <i>Total</i>
Grants to Member Family Planning Organisations					
31	Palestine	Palestinian Family Planning and Protection Association	289,136	9,896	299,032
32	Sudan	Sudan Family Planning Association	288,921	384,335	673,256
33	Liberia	Family Planning Association of Liberia	285,570	31,315	316,885
34	Congo Democratic Republic	Association pour le Bien-Etre Familial/Naissances Désirables	280,995	21,768	302,763
35	Yemen	Yemen Family Care Association	278,379	214,483	492,862
36	Mozambique	Associação Moçambicana para Desenvolvimento da Família	275,130	-	275,130
37	Malaysia	Federation of Family Planning Associations of Malaysia	267,468	67,961	335,429
38	Morocco	Association Marocaine de Planification Familiale	256,186	26,605	282,791
39	Paraguay	Centro Paraguayo de Estudios de Población	250,677	-	250,677
40	Sierra Leone	Planned Parenthood Association of Sierra Leone	247,914	147,350	395,264
41	Venezuela	Asociacion Civil de Planificacion Familiar	239,212	175,381	414,593
42	Congo	Association Congolaise pour le Bien-Etre Familial	224,733	144,088	368,821
43	Syria	Syrian Family Planning Association	223,585	136,133	359,718
44	Vietnam	Vietnam Family Planning Association	221,762	116,547	338,309
45	Chile	Asociación Chilena de Protección de la Familia	218,653	91,295	309,948
46	Cameroon	Cameroon National Association for Family Welfare	215,852	70,735	286,587
47	Central African Republic	Association Centrafricaine pour le Bien-Etre Familial	212,444	25,281	237,725
48	Gambia	The Gambia Family Planning Association	208,730	184,932	393,662
49	Lebanon	Lebanon Family Planning Association	205,005	36,118	241,123
50	Thailand	Planned Parenthood Association of Thailand	194,526	8,000	202,526
51	Sri Lanka	Family Planning Association of Sri Lanka	192,207	261,810	454,017
52	Rwanda	Association Rwandaise pour le Bien-Etre Familial	191,718	101,631	293,349
53	Eritrea	Planned Parenthood Association of Eritrea	184,784	16,275	201,059
54	Chad	Association Tchadienne pour le Bien-Etre Familial	181,634	23,869	205,503
55	Nicaragua	Asociación Pro Bienestar de la Familia Nicaragüense	179,188	57,507	236,695
56	Niger	Association Nigérienne pour le Bien-Etre Familial	177,126	5,390	182,516
57	El Salvador	Asociación Demográfica Salvadoreña	174,547	95,008	269,555
58	Burundi	Association Burundaise pour le Bien-Etre Familial	170,722	37,977	208,699
59	Gabon	Le Mouvement Gabonais pour le bien-etre familial	168,524	-	168,524
60	Lesotho	Lesotho Planned Parenthood Association	167,612	294,163	461,775
61	Bolivia	Centro de Investigación, Educación y Servicios	160,675	152,979	313,654
62	Trinidad And Tobago	Family Planning Association of Trinidad and Tobago	156,724	79,992	236,716
63	Guyana	Guyana Responsible Parenthood Association	156,443	12,500	168,943
64	Swaziland	Family Life Association of Swaziland	155,367	10,019	165,386
65	Comoros	Association Comorienne pour le Bien-Etre de la Famille	154,876	19,022	173,898
66	Mauritania	Association Mauritanienne pour la Promotion de la Famille	145,590	304,956	450,546
67	Cuba	Sociedad Científica Cubana para el Desarrollo de la Familia	136,652	3,273	139,925
68	Honduras	Asociación Hondureña de Planificación de la Familia	133,091	22,405	155,496
69	Guinea Bissau	Associação Guineense para o Bem-Estar Familiar	129,778	11,269	141,047
70	Djibouti	Association Djiboutienne pour l'équilibre et la promotion de la famille	126,209	600	126,809
71	Russia	Russian Family Planning Association	123,453	-	123,453
72	Korea South	Planned Parenthood Federation of Korea	118,800	-	118,800
73	Tunisia	Association Tunisienne du Planning Familial	117,930	-	117,930

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS (CONTINUED)

