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Wellcome Trust Finance plc
Strategic Report
For the year ended 30 September 2017

The Directors of Wellcome Trust Finance plc present their Strategic Report for the year ended 30 September 2017.

Strategy and Objectives

The principal activity of Wellcome Trust Finance plc (the “Company”) is to meet its obligations relating to the Bonds that it has previously issued on the London Stock Exchange and to continue to lend the proceeds to other group entities.

Review of the Business and Future Developments

The Company issued two tranches of Bonds: £550 million on 25 July 2006 of 4.625% Guaranteed Bonds due July 2036 and £275 million on 28 May 2009 of 4.750% Guaranteed Bonds due May 2021 (the “Bonds”). The Bonds are listed on the London Stock Exchange. The obligations of the Company in relation to the Bonds are governed by Trust Deeds between the Company, The Wellcome Trust Limited, as trustee of the Wellcome Trust, and Citicorp Trustee Company Limited, as the trustee for the holders of the Bonds. The payment of all amounts due in respect of the Bonds is unconditionally and irrevocably guaranteed pursuant to the terms of a guarantee given by The Wellcome Trust Limited, as corporate trustee of the Wellcome Trust; the guarantee is part of the Trust Deeds.

The Company loaned the proceeds from the Bonds issued to Wellcome Trust Group (the “Group”) undertakings and receives interest on these loans.

The Company will continue to receive interest on the loans to Group undertakings and pay interest on the Bond liabilities for the foreseeable future.

Results for the Year

The Company made a profit of £3,445,332 (2016: £3,463,413) during the year ended 30 September 2017. As at 30 September 2017 the Company had net assets of £137,500,000 (2016: £137,500,000).

Key Performance Indicators

Due to the nature of the Company’s operations, the key performance measures are that the Company meets all its legal obligations to the Bond holders and that the Company achieves sufficient return on its assets to be profitable, before any donations to the Wellcome Trust under Gift Aid. During the year the Company met all its legal obligations to the Bond holders and made a net profit before donations to Wellcome Trust under Gift Aid.

Financial risk management objectives and policies

The Directors of the Company implement policies to manage the inherent risks relating to the financial assets and liabilities of the Company.

The Directors have assessed for each financial asset and liability: the market risk, currency risk, interest rate risk, liquidity risk, and credit risk exposure. The Company is not exposed to significant market risk or interest rate risk because the Company’s main financial assets have fixed redemption values, fixed interest rates and fixed maturity dates, which match those of its financial liabilities. The currency risk exposure is limited to the payment of one administrative expense amount per annum. The liquidity risk of the Company is mitigated by the matching of the cash flows from the Company’s financial assets and liabilities. Credit risk exposure of the Company’s loans is reduced by the Company only advancing loans to entities within the Group. Credit risk exposure of the Company’s remaining financial assets is reduced by stringent selection procedures for any external counterparties with which the Company transacts.

Due to the fixed nature of the Company’s assets and liabilities, there is very little risk to which the Company is exposed.
The Company’s internal control and risk management is undertaken as part of the Wellcome Trust’s processes. The key elements of this specifically applicable to the Company are:

- delegation: there is a clear organisational structure with documented lines of authority and responsibility for control and documented procedures for reporting decisions, actions and issues; and
- review: the Group Audit Committee reviews the effectiveness of the Company’s internal control, its financial reporting process, the independence of its statutory auditors and its compliance with relevant statutory and finance regulations and advises the Directors of the Company of any relevant matters.

Corporate and Social Responsibility

Due to the nature of its activities the Company has a minimal environmental impact. Social responsibility of the Group is detailed in the Wellcome Trust Annual Report and Financial Statements, which are available at www.wellcome.ac.uk.

This report was approved by the Board of Directors and signed on its behalf on 11 December 2017 by:

Name: ................................................
Director
11 December 2017
Wellcome Trust Finance plc
Directors’ Report
For the year ended 30 September 2017

Report of the Directors

The Directors of Wellcome Trust Finance plc present their report and the audited Financial Statements for the year ended 30 September 2017.

Future developments

These are discussed in the Strategic Report on page 1.

Financial risk management objectives and policies

These are discussed in the Strategic Report on page 1.

