

**Wellcome Trust Finance plc
Annual Report and Financial Statements
Year ended 30 September 2012**

Wellcome Trust Finance plc Contents

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Wellcome Trust Finance plc Directors' Report for the year ended 30 September 2012

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 2012.

Principal Activity

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 in other group entities.

Review of the Business

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 on 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 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. During the year the Company recalled a portion of its loans to Wellcome Trust Investment Limited Partnership and increased its loans to the Wellcome Trust.

Results for the Year

The Company made a profit of £nil (2011: £nil) during the year ended 30 September 2012, after recognising a Gift Aid donation of £6,398,782 (2011: £6,534,546) to the Wellcome Trust, a charity registered in England under the UK Charities Act 2011 (registered charity number 210183). As at 30 September 2012 the Company had net assets of £137,500,000 (2011: £137,500,000). The Directors do not propose the payment of a dividend (2011: £nil).

Political and Charitable Donations

The Company made no political donations during the year (2011: £nil). The Company made charitable donations of £6,398,782 (2011: £6,534,546) to the Wellcome Trust under Gift Aid.

Risk Management

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, 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 and liabilities have fixed redemption values, fixed interest rates and fixed maturity dates. 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.

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 had profits before donations to the Wellcome Trust under Gift Aid.

**Wellcome Trust Finance plc
Directors' Report (continued)
for the year ended 30 September 2012**

Environment and Social Responsibility

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

Employees

There are no employees of the Company.

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

Corporate Governance

The Company is limited by shares. Its governing documents are its memorandum of association and 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 Limited, as trustee of the Wellcome Trust. The Company is not subject to the requirements of the Combined Code because it does not have any equity shares listed on the London Stock Exchange. A statement on 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 2012.

The Company has a separate Audit Committee. The Investment Committee, the Risk 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 Services Authority.

Internal Control and Risk Management

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 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 any relevant matters. The Audit Committee members are listed on page 16.

Creditor Payment Terms

The Company pays suppliers in accordance with contractual terms or within 30 days of invoice date.

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:

Mr Simon Jeffreys
Mr Nicholas Moakes
Mr Peter Pereira Gray
Mr Daniel Truell

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

Each of the Directors is an employee of the Wellcome Trust and receives remuneration from the Wellcome Trust 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 2012**

Directors' Indemnity Policy

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 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). 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 respectively; and
- 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 website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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), 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.

**Wellcome Trust Finance plc
Directors' Report (continued)
for the year ended 30 September 2012**

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution dated 18 December 2012 was passed by the members reappointing PricewaterhouseCoopers LLP as auditors of the Company.

This report was approved by the Board of Directors and signed on its behalf on 18 December 2012 by:

A handwritten signature in black ink, appearing to read 'D. Truell', with a long, sweeping underline that curves to the right.

Mr Daniel Truell
Director

**Wellcome Trust Finance plc
Independent Auditors' Report
for the year ended 30 September 2012**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELLCOME TRUST FINANCE PLC

We have audited the financial statements of Wellcome Trust Finance plc for the year ended 30 September 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Wellcome Trust Finance plc
Independent Auditors' Report (continued)
for the year ended 30 September 2012**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2012

Notes:

The Financial Statements are published on the Wellcome Trust website, www.wellcome.ac.uk. The maintenance and integrity of the Wellcome Trust website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Wellcome Trust Finance plc
Profit and Loss Account
for the year ended 30 September 2012

	Note	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Turnover	2	45,604,473	45,609,174
Cost of sales		(39,127,242)	(38,995,045)
Gross profit		6,477,231	6,614,129
Administrative expenses	3	(78,449)	(79,583)
Operating profit		6,398,782	6,534,546
Gift Aid donation		(6,398,782)	(6,534,546)
Profit on ordinary activities before taxation		-	-
Taxation on ordinary activities	6	-	-
Profit on ordinary activities after taxation		-	-

All income is 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 recognised gains and losses has been presented.