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

<i>Rank</i>	<i>Country</i>	<i>Association</i>	<i>\$ Unrestricted</i>	<i>\$ Restricted</i>	<i>\$ Total</i>
Grants to Member Family Planning Organisations					
74	Algeria	Association Algérienne pour la Planification Familiale	114,264	-	114,264
75	Egypt	Egyptian Family Planning Association	113,817	-	113,817
76	Belize	Belize Family Life Association	107,613	139,088	246,701
77	Surinam	Stichting Lobi	101,827	10,000	111,827
78	South Africa	Planned Parenthood Association of South Africa	97,149	700,000	797,149
79	Korea, Dem People's Rep of	Korean Family Planning & Maternal Child Health Association	94,300	89,180	183,480
80	Botswana	Botswana Family Welfare Association	93,531	(31)	93,500
81	Jamaica	Jamaica Family Planning Association	92,712	1,405	94,117
82	Cape Verde Islands	Associação Caboverdiana para a Protecção da Família	91,281	-	91,281
83	Jordan (East)	Jordan Association for Family Planning and Protection	90,795	-	90,795
84	Ecuador	Asociación Pro Bienestar de la Familia Ecuatoriana	87,166	56,432	143,598
85	Angola	Associação Angolana para o Bem Estar da Família	78,756	2,171	80,927
86	Samoa	Samoa Family Health Association	78,589	-	78,589
87	Panama	Asociación Panameña para el Planeamiento de la Familia	77,222	11,568	88,790
88	Mauritius	Mauritius Family Planning Association	72,402	2,211	74,613
89	Uruguay	Asociación Uruguaya de Planificación Familiar	71,905	-	71,905
90	Namibia	Namibia Planned Parenthood Association	71,899	65,000	136,899
91	Maldives	Society for Health Education	61,790	-	61,790
92	Vanuatu	Vanuatu Family Health Association	61,153	37,500	98,653
93	Bulgaria	Bulgarian Family Planning and Sexual Health Association	54,171	-	54,171
94	Mongolia	Mongolian Family Welfare Association	51,542	20,680	72,222
95	Iran Persia	Family Planning Association of the Islamic Republic of Iran	51,000	25,594	76,594
96	Kazakhstan	Kazakhstan Association on Sexual and Reproductive Health	50,675	54,576	105,251
97	Costa Rica	Asociación Demográfica Costarricense	48,898	-	48,898
98	Uzbekistan	UARH - Uzbek Association of Reproductive Health	47,385	76,417	123,802
99	Kyrgyzstan	Reproductive Health Alliance of Kyrgyzstan	46,272	111,356	157,628
100	Cambodia	Reproductive Health Association of Cambodia	46,210	66,096	112,306
101	Armenia	The Family Planning Association of Armenia - "For Family and Health"	45,037	34,586	79,623
102	Moldova	Family Planning Association of Moldova	44,364	66,105	110,469
103	Tonga	Tonga Family Planning Association	42,503	-	42,503
104	Bosnia Herzegovina	Family Planning Association (UGAPPXY)	39,685	24,393	64,078
105	Poland TRR	Towarzystwo Rozwoju Rodziny	38,516	57,759	96,275
106	Fiji	Reproductive & Family Health Association of Fiji	37,516	-	37,516
107	Puerto Rico	Asociación Puertorriqueña Pro-Bienestar de la Familia	35,989	-	35,989
108	Georgia	The Family Planning Association in Georgia	34,594	-	34,594
109	Albania	Family Planning Association of Albania	30,334	23,719	54,053
110	Lithuania	Family Planning and Sexual Health Association of Lithuania	25,944	-	25,944
111	Barbados	The Barbados Family Planning Association	25,062	-	25,062
112	Hong Kong	Family Planning Association of Hong Kong	22,946	-	22,946
113	Hungary	Pro Familia Hungarian Scientific Society	19,730	-	19,730
114	Bahrain	Bahrain Family Planning Association	15,027	-	15,027
115	Estonia	Family Planning Association of Estonia	14,685	35,057	49,742
116	Latvia	Latvian Association for Family Planning & Sexual Health	14,685	-	14,685

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS (CONTINUED)

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

<i>Rank</i>	<i>Country</i>	<i>Association</i>	\$ <i>Unrestricted</i>	\$ <i>Restricted</i>	\$ <i>Total</i>
Grants to Member Family Planning Organisations					
117	Romania	Societatea de Educatie Contraceptiva si Sexuala	10,719	-	10,719
118	Singapore	Singapore Planned Parenthood Association	8,500	-	8,500
119	Argentina	Asociación Argentina de Protección Familiar	897	-	897
120	United States of America	Planned Parenthood Federation of America	844	-	844
121	Spain	Federacion de Planification Familiar de Espana	-	57,725	57,725
122	Austria	Österreichische Gesellschaft für familienplanung	-	57,153	57,153
123	Portugal	Associacio para o Planeamento da Familia	-	54,231	54,231
124	New Zealand	New Zealand Family Planning Association	-	50,000	50,000
125	Ireland	Irish Family Planning Association	-	47,229	47,229
126	France	Mouvement français pour le Planning Familial	-	38,346	38,346
127	Norway	Norsk forening for seksualitet, samliv og reproduktiv helse	-	24,840	24,840
128	Germany	Pro Familia Bundesverband	-	21,053	21,053
129	Switzerland	Fondation Suisse pour la santé Sexuelle et Reproductive	-	10,495	10,495
130	Slovakia	PORADNA	-	9,220	9,220
131	Iraq	Iraq Family Planning Association	(25,935)	-	(25,935)
		Grants to Member Associations	28,723,100	9,781,761	38,504,861

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6 GRANTS TO MEMBER ASSOCIATIONS AND PARTNER ORGANISATIONS (CONTINUED)

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

<i>Rank</i>	<i>Country</i>	<i>Association</i>	\$ <i>Unrestricted</i>	\$ <i>Restricted</i>	\$ <i>Total</i>
Grants to Partner Organisations					
1	Various	Japanese Organisation for International Cooperation in Family Planning (JOICFP)			
		- Grants to MAs	585,000	-	585,000
		- International Advocacy	745,000	-	745,000
		- Information & Campaign	85,000	-	85,000
		- Kato Award	10,000	-	10,000
2	Papua New Guinea	Papua New Guinea Family Health Association	167,026	8,675	175,701
3	Various	Asian Forum of Parliamentarians on Population and Development	135,000	-	135,000
4	Malawi	National Family Welfare Council of Malawi	117,622	82,140	199,762
5	Solomon Islands	Solomon Islands Planned Parenthood Association	105,953	39,929	145,882
6	Myanmar	Myanmar Maternal and Child Welfare Association	83,170	-	83,170
7	Equatorial Guinea	Association Bienestar Familiar de Guinea Equatorial	82,738	2,830	85,568
8	Kenya	Centre for African Family Studies	79,200	-	79,200
9	Sao Tome And Principe	Associação Santomense para o Planeamento Familiar	68,261	-	68,261
10	Ukraine	The Ukrainian Family Planning Association	50,902	-	50,902
11	Colombia	Fundacion Educacion Para la Salud Reproductiva	50,000	-	50,000
12	Various	Interact Worldwide	50,000	-	50,000
13	Seychelles	Alliance of Solidarity for the Family	46,492	10,128	56,620
14	Laos	Laotian Womens Union	37,515	-	37,515
15	Mexico	Catolicas por el Derecho a Decidir	32,600	-	32,600
16	Kiribati	Kiribati Family Health Association	32,494	-	32,494
17	Tuvalu	Tuvalu Family Health Association	31,844	58,861	90,705
18	Zimbabwe	Zimbabwe National Family Planning Council	20,619	-	20,619
19	Cook Islands	Cook Islands Family Welfare Association	11,447	-	11,447
20	Thailand	Center for Health and Social Policy	10,000	-	10,000
21	Various	Action Canada for Population and Development	5,000	-	5,000
22	Afghanistan	Afghan Family Planning Association	7	75,903	75,910
23	Korea, Dem People's Rep of	UNFPA/UNDP/Ministry of Public Health DPR Korea	-	219,884	219,884
24	Serbia	Yugoslav Youth Info Center	-	31,985	31,985
25	Croatia	Croatian Union for Youth Associations	-	31,586	31,586
26	Montenegro	Cultural Centre Juventas	-	28,856	28,856
27	Macedonia	Health Education and Research Association	-	26,258	26,258
28	Peru	Centro de Pesquisas E Controle das Doencas Materno- Infantis de Campinas	-	7,000	7,000
Grants to Partner Associations			2,642,890	624,035	3,266,925
Total Grants to Member and Partner Associations			31,365,990	10,405,796	41,771,786