Employees

There are no employees of the Company (2016: nil).

The management and administration of the Company is undertaken by staff from the Group. The Group has not incurred any incremental staff costs due to the management of this Company.

Dividend

The Directors do not propose the payment of a dividend (2016: £nil).

Corporate Governance

The Company is limited by shares. Its governing documents are its articles of association. The shareholder of the company is The Wellcome Trust Limited, as trustee of the Wellcome Trust.

The Company is considered to be a wholly owned subsidiary of the Wellcome Trust through its corporate trustee, The Wellcome Trust Limited. The Company is not subject to the requirements of the UK Corporate Governance Code. The governance policies of the Group and of the Wellcome Trust is included in the Wellcome Trust’s Annual Report and Financial Statements for the year ended 30 September 2017.

The Audit Committee, the Investment Committee and the internal audit function of the Wellcome Trust oversee all group entities.

The Company complies with all appropriate filing and information requirements of the Financial Conduct Authority.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

Nicholas Moakes
Peter Pereira Gray
Daniel Truell (resigned as at 30 September 2017)

None of the Directors held any beneficial interest in the shares of the Company or any interest in its parent undertaking the Wellcome Trust through its corporate trustee, The Wellcome Trust Limited.

Each of the Directors is an employee of the Group and receives remuneration from the Group as an employee. No remuneration is paid to any Director for their services as a Director.
Wellcome Trust Finance plc
Directors' Report (continued)
For the year ended 30 September 2017

Directors' Indemnity Policy

The Company is party to a group-wide Directors' and Officers' liability insurance policy which includes all of the Group’s current Directors. There are no qualifying indemnity provisions (as defined in the Companies Act 2006) that benefit the Directors of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors’ Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standards applicable in U.K. and Republic of Ireland. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's information on its parent undertaking’s (the Wellcome Trust's) website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy.

Each of the Directors, whose names are listed in the Directors’ Report confirm that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standards applicable in U.K. and Republic of Ireland, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- the Directors' Report contained in this section of the Annual Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

Statement of disclosure of information to auditors

Each Director in office at the date of approving this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company’s auditors are unaware and each Director has taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
Independent auditors

In accordance with Section 485 of the Companies Act 2006, a resolution dated 11 December 2017 was passed by the members re-appointing Deloitte LLP as auditors of the Company.

This report was approved by the Board of Directors and signed on its behalf on 11 December 2017 by:

[Signature]

Name: ........................................
Director
11 December 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WELLCOME TRUST FINANCE PLC

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Wellcome Trust Finance plc (the 'company') which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC’s Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

<table>
<thead>
<tr>
<th>Key audit matters</th>
<th>The key audit matter that we identified in the current year were:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• amortisation of bond liabilities and collectability of intercompany loans</td>
</tr>
<tr>
<td></td>
<td>• management override of controls</td>
</tr>
</tbody>
</table>

| Materiality | The materiality that we used in the current year was £19.3m which was determined on the basis of 2% of total assets. |

| Scoping | Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. |
Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors’ use of the going concern basis of accounting in preparation of the Financial Statements is not appropriate; or
- the directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Amortisation of bond liabilities and collectability of intercompany loans

| Key audit matter description | The company has external debt (bonds listed on the London Stock Exchange) of £814m as at 30 September 2017. This comprises two bond issues with the following terms:
|                            | • £550m which is repayable on 24 July 2036 at an interest rate of 4.625% per annum; and
|                            | • £275m which is repayable on 28 May 2021 at an interest rate of 4.75% per annum.
|                            | The company also has receivables due from group undertakings totalling £245.5m and £703.8m due from its parent.
|                            | These bonds and intercompany loans are highly material to the company as they account for 99.5% of total liabilities and 98% of total assets of the company respectively.
|                            | The bond liabilities are stated at amortised cost using the effective interest method and requires the calculation of the effective interest rate for their measurement on the balance sheet as at 30 September 2017.
|                            | In addition, the ability of the company to repay the external debt when it matures and pay the interest to the bond holders is dependent on the future financial performance of the parent and its group undertakings and their ability to repay the intercompany loans to the company.
| How the scope of our audit responded to the key audit matter | With regards to the bond liabilities, we:
|                                                            | • reviewed the amortisation schedule prepared by management in regards to amortisation of the bonds;
|                                                            | • obtained the original bond prospectuses to assess whether the terms of the bonds agree to the inputs used by management to calculate the effective interest rate;
• recalculated the period to period effective interest and the carried forward balance of the bond liabilities until maturity;
• verified interest payments made to bond holders by tracing back to bank statements;
• reviewed the disclosures in the Financial Statements relating to bond liabilities as at 30 September 2017.

