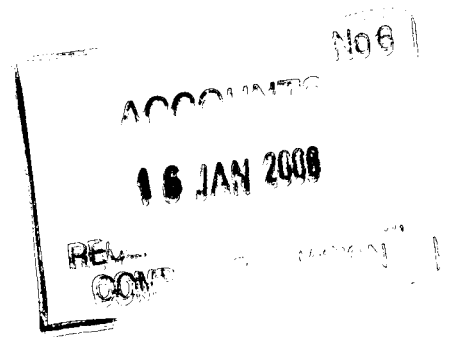


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MERCURY PHOENIX TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2007

Charity Registration No.1013768

MERCURY PHOENIX TRUST

FINANCIAL STATEMENTS

For the year ended 31 March 2007

Charity registration number: 1013768

Trustees: M Austin
H J Beach
B H May
R M Taylor

Correspondence address: PO Box 704
Chesham
Bucks
HP5 1XF

Bankers: Coutts & Co
440 Strand
London
WC2R 0QS

Auditor: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Churchill House
Chalvey Road East
Slough
Berks
SL1 2LS

MERCURY PHOENIX TRUST

FINANCIAL STATEMENTS

For the year ended 31 March 2007

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MERCURY PHOENIX TRUST

TRUSTEES' REPORT

The Trustees present their report together with financial statements for the year ended 31 March 2007.

Reference and administrative details

Mercury Phoenix Trust is registered as a charity under the Charities Act 1993. Its charity registration number is 1013768. Details of the principal office are set out in the index to these financial statements. Day to day management of the charity is delegated by the Trustees to the administrator, Peter Chant.

Trustees

The Trustees of the Mercury Phoenix Trust throughout the year ended 31 March 2007 were:

M Austin
H J Beach
B H May
R M Taylor

Structure, Governance and Management

The charity is constituted as a Trust under a trust deed dated 29 July 1992.

The power to appoint and remove Trustees is vested in the Trustees and exercised by deed. A Trustee may retire by notice in writing. The number of Trustees shall be not less than three or more than four and in the event of their number falling below three, such additional Trustees or Trustee shall forthwith be appointed as shall be necessary to make their number up to a maximum of four.

The Trustees are responsible for authorising grant payments, for ensuring all grants are made in pursuance of the objectives of the Trust and for ensuring that the objectives of the Trust are met.

The Trustees are responsible for identifying and reviewing the major risks to which the Trust is exposed and for confirming that arrangements have been established to mitigate those risks.

Objectives and policies

The objectives of the Trust are to help relieve poverty, sickness and distress of people with Acquired Immune Deficiency Syndrome (AIDS) and Human-Immunodeficiency Virus (HIV) and to stimulate awareness and education in connection with the disease throughout the world through the awarding of grants which are considered to be in accordance with the Trust's objectives.

The Trust's objectives for the year were to continue to award grants to worthy recipients whilst maintaining a level of reserves which would allow it to continue to fulfil its charitable activities for approximately 3-4 years.

All income received by the Trust is in respect of gift aid receipts and donations from both institutions and individuals, and investment income and is held by the Trust for distribution through grants.

The Trustees consider grant applications that are in accordance with the stated objectives of the Trust on the basis of need, from institutions and similar bodies on a worldwide basis and make payments in respect of only those claims that they consider to be in pursuance of the Trust's objectives.

MERCURY PHOENIX TRUST

TRUSTEES' REPORT

Historically, the Trust has not maximised grant payments as it has sought to spread its activities more evenly and over a greater number of years than its income profile would prima facie permit.

Achievements and performance

During the year, donations of £573,133 (2006: £400,480) were made to charities and similar bodies whose objectives promote awareness of, and the fight against, AIDS. There was a deficit for the year of £243,594 (2006: £70,664).

The Trustees measure the performance of the Trust by assessing the value and nature of grants awarded during the financial year. The Trustees consider the value and nature of grants awarded this year to be appropriate and consistent with the objectives of the Trust.