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

7 REGIONAL ACTIVITIES

	----- Unrestricted -----						Donor	
	Programme	Programme	Fund-	Admin	Reorgan-	Sub total	Restricted	Total
	activities (1)	support (2)	raising (3)	and general	isation		Programme	
	\$'000	\$'000	\$'000	services (4)	costs	\$'000	activities (1)	\$'000
				\$'000	\$'000		\$'000	\$'000
Year ended 31 December 2003								
Personnel costs	2,217	2,361	364	2,948	(18)	7,872	1,241	9,113
Consultancies	218	50	-	83	-	351	150	501
Travel	949	358	21	745	34	2,107	1,384	3,491
Occupancy	354	35	60	689	-	1,138	5	1,143
Communications	117	25	82	313	-	537	41	578
Other costs	378	1	241	442	49	1,111	894	2,005
Total 2003	4,233	2,830	768	5,220	65	13,116	3,715	16,831
Year ended 31 December 2002								
Personnel costs	2,629	3,227	534	2,202	900	9,492	1,017	10,509
Consultancies	319	69	3	39	-	430	116	546
Travel	931	598	35	721	-	2,285	732	3,017
Occupancy	436	-	76	553	-	1,065	61	1,126
Communications	128	18	87	294	-	527	45	572
Other costs	304	60	305	466	-	1,135	723	1,858
Total 2002	4,747	3,972	1,040	4,275	900	14,934	2,694	17,628

(1) Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations.

(2) Programme support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations but which directly relate to providing support, advice and training on sexual and reproductive health matters.

(3) Fundraising costs comprise of activities related to Regional income generation and resource development.

(4) Administration and general services represent all other expenses incurred in the running of Regional Offices and Field Offices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

8 CENTRAL ACTIVITIES

	----- Unrestricted -----					Sub total \$'000	Donor	Total \$'000
	Programme activities (1) \$'000	Programme support (2) \$'000	Fund- raising (3) \$'000	Admin and general services (4) \$'000	Reorgan- isation costs \$'000		Restricted Programme activities (1) \$'000	
Year ended 31 December 2003								
Personnel costs	831	1,283	639	2,865	2,085	7,703	1,935	9,638
Consultancies	186	7	15	258	200	666	427	1,093
Travel	121	124	37	552	26	860	759	1,619
Occupancy	-	21	-	992	-	1,013	-	1,013
Communications	21	16	22	162	-	221	54	275
Other costs	277	16	26	816	2	1,137	395	1,532
Total 2003	1,436	1,467	739	5,645	2,313	11,600	3,570	15,170
Year ended 31 December 2002								
Personnel costs	1,094	1,382	563	2,880	-	5,919	346	6,265
Consultancies	198	50	16	350	-	614	104	718
Travel	9128	102	57	661	-	948	486	1,434
Occupancy	1	-	-	874	-	875	6	881
Communications	20	23	13	178	-	234	4	238
Other costs	224	77	13	757	-	1,071	198	1,269
Total 2002	1,665	1,634	662	5,700	-	9,661	1,144	10,805

(1) Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations.

(2) Programme support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations but which directly relate to providing support, advice and training on sexual and reproductive health matters.

(3) Fundraising costs comprise of activities related to the Federation's global income generation and resource development.

(4) Administration and general services represent all other expenses incurred in the running of IPPF.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

9 AUDIT AND ACCOUNTANCY

	2003 \$'000	2002 \$'000
External audit fees	222	179
Other fees paid to external auditor	67	16
Other audit/accountancy fees	14	19
Total	303	214

10 EMPLOYEE NUMBERS AND EMOLUMENTS

The average total number of staff employed during the year on full time contracts were:

	2003	2002
Central Office		
- Global advocacy and communications	16	16
- Vision 2000 programme activities and support	7	7
- Procurement and distribution of contraceptives & equipment	2	5
- Management, governance and policy	10	8
- Fundraising	9	7
- Finance, IT, administration and general support services	25	24
Regional Offices		
- Social Marketing	7	5
- Programme activities and support	83	84
- Fundraising	11	9
- Management and administrative support services	60	59
Total	230	224

The cost of employing these staff was:

	\$'000	\$'000
Gross Salaries of individuals on IPPF payroll	11,548	9,786
Social security costs	1,426	941
Pension	1,393	1,027
Temporary staff employed through third party agencies	412	666
Staff employed through subsidiary companies (see Note 12)	468	1,719
Other employee benefits	1,418	1,421
Redundancy costs	2,085	1,214
Staff employed through trading company	358	236
Total	19,108	17,010

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

10 EMPLOYEE NUMBERS AND EMOLUMENTS (CONTINUED)

The numbers of staff whose emoluments were over \$80,000 (i.e.£50,000) fell into the following bands

	<i>2003</i>	<i>2002</i>
\$80,000 to \$90,000	10	9
\$90,000 to \$100,000	9	3
\$100,000 to \$110,000	5	4
\$110,000 to \$120,000	3	3
\$120,000 to \$130,000	1	1
\$130,000 to \$140,000	2	2
\$140,000 to \$150,000	1	3
\$150,000 to \$160,000	-	4
\$160,000 to \$170,000	1	1
\$170,000 to \$180,000	1	1
\$180,000 to \$190,000	1	1
\$200,000 to \$210,000	1	-
\$210,000 to \$220,000	2	-
\$220,000 to \$230,000	-	1
\$240,000 to \$250,000	1	-
\$520,000 to \$530,000	1	-

Contributions were made to defined benefit pension schemes on behalf of 4 higher paid employees (2002: 7) and contributions amounting to \$265,863 (2002: \$242,185) were made to defined contribution schemes on behalf of 28 higher paid employees (2002: 29).