The notes on pages 10 to 15 form part of these Financial Statements.

Wellcome Trust Finance plc
Balance Sheet
as at 30 September 2012

	Note	As at 30 September 2012 £	As at 30 September 2011 £
Fixed assets			
Loans to Group undertakings	7	364,931,826	271,080,095
Current assets			
Loans to Group undertakings	7	582,500,000	676,000,000
Amounts owed by Group undertakings		978,796	1,541,131
Accrued interest on loans		9,962,131	9,387,671
Prepayments		18,000	41,536
Cash at bank and in hand		287,960	124,197
		593,746,887	687,094,536
Creditors: amounts falling due within one year	8	(9,639,288)	(9,762,446)
Net current assets		584,107,599	677,332,089
Total assets less current liabilities		949,039,425	948,412,184
Creditors: amounts falling due after more than one year	8	(811,539,425)	(810,912,184)
Net assets		137,500,000	137,500,000
Capital reserves			
Called up share capital	10	137,500,000	137,500,000
Profit and loss account		-	-
Total shareholders' funds		137,500,000	137,500,000

The Financial Statements on pages 7 to 15 were approved by the Board of Directors on 18 December 2012 and signed on its behalf by:



Mr Daniel Truell
 Director

Wellcome Trust Finance plc
Cash Flow Statement
for the year ended 30 September 2012

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Net cash inflow from operating activities	6,698,309	6,538,026
Gift aid donations paid	(6,534,546)	(6,519,404)
Net increase in cash	163,763	18,622
Cash at beginning of year	124,197	105,575
Cash at end of year	287,960	124,197

Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Operating profit	6,398,782	6,534,546
Increase in loans to Group undertakings	(351,731)	(299,174)
Decrease/(increase) in amounts owed from Group undertakings	562,335	(189,311)
Increase in Bond liabilities	627,241	495,045
Increase in prepayments and accrued income	(550,924)	(3,607)
Increase in accruals and deferred income	12,606	527
Net cash inflow from operating activities	6,698,309	6,538,026

Reconciliation to net debt

	Year ended 30 September 2011 £	Cash flow £	Non-cash changes: effective interest £	Year ended 30 September 2012 £
Cash in hand and at bank	124,197	163,763	-	287,960
Debt due after one year				
Bond liabilities	810,912,184	-	627,242	811,539,425
Debt due within one year				
Bond liabilities	9,212,500	(9,212,500)	9,212,500	9,212,500
Net debt at 30 September	820,248,881	(9,048,737)	9,839,742	821,039,885

Wellcome Trust Finance plc
Notes to the Financial Statements
for the year ended 30 September 2012

1. ACCOUNTING POLICIES

(a) Basis of preparation of the Financial Statements

The Financial Statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Company has adopted fair value accounting rules and applies the related suite of Financial Reporting Standards (FRS):

- FRS 23 “The Effects of Changes in Foreign Exchange Rates”;
- FRS 25 “Financial Instruments Presentation”;
- FRS 26 “Financial Instruments Measurement”; and
- FRS 29 “Financial Instruments Disclosures”, including the amendment issued by the Accounting Standards Board in May 2009.

Accounting policies have been reviewed in accordance with FRS 18 “Accounting Policies”. There have been no changes to accounting policies during the year.

All income and expenditure is recognised in the Financial Statements on an accruals basis. A summary of the more important accounting policies, which have been consistently applied, is set out below:

(b) Turnover

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

(c) Cost of sales

Cost of sales is the effective interest on the Bond liabilities (as described in note 1(f)) and is recognised on an accruals basis.

(d) Gift Aid donation

The Gift Aid donation recognised 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.

(e) Loans to Group undertakings

The loans to group undertakings are to Wellcome Trust Investment Limited Partnership and the Wellcome Trust, with fixed redemption value and fixed interest payments. 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.