With regards to the collectability of the loans given to the group undertakings and the parent, we:
• performed a credit risk analysis by assessing the current net asset and liquidity position of the parent and the group undertakings;
• obtained the cash flow forecast of the parent and group undertaking and challenged whether the assumptions in the forecast were reasonable;
• assessed whether the cash flow forecast and the liquidity position of the parent and group undertakings suggested any indicators of impairment.

**Key observations**

As a result of our procedures, we concluded that the amortisation of bond liabilities is appropriately stated and intercompany loans are not impaired.

---

**Management override of controls**

**Key audit matter description**

In accordance with ISA 240 (UK) management override of controls is a significant risk of material misstatement due to fraud. Management is in a unique position to perpetrate fraud given their ability to manipulate accounting records and prepare fraudulent Financial Statements by overriding controls that otherwise might appear to be operating effectively.

In particular there were significant transactions relating to intercompany loans and transactions with associated interests.

---

**How the scope of our audit responded to the key audit matter**

We assessed the design and implementation of the key controls in the financial reporting process by performing a walkthrough of the financial reporting systems.

Using computer assisted audit analytics tools, we have analysed journals for potential fraud characteristics and:

• traced the journals to supporting documentation and evaluated whether the nature of the journals indicated management override of controls;
• reviewed the journals relating to significant accounting estimates and judgements for evidence of bias;
• reviewed top side adjustments to assess whether the journals posted are complete and accurate; and
• performed an analysis on any significant movements in the intercompany balances and assessed whether the transactions were valid.

**Key observations**

As a result of our procedures, we concluded that there was no indication of management override of controls.
Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

<table>
<thead>
<tr>
<th>Materiality</th>
<th>£19.3 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis for determining materiality</td>
<td>2% of total assets</td>
</tr>
<tr>
<td>Rationale for the benchmark applied</td>
<td>Total assets is considered as an appropriate benchmark as the principal activity of the entity is to issue bonds on the London Stock Exchange to provide financing to the Wellcome Trust Group, and therefore it is the key area of interest for the users of the Financial Statements.</td>
</tr>
</tbody>
</table>

We agreed with the Audit Committee of the Wellcome Trust, which oversees the group entities including Wellcome Trust Finance plc that we would report to the Committee all audit differences in excess of £965k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report including the Strategic Report and Director’s Report, other than the Financial Statements and our auditor’s report thereon. **We have nothing to report in respect of these matters.**
Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members 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 company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for
which the Financial Statements are prepared is consistent with the Financial Statements; and
• the strategic report and the directors’ report have been prepared in accordance with
applicable legal requirements.

In the light of the knowledge and understanding of the company and their environment obtained
in the course of the audit, we have not identified any material misstatements in the strategic
report or the directors’ report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you
if, in our opinion:
• we have not received all the information and explanations
we require for our audit; or
• adequate accounting records have not been kept by the
company; or
• the Financial Statements are not in agreement with the
accounting records and returns.

Directors’ remuneration
Under the Companies Act 2006 we are also required to report if in
our opinion certain disclosures of directors’ remuneration have
not been made.

We have nothing to
report in respect of these matters.

We have nothing to
report in respect of this
matter.

Other matters

Auditor tenure
Following the recommendation of the audit committee we were appointed by the Company at its
annual general meeting on 29 June 2016 to audit the Financial Statements of the Company for
the period ending 30 September 2016 and subsequent financial periods.

Our total uninterrupted period of engagement is two years, covering periods from our
appointment through to the period ending 30 September 2017.

Consistency of the audit report with the additional report to the audit committee
Our audit opinion is consistent with the additional report to the audit committee we are required
to provide in accordance with ISAs (UK).