No Ex-gratia payments were made during the year (2002:Nil)

No trustee received remuneration during the year (2002:Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

11 TANGIBLE FIXED ASSETS

	<i>Freehold property \$'000</i>	<i>Short leasehold property & improvements \$'000</i>	<i>Fixtures, fittings, equipment & computers \$'000</i>	<i>Total \$'000</i>
Cost or valuation				
At 1 January 2003	286	3,213	3,609	7,108
Exchange adjustments	-	10	87	97
Additions	-	9	232	241
Disposals	-	-	(412)	(412)
At 31 December 2003	286	3,232	3,516	7,034
Depreciation and amortisation				
At 1 January 2003	46	2,065	2,610	4,721
Exchange adjustments	-	7	64	71
Charge for the year	21	198	487	706
Released on disposal	-	-	(403)	(403)
At 31 December 2003	67	2,270	2,758	5,095
Net book values				
At 31 December 2003	219	962	758	1,939
At 31 December 2002	240	1,148	999	2,387

All tangible fixed assets are held for charity use.

The freehold property relates to land and buildings held in Kuala Lumpur. The open market value of the property at the latest valuation in 1997 was \$2.2 million.

12 INVESTMENTS

	Listed on the American and New York Stock Exchanges			
	<i>Unrestricted \$'000</i>	<i>Donor Restricted \$'000</i>	<i>Endowment \$'000</i>	<i>Total \$'000</i>
Shares and securities at market value:				
At 1 January 2003	18,357	3,120	711	22,188
Additions	9,893	103	141	10,137
Disposal proceeds	(5,477)	-	(118)	(5,595)
Unrealised/realised gains for the year	2,975	66	104	3,145
At 31 December 2003	25,748	3,289	838	29,875
Share and securities at historical cost:				
At 31 December 2003	23,763	3,289	1,000	28,052
At 31 December 2002	17,854	3,147	1,000	22,001

Included in the above figures is cash held as part of the investment portfolio of \$788,404 (2002:\$476,535).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**12 INVESTMENTS (CONTINUED)**

IPPF owned two £1 ordinary shares in Helm Management Services Ltd and two £1 ordinary shares in Specialist Management Overseas Ltd. One £1 ordinary share is held in ENet.Comm Ltd. Helm Management Services Ltd and Specialist Management Overseas Ltd were incorporated in the Isle of Man but were dissolved on 19 December 2003 having ceased trading on 5 April 2003.

The wholly owned trading subsidiary ENet.Comm Ltd is incorporated and registered in England and Wales. The principal activity of the subsidiary is the supply of commodity services and social marketing of contraceptives in conjunction with Member Associations.

Financial statements for the period ending 30 November 2003 have been prepared. The company intends to transfer its taxable profits to IPPF via gift aid in the future. In order to allow the company to operate during 2004 and expand their operations the Board have decided to retain profits to finance this.

Summary of the turnover and expenditure and its loss for the period:

	2003 \$'000	2002 \$'000
Turnover	1,190	600
Cost of sales	(444)	(182)
Gross profit	746	418
Total expenses	(649)	(449)
Profit/(loss) on ordinary activities before taxation	97	(31)
Retained profit/(loss) for the year	97	(31)

These results have been adjusted on consolidation into IPPF's financial statements for intra-group transactions, and to take account of the entities' non-coterminous year-ends.

The aggregate amount of assets, liabilities and funds was:

	2003 \$'000	2002 \$'000
Assets	549	400
Liabilities	(470)	(431)
Funds	79	(31)

IPPF have provided interest bearing loans of \$275,000 to the company repayable over a 5 year period to 2006. Interest receivable on the loans in the year amounted to \$13,750 (2002: \$13,750).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

13 LONG TERM LOANS

	<i>2002</i>	<i>2001</i>
	<i>\$'000</i>	<i>\$'000</i>
Loans to Member Associations	569	964
Housing loans to staff	17	46
Total	586	1,010

Loans of \$191,405 to Member Associations are interest free. All other Member Association loans are fixed at market rates of interest at the time of issue. All housing loans are secured.

14 RECEIVABLE FROM DONORS

	<i>Unrestricted</i>	<i>Donor</i>	<i>2003</i>	<i>2002</i>
	<i>\$'000</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
American University of Beirut	-	12	12	-
Community Fund	-	-	-	467
European Commission	-	69	69	110
Ford Foundation	-	-	-	10
Government of Canada	3,060	-	3,060	2,790
The John D and Catherine T MacArthur Foundation	-	79	79	66
Roger & Vicki Sant Fund	-	-	-	34
United Nations Fund for Population Activities (UNFPA)	-	123	123	17
Westwind Foundation	-	-	-	175
Other (1)	2,686	5	2,691	4,510
Total	5,746	288	6,034	8,179

(1) Other represents amounts due on bequests, legacies and foundations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

15 DEFERRED INCOME

	<i>Unrestricted</i>	<i>Donor</i>	<i>2003</i>	<i>2002</i>
	<i>\$'000</i>	<i>Restricted</i>	<i>Total</i>	<i>Total</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Deferred income balances brought forward	1,046	449	1,495	1,132
Recognition of prior year's deferred income	-	(449)	(449)	-
Income received for activities in future periods	2,703	621	3,324	449
Movement on lease benefits to be amortised over the lease period	(87)	-	(87)	(86)
Deferred income balances carried forward	3,662	621	4,283	1,495

16 PROVISIONS

	<i>2003</i>	<i>2002</i>
	<i>\$'000</i>	<i>\$'000</i>
Opening balance	168	2,432
Utilised in year	(168)	(1,933)
Arising in year	191	168
Overprovision in prior years	-	(499)
Closing balance	191	168

The 2002 provision related to a tax review in the United Kingdom. The matter was settled with the Inland Revenue in August 2002. At the end of 2002 the balance remaining in the provision was required to meet 2002/2003 tax year amounts up to 31 December 2002 which were settled by April 2003.