(f) Bond Liabilities

The Bond liabilities relate to the 30-year corporate bonds issued by the Company in July 2006 and the 12-year corporate bonds issued by the Company in May 2009, listed on the London Stock Exchange (the “Bonds”). 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 fair value of the Bond liabilities disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Company is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and Profit and Loss Account.

(g) 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 2012

2. TURNOVER

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Interest receivable on loans to Group undertakings	45,604,473	45,609,174
	45,604,473	45,609,174

Interest receivable on loans to Group undertakings (see note 7) is the effective interest on:

- loans A and B to Wellcome Trust Investment Limited Partnership at a fixed rate of 4.75%
- loan C to Wellcome Trust at fixed rate of 4.00%; and
- loan to Wellcome Trust at fixed rate of 4.80%.

3. ADMINISTRATIVE EXPENSES

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Auditors' remuneration	8,640	8,400
UK Listing Authority fees	(7,000)	-
Rating agency fees	64,347	60,740
Tax compliance	3,432	-
Other	9,030	10,443
	78,449	79,583

Auditors' remuneration is solely in relation to the statutory audit of the Financial Statements.

An accrual for UK Listing Authority fees was released during the year, because it was no longer required.

4. 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.

5. 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.

6. TAXATION

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 accounting and taxable profits, so there is no provision required for deferred tax.

Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
for the year ended 30 September 2012

7. LOANS TO GROUP UNDERTAKINGS

	Principal amount £	Interest rate per annum %	Loan anniversary date	Amortised cost Year ended 30 September 2012 £	Amortised cost Year ended 30 September 2011 £
Current Assets					
Loan A	550,000,000	4.75	25 July	550,000,000	550,000,000
Loan B	32,500,000	4.75	25 September	32,500,000	126,000,000
	582,500,000			582,500,000	676,000,000
Fixed Assets					
Loan (new bond)	275,000,000	4.80	28 May	271,431,826	271,080,095
Loan C	93,500,000	4.00	25 July	93,500,000	-
	368,500,000			364,931,826	271,080,095

Loans to Group undertakings are loans (the "Loans") to Wellcome Trust Investment Limited Partnership (Loan A and Loan B) and Wellcome Trust (Loan C and Loan (new bond)). The principal under Loan A and Loan B is repayable on demand by the Company and the principal under Loan C and Loan (new bond) is repayable on agreement between the Company and Wellcome Trust. However, the Loans to Wellcome Trust are expected to be outstanding for 24 years (Loan C) and 9 years (Loan (new bond)) whilst the Loans to Wellcome Trust Investment Limited Partnership (Loan A and Loan B) are expected to be outstanding for a significantly shorter period. Each Loan has a fixed redemption value equal to the principal amount and a fixed interest rate.

8. CREDITORS

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Accruals and deferred income	28,006	15,400
Gift Aid due to the Wellcome Trust	398,782	534,546
Bond liabilities	9,212,500	9,212,500
Total creditors: amounts falling due within one year	9,639,288	9,762,446
Falling due between one and five years	-	-
Bond liabilities	811,539,425	810,912,184
Falling due after five years	811,539,425	810,912,184
Total creditors: amounts falling due after one year	811,539,425	810,912,184

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 2009. The Bond liabilities falling due within one year are the unpaid coupon interest accrued for the year to 30 September 2012 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. No amounts fall due between one and five years because the remainder of the Bond liabilities at the balance sheet date is the amortised cost of the amount due to be repaid upon expiry of the 30-year term on 25 July 2036 (£550 million Bonds) or upon the expiry of the 12-year term on 28 May 2021 (£275 million Bonds) and therefore falls due after five years.

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 trustee of the Wellcome Trust; the guarantee is part of the Trust Deed and the new Trust Deed.

Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
for the year ended 30 September 2012

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
As at 1 October	137,500,000	137,500,000
As at 30 September	137,500,000	137,500,000

10. SHARE CAPITAL

	Number	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Authorised ordinary shares of £1 each	137,500,000	137,500,000	137,500,000
Issued and fully paid ordinary shares of £1 each	137,500,000	137,500,000	137,500,000

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in FRS 8 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.