Financial review

The Trustees aim to maintain a level of reserves equivalent to approximately 3-4 years worth of grant payments in order to allow the Trust to continue in existence for the foreseeable future in the event that no further income is received. The Trustees regard this as being in the best long term interests of the current and future beneficiaries.

The Trustees are satisfied that the charity's assets are available and adequate to fulfil its obligations in relation to those funds.

Financial risk management objectives and policies

The Trustees have assessed the financial risk management objectives and policies of the Trust. The exposure of the Trust to price risk, credit risk, liquidity risk and cash flow risk is considered not material for the assessment of the assets, liabilities, financial position and deficit of the Trust.

Plans for future periods

The Trustees aim to achieve the Trust's long-term objectives of relieving poverty, sickness and distress of people with AIDS and HIV through the continued awarding of grants to worthy recipients but this is subject to continued receipts of donations, etc.

Investment policy and performance

Given the short term nature of the Trust's grant making activities, the Trustees have decided to invest immediately surplus funds in UK based deposit accounts with reputable bankers.

The deposit accounts offer security and ease of access to funds together with a market-based interest rate which has produced the expected returns.

MERCURY PHOENIX TRUST

TRUSTEES' REPORT

Trustees' responsibilities for the financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

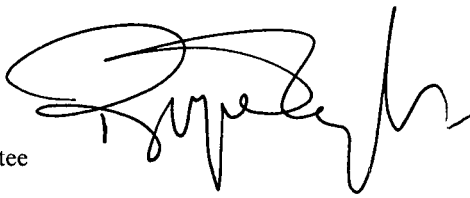
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

ON BEHALF OF THE TRUSTEES

Trustee



**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF
MERCURY PHOENIX TRUST**

We have audited the financial statements of Mercury Phoenix Trust for the year ended 31 March 2007 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 3. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act 1993. 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 charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF
MERCURY PHOENIX TRUST (CONTINUED)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2007 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with the Charities Act 1993.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

5 November 2007

MERCURY PHOENIX TRUST

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis of accounting, in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice, Accounting by Charities, 2005.

The principal accounting policies of the trust have remained unchanged from the previous year and are set out below.

VOLUNTARY INCOME

Donations and similar income are recognised on the accruals basis.

INVESTMENT INCOME

Investment income is comprised of bank interest received and is accounted for on the accruals basis.

COST OF GENERATING FUNDS

Charitable activities

Grants disbursed represent monies paid out at the Trustees' direction to charitable causes. Grants are recognised when irrevocably committed to the recipient. Support costs in respect of charitable activities are charged on the accruals basis.

Other expenses

Other expenses incurred by the Trust are in respect of the costs of generating voluntary income and governance costs, and are charged on the accruals basis.

MERCURY PHOENIX TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2007

	Note	Unrestricted funds 2007 £	Unrestricted funds 2006 £
Incoming resources			
Incoming resources from generated funds:			
Voluntary income		316,891	300,974
Investment income		53,635	60,730
Total incoming resources		370,526	361,704
Resources expended			
Cost of generating funds:			
Costs of generating voluntary income		243	124
Charitable activities	2	605,770	425,077
Governance costs	3	8,107	7,167
Total resources expended		614,120	432,368
Net outgoing resources for the year		(243,594)	(70,664)
Balance brought forward at 1 April 2006		1,393,588	1,464,252
Balance carried forward at 31 March 2007		1,149,994	1,393,588

There were no other recognised gains or losses in the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

MERCURY PHOENIX TRUST

BALANCE SHEET AT 31 MARCH 2007

	2007	2006
	£	£
Current assets		
Cash balances:		
Current account	6,909	4,505
Deposit account	971,601	1,243,329
US dollar call deposit account	145,382	127,356
Euro call deposit account	30,475	24,160
Debtors: accrued income	1,934	3,530
	<u>1,156,301</u>	<u>1,402,880</u>
Creditors: amounts falling due within one year		
Accruals	<u>(6,307)</u>	<u>(9,292)</u>
Net current assets	<u>1,149,994</u>	<u>1,393,588</u>
Funds		
Unrestricted	<u>1,149,994</u>	<u>1,393,588</u>

The financial statements were approved by the Trustees on 28/9/07 and signed on their behalf by

Trustee



The accompanying accounting policies and notes form an integral part of these financial statements.