In 2003 a new provision was created for potential redundancy costs for staff within the South Asia Regional Office who may decide not to relocate from London, United Kingdom to the new office based in New Delhi, India. The decision to relocate and the offers of redundancy to staff were made before the year end. This office relocation is planned for early 2004.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES**Restricted funds**

The use of these funds has been restricted by the donor indicated below.

	<i>Balance at 1 January 2003 \$'000</i>	<i>Donor Income (see notes 2 to 5) \$'000</i>	<i>Expenditure \$'000</i>	<i>Balance at 31 December 2003 \$'000</i>
Government				
Australia				
-ICPD Activities	-	120	50	70
-Commodities for the ESEAOR	-	120	-	120
Finland - Nepal	-	212	212	-
Germany				
-Areas neighbouring Afghanistan	500	-	241	259
-SRH & SRR Youth	85	508	346	247
-Islamic Youth	293	10	272	31
-Islamic Women	613	5	577	41
-Central Asian Region - People on the Move	684	7	407	284
Japan - HIV/STI/AIDS Trust Fund	1,316	1,034	864	1,486
The Netherlands				
-IPPF Trust Fund	229	902	940	191
-HIV/STI/AIDS Activities	70	-	-	70
-Commodities	807	-	758	49
New Zealand - ESEAO Region	37	-	-	37
States of Jersey - Reproductive Health Services Nepal FPA	1	36	37	-
United Kingdom				
-Eastern Europe	244	-	-	244
-Emergency Contraception Africa Region	[1]	-	-	[1]
United States of America (USAID)				
-Western Hemisphere Region - Sustainability Endowment Fund	3,987	198	62	4,123
-Vision 2000 Africa Region Cape Verde FPA	1,002	-	-	1,002
Total government restricted funds	9,867	3,152	4,766	8,253

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)**Restricted funds (continued)**

	<i>Balance at 1 January 2003 \$'000</i>	<i>Donor Income (see notes 2 to 5) \$'000</i>	<i>Expenditure \$'000</i>	<i>Balance at 31 December 2003 \$'000</i>
Multilateral and other sources				
Access to Voluntary and Safe Contraception International (AVSC) - Service Delivery Guidelines	3	-	3	-
Bergstrom Foundation - WHR Clinic Services	126	794	774	146
E Beteta - WHR Evaluation Activities	9	-	9	-
Brown Foundation	25	-	20	5
Comic Relief - Guatemala (plus other small donors)	-	120	103	17
Community Fund (formerly National Lottery Charities Board)				
-Women's Empowerment and Reproductive Health Initiative in Tonk Rajasthan	(1)	-	(1)	-
-Youth Education on Sexuality Project, India	-	163	125	38
-Capacity Building Europe Region	224	-	-	224
-SRH for the Population displaced by Violence, Colombia	7	-	7	-
-Saving Mother's Lives in Yemen FPA	34	108	27	115
A & R Contorer	104	-	100	4
J Cunningham - Western Hemisphere Region	4	-	1	3
The Educational Foundation - WHR South-North Adolescents	(19)	22	3	-
European Commission				
-Africa Region	61	(304)	(243)	-
-Arab World Region	5	-	5	-
-DAPHNE Project Europe Region	39	-	-	39
-Political Dialogue Europe Region	49	-	-	49
-Europe Region - Ukraine	-	6	6	-
-Gender Based Violence Peru, Venezuela and Dominican Republic	225	(77)	124	24
-Sexwise Project	6	-	5	1
-Vision 2000 Fund Project	-	3,900	2,253	1,647
Equilibres et Population - Emergency Contraception	-	86	82	4
Ford Foundation				
-Reproductive Rights & Community Action - Colombia, India and Malaysia	51	(5)	30	16
-Sexual Health, Gender Awareness WHR FPAs	23	5	28	-
-Indicators Development - Western Hemisphere Region	4	-	3	1
-Linking Gender and SRH, WHR	-	58	15	43
Bill & Melinda Gates Foundation				
-South Africa FPA Gates Youth Centre	1,004	6	716	294
-India FPA Small Family by Choice	1	-	1	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)**Restricted funds (continued)**

	<i>Balance at 1 January 2003 \$'000</i>	<i>Donor Income (see notes 2 to 5) \$'000</i>	<i>Expenditure \$'000</i>	<i>Balance at 31 December 2003 \$'000</i>
Multilateral and other sources (continued)				
Bill & Melinda Gates Foundation (continued)				
-Strengthen the Quality of Reproductive Health Care	2,220	2,656	2,772	2,104
-Gender Based Violence Latin America & Caribbean	67	-	67	-
-South-North Adolescent Sexual Reproductive Health WHR	26	-	26	-
-Male Involvement in Sexual Reproductive Health WHR	57	-	57	-
-Sexual Reproductive Health Education and Services Haiti	3	-	3	-
Gesellschaft f. Tech. Zusammenarbeit (GTZ) Community Based Services	1	11	3	9
Gerbode Foundation - Abortion Strategy	31	-	-	31
William and Flora Hewlett Foundation				
-Africa Region	-	350	15	335
-Adolescent Sexual Reproductive Health WHR	294	750	1,044	-
-Global Advocacy Europe Region	648	27	521	154
-Support South Asia Region Pakistan FPA	-	175	175	-
The International Foundation - WHR Trainees Guide to HIV	15	-	5	10
A Jurzykowski Foundation - WHR Gender Violence	27	(22)	5	-
The Ernest Kleinwort Charitable Trust - Provision of Colposcopy	7	-	-	7
MacArthur Foundation - Sexual Health and Gender WHR				
-Sexual Health and Gender WHR	90	66	156	-
-SRH Youth Mexico	-	79	-	79
McAshan Educational Trust - WHR	4	-	4	-
MSCI	-	18	17	1
The David and Lucile Packard Foundation				
-Cairo + 5 project	24	-	-	24
-Sexwise Education Africa	381	4	16	369
-Sexwise Project	31	-	31	-
-Southern Advocacy and ICPD Co-ordinator	-	167	9	158
PATH - ARO	10	-	10	-
L & H Price Foundation	25	-	25	-
PROSCI - WHR	11	-	11	-
The Rockefeller Foundation - Concept Paper Europe Region	68	-	-	68
Summit Foundation				
-Adolescent Sexual Reproductive Health Belize	58	-	58	-
-Europe Region - Young Leaders	-	40	12	28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)**Restricted funds (continued)**