Terri Fielding, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 December 2017
Wellcome Trust Finance plc  
Statement of Income and Retained Earnings  
For the year ended 30 September 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 30 September 2017</th>
<th>Year ended 30 September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Turnover</td>
<td>3</td>
<td>42,674,163</td>
</tr>
<tr>
<td></td>
<td></td>
<td>42,756,155</td>
</tr>
<tr>
<td>Operating income</td>
<td>42,674,163</td>
<td>42,756,155</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>9</td>
<td>(39,169,739)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(39,242,139)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>4</td>
<td>(59,092)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(50,603)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3,445,332</td>
<td>3,463,413</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit on ordinary activities after taxation</td>
<td>3,445,332</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,463,413</td>
</tr>
<tr>
<td>Charitable donation - relating to current year</td>
<td>(3,445,332)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3,463,413)</td>
</tr>
<tr>
<td>Retained profit/(loss) for the financial year</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Opening shareholder's funds</td>
<td>137,500,000</td>
<td>137,500,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared and paid or payable during the period</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Closing shareholder's funds</td>
<td>137,500,000</td>
<td>137,500,000</td>
</tr>
</tbody>
</table>

All results are derived from continuing activities.

The Company has no other gains or losses other than the results for the financial year as set out above, and therefore no separate Statement of comprehensive income or Statement of changes in equity have been presented.

The notes on pages 14 to 20 form part of these Financial Statements.
Wellcome Trust Finance plc  
Balance Sheet  
As at 30 September 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>30 September 2017</th>
<th>30 September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to Group undertakings</td>
<td>8</td>
<td>703,803,434</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to Group undertakings</td>
<td>8</td>
<td>245,500,000</td>
</tr>
<tr>
<td>Amounts owed by Group undertakings</td>
<td></td>
<td>5,654,559</td>
</tr>
<tr>
<td>Accrued interest on loans</td>
<td></td>
<td>9,936,096</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>24,750</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>7,821</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>964,926,660</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>9</td>
<td>(12,745,181)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>248,378,045</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td></td>
<td>952,181,479</td>
</tr>
<tr>
<td>Creditors: amounts falling due after more than one year</td>
<td>9</td>
<td>(814,681,479)</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>137,500,000</td>
</tr>
</tbody>
</table>

Capital reserves  
Called up share capital | 11 | 137,500,000 | 137,500,000 |
Profit and loss account | | - | - |
Total shareholders' funds | 10 | 137,500,000 | 137,500,000 |

The Company has no changes in equity during the year as set out above and therefore no separate statement of changes in equity has been presented.

The Financial Statements on pages 12 to 20 were approved by the Board of Directors and authorised for issue on 11 December 2017 and signed on its behalf by:

[Signature]
Name: ....................................................
Director
11 December 2017

Company number 5857955
1. ACCOUNTING POLICIES

(a) Statement of compliance
The Company, as limited by shares, is incorporated in England and Wales, United Kingdom under the Companies Act. The address of the registered office is given on page 21. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The Company is a wholly owned subsidiary undertaking of The Wellcome Trust through its corporate trustee, The Wellcome Trust Limited, and is included in the Consolidated Financial Statements of the Wellcome Trust, which are publicly available.

The Financial Statements have been prepared on a going concern basis as well as in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102").

The functional and presentational currency of the Company is considered to be pounds Sterling. The majority of transactions are denominated in pounds Sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, the presentation of a Statement of Cash Flows and the Related Party disclosures. The equivalent disclosures relating to the exemptions have been included in the Consolidated Financial Statements of the Wellcome Trust.

(b) Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Turnover
Turnover is interest derived from loans to Wellcome Trust Investment Limited Partnership and Wellcome Trust Investments 1 Unlimited, undertakings in the Group, and the Wellcome Trust. Income is calculated using the effective interest rate method and is recognised on an accruals basis.

Cost of sales
Expenditure is the effective interest on the Bond liabilities (as described in Bond Liabilities section below) and is recognised on an accruals basis.