MERCURY PHOENIX TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1 TRANSACTIONS WITH RELATED PARTIES

HJ Beach, a Trustee of the charity, is a director of Montreux Festival Services S.A., a company which performs work in connection with the processing and vetting of grant applications. The value of the services supplied in the year amounted to £4,545 (2006: £31,827). At the period end the financial statements include £4,545 (2006: £8,000) due to Montreux Festival Services S.A.

No other Trustees or companies where a Trustee is a director received any remuneration during the year.

B H May and R M Taylor are both directors and shareholders of Queen Productions Limited which made gift aid payments to the Trust amounting to £17,977 (2006: £41,100).

B H May, R M Taylor and H Beach are directors of Tonleigh Limited which made gift aid payments to the Trust amounting to £125,000 (2006: £167,885).

2 COST OF GENERATING FUNDS: CHARITABLE ACTIVITIES

2.1 Charitable activities

	2007 £	2006 £
Grant payments (see 2.2 below)	573,133	400,480
Support costs:		
Grant appraisal services	4,545	31,827
Bank charges	2,850	1,058
Exchange loss/(gain)	13,024	(8,650)
Legal, stationery and administration	12,218	362
	<u>32,637</u>	<u>24,597</u>
	<u>605,770</u>	<u>425,077</u>

2.2 Grant Payments

Grants have been made as follows during the year, in pursuance of the Trust's objectives:

	2007 £
Terrence Higgins Trust	5,197
Rural Establishment Organisation	4,000
The Parent Centre	10,000
NPO	2,000
Kyoto WMCA	2,000
Second Coming	2,600
DORDS	2,700
Katuso Self Help	4,000
Namayina Rural Development	3,000
Ushirika Youth Group	5,000
United Kingdom	
India	
South Africa	
Japan	
Japan	
Japan	
India	
Uganda	
Uganda	
Kenya	

MERCURY PHOENIX TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

2.2 Grant Payments (continued)		2007 £
Sisari Womens Group	Kenya	4,000
Community Alive Organisation	Kenya	5,000
Students' Organisation of Nairobi	Kenya	4,000
Uganda Convention	Uganda	3,000
Witwatersrand Hospice	South Africa	10,000
Girl Guides	Zimbabwe	3,025
Sebe Educational Trust	Kenya	7,000
Help The Aged	Cambodia	10,400
YMCA	Madagascar	10,000
Care International	Ivory Coast	10,000
Uganda Reproductive Health	Uganda	2,750
VSO	Papua New Guinea	14,832
Coalition Against Women's Abuse	Uganda	5,820
Society for Nature Education & Health	India	7,400
Utsaha	Nepal	4,000
ICA	Nepal	5,000
Maheswari Yuvath	India	3,500
Plan International	Brazil	16,995
Kaloko Trust	Zambia	5,000
Legacy of WW Busia	Kenya	5,000
Odpup	Bangladesh	5,000
Voluntary Action for Development	Uganda	4,200
Voluntary Organisation for Development	Bangladesh	5,000
Shetu	Bangladesh	7,500
Dhara	Bangladesh	4,000
Co-operation for Small Organisations	Bangladesh	8,000
Destitute Children	Bangladesh	4,000
Swecos	Nepal	4,000
Teens' Aids Awareness Centre	Uganda	4,000
Buwala Aids Support	Uganda	3,500
Okadjakrom Women's HIV Awareness	Ghana	4,000
Dipas	Bangladesh	5,000
Lambia Youth Project	Zambia	5,000
Women's Institute	Ghana	6,000
HIV Aids Samaritan	Ghana	4,000
Save the Children	Nigeria	14,962
Gania Sishu Raija	India	6,000
Women's Ministries	India	2,570
BIRD Society	India	5,000
Torkor Canoe Fishing	Ghana	2,910
Mofkel Aids Centre	Uganda	4,000
Ashroy Samiti	Bangladesh	5,000
Karujul Coastal Aids Project	Kenya	7,000
Scripture Union	South Africa	10,000
Lepra Bangalore	India	5,000
Uktal Social Service Organisation	India	3,000
Mate Christian Women's Group	Ghana	4,000
Assistance Link	Tanzania	4,500
Global Women HIV Association	Ghana	4,000
Compassionate Aids Advocacy	Ghana	4,000