	Balance at 1 January 2003 \$'000	Donor Income (see notes 2 to 5) \$'000	Expenditure \$'000	Balance at 31 December 2003 \$'000
Multilateral and other sources (continued)				
United Nations Development Programme Malaysia -ESEA0 Region Activities	17	-	-	17
United Nations Fund for Population Activities				
-Reproductive Health Somalia FPA	(1)	-	(1)	-
-Reproductive Health Cambodia, Vietnam, Sri Lanka	17	80	80	17
-Reproductive Health Korea DPR	130	242	244	128
-Reproductive Health Mozambique	-	72	64	8
-Reproductive Health Syria	-	85	-	85
-Reproductive Health Sri Lanka	-	211	211	-
-Adolescent Reproductive Health WHR	48	14	60	2
-SRH Evaluation Tools Western Hemisphere Region	1	-	1	-
-Reproductive Health Europe Central Asian Republics	27	82	69	40
-Condom Use by Youth	41	119	157	3
-VCT HIV Testing	20	47	67	-
-Capacity Building / Advocacy / AIDS	-	260	9	251
-Support IEFPD Europe	14	80	77	17
-Europe Opposition SRH SRR	-	25	25	-
-International Support SMT Meetings	-	9	-	9
-International Support ICPD Preparatory Activities	-	25	25	-
-International Support ICPD Steering Committee	-	33	-	33
-Human Rights and Reproductive Health	36	-	12	24
-Counselling Notes and HIV/STI/AIDS	55	27	74	8
Wallace Global Fund – Testimonies ICPD, Lome, Europe Region	73	-	42	31
Weeden Foundation – South Asia Region	7	-	7	-
The WestWind Foundation - WHR	165	(85)	80	-
The Westwind Foundation - London	-	153	48	105
WHR Multi-donor Fund – Emergency Contraceptives	78	217	220	75
London Multi-donor Fund – Leadership Transition (1)	1,860	800	1,864	796
Other	759	885	1,017	627
Total Other Restricted Funds	9,429	12,584	13,690	8,323
Total Restricted Funds	19,296	15,736	18,456	16,576
Transfer to Endowment Fund – Cape Verde Vision 2000 (USAID)	(1,000)			(1,000)
Transfer to Bursary Fund				(100)
Total restricted funds adjusted	18,296			15,476

(1) Multi donor fund represents grants received from Bill & Melinda Gates Foundation (US\$800,000), William and Flora Hewlett Foundation (US\$500,000), Packard Foundation (US\$300,000), Rockefeller Foundation (US\$250,000), Wallace Global Fund (US\$10,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)**Unrestricted funds and reserves**

Unrestricted funds and reserves are those free of any donor restriction on their use. All unrestricted funds and reserves, apart from the General Fund, are designated by IPPF for specific purposes as noted below.

Unrestricted funds and reserves	Note	<i>Fixed</i>	<i>Staff</i>	<i>Revaluation</i>	<i>Translation</i>	<i>Other</i>	<i>WHR</i>	<i>Vision</i>	<i>General</i>	<i>Total</i>
		<i>Asset Reserve</i>	<i>Reserve</i>	<i>Reserve</i>	<i>Reserve</i>	<i>designated funds</i>	<i>Sustainability Fund</i>	<i>2000 Fund</i>	<i>Fund</i>	
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
New designated funds	a	-	-	-	-	1,257	-	-	(1,257)	-
Transfers from Restricted Fund	b	-	-	-	-	100	-	-	752	852
IPPF allocation to Vision 2000		-	-	-	-	-	-	615	(615)	-
New Zealand's allocation to Vision 2000	c	-	-	-	-	-	-	112	(112)	-
Transfer 21st Century Fund	d	-	(39)	-	-	-	-	-	39	-
Transfers between funds		-	(39)	-	-	1,357	-	727	(1,193)	852
Balance at 1 January 2003		2,387	1,330	867	86	3,610	18,162	3,992	11,354	41,788
Net incoming (outgoing) resources		(448)	(67)	-	(24)	2,742	3,027	(2,584)	11,591	14,237
Net gains (losses) on investment assets		-	-	-	-	-	-	-	2,975	2,975
Foreign exchange movement arising upon consolidation		-	-	-	-	-	-	-	(27)	(27)
Balance at 31 December 2003		1,939	1,224	867	62	7,709	21,189	2,135	24,700	59,825

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)

Unrestricted funds and reserves (continued)**Fixed Asset Reserve**

This represents the value of IPPF funds invested in fixed assets (see note 11).

Staff Reserve

These funds have been set aside to provide for redundancy and other separation costs in the event that IPPF should terminate its activities.

Revaluation Reserve

Leasehold premises were revalued in previous years and the upward revaluation was taken to this reserve. There was no change in the reserve during the year. No revaluations have been made due to adoption of the transitional rules of FRS 15 "Tangible Fixed Assets".

Translation Reserve

The non-US Dollar activities of the Africa Regional Office are combined using the average rate for the year for the Statement of Financial Activities and the year end rate for the Balance Sheet. The foreign exchange movement arising as a result of this is taken to this reserve, as are any other unrealised exchange gains on non-US dollar assets (see accounting policies for more details).