Gift Aid
Distribution of Gift Aid is equal to estimated taxable profits of the Company at the time of the approval of the financial statements. The Gift Aid paid within nine months of the balance sheet date is equal to the estimated taxable profits of the Company at time of payment. Any difference between the Gift Aid donation accrued and the Gift Aid donation paid is recognised at the time of payment.

Taxation
Although subject to taxation, the Company does not pay UK Corporation Tax because its policy is to donate taxable profits as Gift Aid to the Wellcome Trust.

Subject to the above, current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), and subsequently at amortised cost.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period. Financial assets and liabilities are only offset in the Balance Sheet when, and only when, a legally enforceable right exists to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Loans to Group undertakings
The loans are not quoted in an active market. The loans were recognised initially at fair value and after initial recognition are measured at amortised cost using the effective interest method.

Bond Liabilities
The initial measurement of the liability is equal to the proceeds of issue less all transaction costs directly attributable to the issue for each Bond. After initial recognition the liability is measured at amortised cost using the effective interest method. The Company is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and Statement of Income and Retained Earnings.

Foreign Currencies
Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary assets and liabilities and balances carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All realised and unrealised profits and losses arising on exchange are included in net profit or loss for the period.
Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
For the year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Accounting judgements
Accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The Company has made no significant accounting judgements in the application of the Company’s accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant accounting estimates and assumptions
The Company makes estimates and assumptions to produce the Financial Statements. The resulting accounting estimates will, by definition, seldom equal the related actual results.
The Company has made no significant accounting estimates and assumptions in the application of the Company’s accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. TURNOVER

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable on loans to Group undertakings</td>
<td>42,673,500</td>
<td>42,756,155</td>
</tr>
<tr>
<td>Interest receivable on cash deposits</td>
<td>663</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42,674,163</strong></td>
<td><strong>42,756,155</strong></td>
</tr>
</tbody>
</table>

Interest receivable on loans to Group undertakings in the UK (see note 8) is the effective interest on:
- Loan A to Wellcome Trust Investment Limited Partnership at a fixed rate of 4.75%;
- Loan (new bond) to Wellcome Trust at fixed rate of 4.80%; and
- Loan C to Wellcome Trust at fixed rate of 4.00%;
- Loan D to Wellcome Trust Investments 1 Unlimited at fixed rate of 4.125% was novated to Wellcome Trust through its corporate trustee, The Wellcome Trust Limited during the year.

4. ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors’ remuneration</td>
<td>16,800</td>
<td>12,000</td>
</tr>
<tr>
<td>Rating agency fees</td>
<td>36,622</td>
<td>33,503</td>
</tr>
<tr>
<td>Tax compliance</td>
<td>870</td>
<td>270</td>
</tr>
<tr>
<td>Other</td>
<td>4,800</td>
<td>4,830</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59,092</strong></td>
<td><strong>50,603</strong></td>
</tr>
</tbody>
</table>

Auditor’s remuneration is solely in relation to the statutory audit of the Financial Statements.

5. EMPLOYEE INFORMATION

The Company has no employees. Personnel from the Wellcome Trust undertake the management and administration of the Company at no incremental cost to the Wellcome Trust.
6. REMUNERATION OF DIRECTORS

The Directors of the Company received no remuneration from the Company for their services. There were no Directors for whom retirement benefits are accruing under a money purchase or defined benefit scheme. The Company does not issue share options or offer any long-term incentive schemes, so there were no Directors who exercised share options during the year or became entitled to shares under a long-term incentive scheme.

7. TAX ON RESULT ON ORDINARY ACTIVITIES

The profits of the Company for the year will be paid under Gift Aid to the Wellcome Trust, a charity registered in England under the UK Charities Act 2011 (registered charity number 210183). There is no difference between retained profit/(loss) and taxable profits, so there is no provision required for deferred tax.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on ordinary activities before tax</td>
<td>3,445,332</td>
<td>3,463,413</td>
</tr>
<tr>
<td>Current tax charge for the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016: 20%)</td>
<td>671,840</td>
<td>692,683</td>
</tr>
<tr>
<td>Tax relief on gift aid donations</td>
<td>(671,840)</td>
<td>(692,683)</td>
</tr>
<tr>
<td><strong>Total current tax</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Wellcome Trust Finance plc  
Notes to the Financial Statements (continued)  
For the year ended 30 September 2017