MERCURY PHOENIX TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

2.2 Grant Payments (continued)		2007 £
Makonda Health Care	Uganda	2,140
Cecilys Fund	Zambia	4,500
Lake Malawi Projects	Malawi	4,500
Target TB	Zambia	3,000
Bubuyirana Women's Group	Uganda	4,000
Abuntu HIV Care	Zambia	5,300
Rural Women Development Society	Bangladesh	3,000
Yaya Education Trust	Kenya	5,000
Bugiri Youth	Uganda	2,370
Rural Aids Network	Kenya	4,000
Catholic Women of Rakai	Uganda	3,000
Gapalgonj Development Society	Bangladesh	3,000
Ugenya Aids Project	Kenya	5,000
United Science	Kenya	5,000
Women on War Against Aids	Ghana	3,500
Mwonga Rwandese	Uganda	5,000
Tapwak	Kenya	5,000
Initiative Support Project	Zambia	4,000
Nocoap Aids	Kenya	5,000
Samaj Kallan	Bangladesh	3,000
Prerana	Nepal	5,000
Western Millennium Youth Group	Kenya	5,000
Vision 2000 HIV Awareness Group	Ghana	3,000
Rural Agriculture Labour Society	India	3,000
Traditional Healers	Ghana	3,000
Nanayini Women's Self Help Group	Kenya	5,000
Dimas	Ghana	3,000
Ghana HIV Centre	Ghana	4,000
Rural Pentecostal Health Network	Ghana	3,000
Aids Victim Women	Uganda	3,500
Integrated Development Organisation	Bangladesh	3,000
Surzo	Bangladesh	4,000
Nanakor	Ghana	3,100
Kenya Bataabi Youth	Kenya	5,000
Rural Development Society	Bangladesh	3,000
Women with Impact Initiative	Uganda	3,845
Christian Social Services	South Africa	5,000
Mfesane	South Africa	5,000
Gania Sishu Raija	India	3,000
Adithya Education Society	India	3,000
Concern Worldwide	Somalia	12,882
Save the Children	Brazil	15,750
Associated Countrywomen of Uganda	Uganda	4,000
Badajwe Widows	Uganda	2,400
Sebika Sangstha	Bangladesh	4,000
Espohondweni Aids Project	South Africa	5,000
Teso	Uganda	5,000
Smile	India	3,000
Karunamayi	India	1,550
Adithya Education Society	India	4,500

MERCURY PHOENIX TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

2.2 Grant Payments (continued)		2007
		£
Garthapuri Consumers' Council	India	3,000
HIV Aids Solidarity Project	Ghana	3,000
Terrence Higgins Trust	United Kingdom	7,237
Women's HIV Network	Ghana	4,000
Wanzofu Women's Group	Kenya	4,000
Mutendwe Rural Women's Association	Uganda	4,000
Other grants under £1,000		2,698
		573,133

3 GOVERNANCE COSTS

	2007	2006
	£	£
Audit fees	2,232	1,292
Management services	5,875	5,875
	8,107	7,167