WHR Sustainability Fund

This fund was established by the Western Hemisphere Region during 2002 following the receipt of a single legacy to be used within that Region. The WHR Board have agreed to keep the legacy intact for a period of at least 2 years and are developing a spending policy for the Fund.

Other designated funds

These include the 21st Century Fund (for sustainability projects in South American Member Associations) and various funds set aside for use by specific IPPF Regional Offices. A fund for HIV/AIDS activities and a focus on youth was established in 2003 using funding from the Danish Government. This funding will be used for projects occurring in 2004.

Vision 2000 Fund

Established in 1994, the Vision 2000 Fund was created to increase the proportion of IPPF's resources available to priority countries, with high unmet needs in reproductive and sexual health, by up to fifty percent of its annual unrestricted income. The fund acts as a catalyst to help FPAs incorporate key Vision 2000 strategies into their own plans through innovative high quality projects of two to five years duration.

General Fund

This contains the unrestricted funds of IPPF which are free of donor restrictions for specific activities or countries. These will fund future activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17 FUNDS AND RESERVES (CONTINUED)

Unrestricted funds and reserves (continued)

Explanations of movements on unrestricted funds and reserves in the year:

- a) A fund of \$1,500,000 for HIV/AIDS activities and a focus on youth was established in 2003 using funding from the Danish Government. This funding will be used for projects occurring in 2004.

During the year regional offices utilised \$243,395 of the designated regional fund balances, decreasing the balance on these funds by this amount.

- b) A bursary fund of \$100,000 was created to allow young people to attend future conferences and courses for which IPPF will provide sponsorship. The funds used were previous years course fees from conferences which had been treated as restricted.

An amount of \$751,977 was transferred from restricted reserves to unrestricted reserves, representing a reclassification of general support grants in the Western Hemisphere Region.

- c) The Government of New Zealand made a specific contribution to this fund of 200,000 New Zealand dollars (\$112,000).
- d) The Western Hemisphere Region makes annual allocations to its 21st Century Fund, designed to fund future projects similar to those of the Vision 2000 Fund but aimed specifically at Member Associations in its region.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**18 FORWARD COMMITMENTS**

	<i>2003</i>	<i>2002</i>
	<i>\$'000</i>	<i>\$'000</i>
Orders for contraceptives and services due within one year	532	1,789

The commitments recognised are orders placed by the year-end but not yet delivered to IPPF, for which there is a legal obligation to make payment to the supplier.

Grants payable to Member Associations in future periods	510	778
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Operating lease commitments:

At 31 December, the following annual non-cancellable operating lease rental commitments existed:

Expiring:

In the next 1-2 years	65	35
Between 2-5 years	685	494
Over 5 years	373	373

19 CONTINGENT LIABILITY

IPPF are currently defending a case involving a volunteer of a Member Association who claims defamation of character by IPPF representatives. The current position of the case does not require it to be recognised in the financial statements.

20 PENSION SCHEMES

At the 31 December 2003, IPPF held funds on behalf of others, which total \$1,166,457 (2002: \$740,276). These funds are not included in the balance sheet of IPPF as the trustees do not have a legal obligation to ensure their charitable application. \$421,964 is held on behalf of the Inter-European Parliamentary Forum on Population and Development. IEPFPD is a separate legal entity in Belgium and IPPF are providing bank account facilities until April 2004, when arrangements will be fully in place to allow the funds to be transferred. \$744,493 is held on behalf of the family of a late member of staff and IPPF provide this service as a support to the family.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

21 PENSION SCHEMES

IPPF operates three pension schemes as described below:

The Central Office Pension Scheme

This is a defined benefit scheme covering most full-time staff in the Central Office, London. A decision was taken to close the scheme to new members from 1 September 2003. The assets of the fund are managed by independent professional investment managers. The funding policy is for employees to contribute 6% of salary (increasing to 8% from 1 January 2004) and for IPPF to make up the balance based on actuarial advice every three years. IPPF's contribution rate in 2003 was 32%.

The scheme's assets and liabilities are calculated by professional actuaries. The most recent formal actuarial valuation as at 1st July 2003 was performed using the Projected Unit Credit Method. Under this method the current service cost will increase as the members of the Fund approach retirement. The main assumptions used in the valuation were:

- Investment return 8% per annum pre retirement and 5% per annum post retirement
- Pension increases 2.75% per annum
- Salary growth 3.25% per annum

The report showed the fund to have an asset value of \$17,835,600 under the ongoing valuation method. This is equivalent to a funding level of 63% (assets versus liabilities). This low funding level is being eliminated by IPPF maintaining a total contribution rate of 38% and reducing the benefit accrual from 1/45th to 1/80th of final pensionable salary for each year of service. In addition, the investment strategy has been reviewed and assets are being moved from equities to bonds so that the asset profile of the fund is more in line with the fund's liability profile. IPPF have reluctantly decided to close the scheme to new members from 1 September 2003 and have offered new staff alternative defined contribution pension arrangements.

Charges under this scheme were \$740,714 (2002: \$482,558). This significant increase is due to employer contributions increasing in 2003 from 21.3% to 32% of salary.

The Western Hemisphere Regional Office Pension Scheme

Most full-time staff in the Western Hemisphere Regional Office belong to this defined contribution scheme. It is non-contributory for staff, and IPPF contributes 11.37% of eligible employee compensation.

Charges under this scheme were \$279,448 (2002: \$316,136).

The Overseas Staff Pension Scheme

Most full-time staff in Africa Regional Office and some members of the Arab World Regional Office are members of this scheme. It is a defined contribution scheme under which IPPF contributes 12% of basic salary, and is non-contributory for staff.

Charges under this scheme were \$172,017 (2002: \$146,716).

At the 31 December 2003 there were no outstanding or prepaid contributions for either of the defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

21 PENSION SCHEMES (CONTINUED)**FRS 17 disclosure note**

There is one defined benefit pension scheme, the Central Office pension scheme. The latest full actuarial valuation of this scheme was carried out at 1 July 2003.