8. LOANS TO GROUP UNDERTAKINGS

<table>
<thead>
<tr>
<th>Principal amount</th>
<th>Interest rate per annum</th>
<th>Loan anniversary date</th>
<th>Amortised cost 2017</th>
<th>Amortised cost 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan A</td>
<td>£245,500,000</td>
<td>4.75%</td>
<td>25 July</td>
<td>£245,500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£245,500,000</td>
</tr>
<tr>
<td></td>
<td>£245,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fixed Assets

| Loan (new bond) | £275,000,000            | 4.80%                 | 28 May              | £273,303,434        |
| Loan C          | £280,500,000            | 4.00%                 | 25 July             | £280,500,000        |
| Loan D          | £150,000,000            | 4.125%                | 25 July             | £150,000,000        |
|                 | £705,500,000            |                       |                     | £703,803,434        |

Loans to Group undertakings are loans (the “Loans”) to Wellcome Trust Investment Limited Partnership (Loan A), Wellcome Trust (Loan C and Loan (new bond)) and Wellcome Trust Investments 1 Unlimited (Loan D). Loan D to Wellcome Trust Investments 1 Unlimited was novated to Wellcome Trust through its corporate trustee, The Wellcome Trust Limited during the year. The principal under Loan A is repayable on demand by the Company. The principal under Loan C and Loan (new bond) is repayable on agreement between the Company and Wellcome Trust. The principal under Loan D is repayable on agreement between the Company and Wellcome. The Loans have an agreed repayment date in 19 years (Loan A, Loan C and Loan D) and 4 years (Loan (new bond)). Each Loan has a fixed redemption value equal to the principal amount and a fixed interest rate.

9. CREDITORS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals and deferred income</td>
<td>87,349</td>
<td>70,278</td>
</tr>
<tr>
<td>Gift Aid due to the Wellcome Trust</td>
<td>3,445,332</td>
<td>2,884,804</td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>9,212,500</td>
<td>9,212,500</td>
</tr>
<tr>
<td><strong>Total creditors: amounts falling due within one year</strong></td>
<td><strong>12,745,181</strong></td>
<td><strong>12,167,582</strong></td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>273,297,670</td>
<td>272,890,963</td>
</tr>
<tr>
<td><strong>Falling due between one and five years</strong></td>
<td><strong>273,297,670</strong></td>
<td><strong>272,890,963</strong></td>
</tr>
<tr>
<td>Bond liabilities</td>
<td>541,383,809</td>
<td>541,120,777</td>
</tr>
<tr>
<td><strong>Falling due after five years</strong></td>
<td><strong>541,383,809</strong></td>
<td><strong>541,120,777</strong></td>
</tr>
<tr>
<td><strong>Total creditors: amounts falling due after one year</strong></td>
<td><strong>814,681,479</strong></td>
<td><strong>814,011,740</strong></td>
</tr>
</tbody>
</table>

The Bond liabilities are stated at the amortised cost using the effective interest method for the £550 million 4.625% Guaranteed Bonds due July 2036 ("£550 million Bonds"), issued by the Company on 25 July 2006, and the £275 million 4.750% Guaranteed Bonds due May 2021 ("£275 million Bonds"), issued by the Company on 28 May 2008. The Bond liabilities falling due within one year are the unpaid coupon interest accrued for the year to 30 September 2017 for each Bond. The interest payment to the Bond holders is at a fixed rate of 4.625% per annum (£550 million Bonds) and 4.750% per annum (£275 million Bonds) and is paid in arrears on 25 July or 28 May respectively each year until repayment of the Bond principals. The bond repayments and amounts receivable from group companies are aligned in timing for liquidity management. Effective interest on bond liabilities is Cost of Sales in the Statement of Income and Retained Earnings.
Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
For the year ended September 2017