The contributions made by the employer over the financial year in respect of the scheme was as follows:

	2002 \$'000	2001 \$'000
	741	483

The transitional arrangements of the new accounting standard FRS 17, Retirement Benefits, require disclosure of assets and liabilities as at 31 December 2003 calculated in accordance with that standard. They also require disclosure of the items which would appear in the Statement of Financial Activities if the full requirements of the standard were in place. For the purpose of the financial statements, these figures are illustrative only and do not impact on the actual 31 December 2003 balance sheet or on the 2003 Statement of Financial Activities. To produce these statements, the most recent actuarial valuation has been updated by an independent qualified actuary.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principle actuarial assumptions.

	<i>2003 per annum</i>	<i>2002 per annum</i>	<i>2001 per annum</i>
Inflation	3.0%	2.5%	2.75%
Salary increases	3.5%	3.75%	4.0%
Rate of discount	5.5%	5.5%	6.0%
Pension increase	3.0%	2.5%	2.75%

The calculations indicated:

	<i>2003 \$'000</i>	<i>2002 \$'000</i>	<i>2001 \$'000</i>
Total market value of assets	19,578	14,994	16,571
Present value of scheme liabilities	32,989	26,309	21,646
Deficit in scheme	(13,411)	(11,315)	(5,075)

Illustrative balance sheet figures:

On this basis, the balance sheet of IPPF at 31 December each year would be:

	<i>31 December 2003 \$'000</i>	<i>31 December 2002 \$'000</i>	<i>31 December 2001 \$'000</i>
Total assets	87,551	66,860	53,600
Total liabilities	(11,412)	(6,065)	(11,786)
Pension deficit	(13,411)	(11,315)	(5,075)
Balance including pension deficit	62,728	49,480	36,739

If the deficit on the scheme had been included within the balance sheet of the charity, the funds would have reduced by \$13.411 million to \$62.728 million. (2002: Deficit of \$11.315 million reducing the funds to \$49.48 million). The pension liability does not exceed the unrestricted funds balance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

21 PENSION SCHEMES (CONTINUED)

Market Value and Expected Return on Assets:

	<i>Long-term rate of return expected at 31/12/03</i>	<i>Value at 31/12/03</i>	<i>Long-term rate of return expected at 31/12/02</i>	<i>Value at 31/12/02</i>	<i>Long term rate of return expected at 31/12/01</i>	<i>Value at 31/12/01</i>
		<i>\$'000</i>		<i>\$'000</i>		<i>\$'000</i>
Equities and property	8.0%	15,319	7.25%	12,172	7.0%	14,101
Bonds	4.75%	4,009	4.5%	2,100	4.5%	1,989
Cash	4.0%	250	4.5%	722	4.5%	481
Total market value of assets		19,578		14,994		16,571

Illustrative charge to the Statement of Financial Activities over the financial year:

	2003 \$'000	2002 \$'000
Operating charge:		
Current service cost	475	634
Total operating charge	475	634
Pension finance costs:		
Expected return on pension fund assets	(1,130)	(1,214)
Interest on pension funds liabilities	1,603	1,437
Net Return	473	223
Total charge to the Statement of Financial Activities	948	857

Illustrative gains and losses which would be included within the Statement of Financial Activities:

	2003 \$'000	2003 %	2002 \$'000	2002 %
Difference between the expected and actual return on assets	1,623		(4,570)	
As a percentage of scheme assets at the balance sheet date		8%		(30%)
Experience gains and losses on scheme liabilities	(1,292)		-	
As a percentage of the present value of the scheme liabilities at the balance sheet date		(4%)		-
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(1,038)		(840)	
Total amount recognised in the statement of total recognised gains and losses	(707)		(5,410)	
As a percentage of the present value of the scheme liabilities at the balance sheet date		(2%)		(21%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

21 PENSION SCHEMES (CONTINUED)

Movement in illustrative balance sheet deficit figures during the year:

	2003 \$'000	2002 \$'000
Deficit in scheme at 1 January 2003	(11,315)	(5,075)

Movement in year:

Current service cost	(475)	(634)
Contributions	835	550
Other finance income	(473)	(223)
Actuarial loss	(707)	(5,410)
Exchange rate movement	(1,276)	(523)
Deficit in scheme at 31 December 2003	13,411	11,315

The exchange rate movement represents the difference in the exchange rate used to value the balance sheet in 2002 and 2003.

There were no outstanding or prepaid contributions at the year end (2002:nil).

The actuary has confirmed that the valuations made above under the requirements of FRS 17 do not indicate that there is an immediate funding requirement or that there is any need to change the current funding rates made by the employer to the pension scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**22 TRUSTEE INFORMATION**

Governing Council consists of 30 members. The costs incurred in their attendance at Governing Council meetings and other events used to promote the aims and objectives of IPPF were \$314,442 (2002: \$358,461).

<i>The costs were incurred as follows:</i>	<i>2003</i>	<i>2002</i>
	\$	\$
Airfares	124,019	134,625
Hotels	125,470	122,867
Per Diems	40,697	49,383
Other	24,256	51,586
Total	314,442	358,461

23 RELATED PARTIES

Some members of the Governing Council are Presidents of Member Associations which receive grants from IPPF in accordance with the volunteer governance structure of IPPF.

One trustee, Mrs Tamaro Toure has a brother who is the Executive Director of the grant receiving Member Association in Mali. The total grant of the MA in 2003 was \$375,414.

One trustee, Mrs Mariam Ment Ahmed Aicha has a brother who is a senior staff member in the Member

Association of Mauritania. The total grant to the MA in 2003 was \$450,546.

One trustee, Ms Aiko Iijima is a director of JOICFP which receives grants from IPPF. In 2003 these amounted to \$1,425,000.

The Audit Committee of IPPF have reviewed the above disclosures and do not consider that any indicate a potential conflict of interest. There are no other related party interests or transactions that require disclosure.

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Solicitor

IPPF uses the services of several law firms, each one in accordance with their area of expertise. Further information is available on request.

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How to donate:

This can be done by cheque or by visiting our web-site which contains a section on how to give to the work of IPPF.

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