9. CREDITORS (continued)

The obligation of the Company on the Bonds is governed by a Trust Deed dated 25 July 2006 (£550 million Bonds) or 28 May 2009 (£275 million Bonds) between the Company, The Wellcome Trust Limited, as trustee of the Wellcome Trust, and Citicorp Trustee Company Limited, as the trustee for the holders of the Bonds (the “Trust Deed” and the “new Trust Deed” respectively). The payment of all amounts due in respect of the Bonds is unconditionally and irrevocably guaranteed pursuant to the terms of a guarantee given by The Wellcome Trust Limited, as corporate trustee of the Wellcome Trust; the guarantee is part of the Trust Deed and the new Trust Deed.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS’ FUNDS
Shareholder’s Funds

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 30 September 2016</td>
<td>137,500,000</td>
</tr>
<tr>
<td>As at 30 September 2017</td>
<td>137,500,000</td>
</tr>
</tbody>
</table>

11. CALLED UP SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Authorised ordinary shares of £1 each</td>
<td>137,500,000</td>
<td>137,500,000</td>
</tr>
<tr>
<td>Issued and fully paid ordinary shares of £1 each</td>
<td>137,500,000</td>
<td>137,500,000</td>
</tr>
</tbody>
</table>

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in FRS 102 Section 33 paragraph 33.1A3 “Related Party Disclosures”, which exempts it from disclosing details of transactions with the Wellcome Trust and its subsidiary undertakings, as the Company and its related undertakings with whom it may have transactions are wholly owned subsidiaries of the Wellcome Trust through its corporate trustee, The Wellcome Trust Limited. There are no other related party transactions requiring disclosure.

13. FINANCIAL INSTRUMENTS

The Company’s financial instruments comprise the loans to Group undertakings and the liability arising from the issue of the Bonds. The Company’s loans are non-derivative financial assets with fixed payments which are not available for sale. The Bond liability is a non-derivative financial liability with a fixed redemption value, fixed interest rate and fixed maturity date. The Company has not undertaken any trading in financial instruments during the year.

The financial instruments issued by, or held by, the Company are Sterling denominated and at fixed interest rates and carry no foreign exchange risk or interest rate risk.

The key risks relating to the financial instruments held by the Company are the credit risk and liquidity risk of the counterparties Wellcome Trust Investment Limited Partnership and the Wellcome Trust in relation to the loans to Group undertakings. These risks are in respect of the Wellcome Trust Investment Limited Partnership’s and the Wellcome Trust’s ability to meet the interest and principal payments as they fall due. The total value exposed to credit risk as at 30 September 2017 is £964.9 million (2016: £963.7 million), which comprises the value of the loans to Group undertakings, amounts owed by Group undertakings, accrued interest on loans and cash at bank and in hand. The liquidity risk of the Company is mitigated by the exact matching of the cash flows from the Company’s loans to Group undertakings to those arising on the Bond Liabilities.

Credit risk exposure of the Company’s loans is reduced by the Company only advancing loans to entities within the Group. Credit risk exposure of the Company’s remaining financial assets is reduced by stringent selection procedures for any external counterparties with which the Company transacts.
Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
For the year ended 30 September 2017

14. COMMITMENTS
The Company has no outstanding commitments at 30 September 2017 (2016: £nil).

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY
The Company is a company limited by shares. Its sole shareholder is The Wellcome Trust Limited, in its capacity as the corporate trustee of the Wellcome Trust, whose place of business is Gibbs Building, 215 Euston Road, London, United Kingdom. The Company is considered a wholly owned subsidiary of the Wellcome Trust for accounting purposes and its assets and liabilities have been consolidated with those of the Wellcome Trust as required by section 9 of FRS 102.

The ultimate parent undertaking and controlling party is the Wellcome Trust, which is the parent undertaking of the smallest and largest group to consolidate these Financial Statements.

Copies of the Wellcome Trust Annual Report and Financial Statements 2017 are available from the Trust’s website (www.wellcome.ac.uk) or from the company secretary.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD
There have been no subsequent events requiring disclosure.
Wellcome Trust Finance plc
Administrative Details
As at 30 September 2017

Directors
Nicholas Moakes
Peter Pereira Gray

Company Secretary
Christopher Bird

Registered Company Number
5857955

Registered Office
Gibbs Building
215 Euston Road
London
NW1 2BE

Independent Auditor
Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London
EC4A 3TR

Banker
HSBC Bank plc
31 Holborn Circus
Holborn
London
EC1N 2HR