12. 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 2012 is £958.7 million (2011: £958.1 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.

Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
for the year ended 30 September 2012

12. FINANCIAL INSTRUMENTS (continued)

The following tables detail the maturity of the Company's undiscounted contractual payments as at 30 September:

Contractual payments falling due within one year

	Year ended 30 September 2012			Year ended 30 September 2011		
	Three months or less	Between three months and one year	Total	Three months or less	Between three months and one year	Total
	£	£	£	£	£	£
Accruals and deferred income	28,006	-	28,006	15,400	-	15,400
Gift Aid due to the Wellcome Trust	-	398,782	398,782	-	534,546	534,546
Bond liabilities	-	38,500,000	38,500,000	-	38,500,000	38,500,000
Contractual payments falling due within one year	28,006	38,898,782	38,926,788	15,400	39,034,546	39,049,946

Contractual payments falling due after one year

	Year ended 30 September 2012			Year ended 30 September 2011		
	Between two and five years	After five years	Total	Between two and five years	After five years	Total
	£	£	£	£	£	£
Bond liabilities	154,000,000	1,360,562,500	1,514,562,500	154,000,000	1,399,062,500	1,553,062,500
Contractual payments falling due after one year	154,000,000	1,360,562,500	1,514,562,500	154,000,000	1,399,062,500	1,553,062,500

Gift Aid payments are made under a Deed of Covenant dated 11 September 2008 which can be terminated by the Company at any time.

Wellcome Trust Finance plc
Notes to the Financial Statements (continued)
for the year ended 30 September 2012

12. FINANCIAL INSTRUMENTS (continued)

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table is a comparison of fair values and book values of all financial assets and liabilities as at the end of the year:

	Fair value	Book value
	Year ended	Year ended
	30 September 2012	30 September 2012
	£	£
Financial assets		
Loans to Group undertakings	1,108,236,300	947,431,826
Amounts due from Group undertakings	964,307	964,307
Accrued interest	9,962,131	9,962,131
Cash at bank and in hand	287,960	287,960
Financial liabilities		
Accrued interest on Bond liabilities	(9,212,500)	(9,212,500)
Bond liabilities	(962,857,500)	(811,539,425)

The fair value of the Bond liabilities as at 30 September 2012 was £962.9 million (2011: £876.6 million) and is based on the market value of the Bonds at that date. The fair value of the loans to Group undertakings as at 30 September 2012 was £1,108.2 million (2011: £1,007.0 million); this is calculated using a valuation model for which the key input is the market value of the Bonds, instruments that are substantially the same as the loans in term, interest rate and magnitude. The book values of amounts owed by Group undertakings, accrued interest, cash at bank and in hand and accrued interest on Bond liabilities represent their fair values.

13. COMMITMENTS

The Company has no outstanding commitments at 30 September 2012 (2011: £nil).

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's shares are held by The Wellcome Trust Limited, as trustee of the Wellcome Trust. The Company is a wholly owned subsidiary undertaking of the Wellcome Trust for accounting purposes, and its assets, liabilities and results have been consolidated with those of the Wellcome Trust as required by FRS 2 "Accounting for Subsidiary Undertakings".

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 2012* are available from the Trust's website (www.wellcome.ac.uk) or from the company secretary.

Wellcome Trust Finance plc
Administrative Details
for the year ended 30 September 2012

Directors

Mr Simon Jeffreys
Mr Nicholas Moakes
Mr Peter Pereira Gray
Mr Daniel Truell

Company Secretary

Mr John Stewart (to 31 January 2012)
Mr Andrew Cossar (from 1 February 2012 to 16 September 2012)
Ms Susan Wallcraft (from 17 September 2012)

Audit Committee

Alan Brown (Chairman from 1 May 2012)
Mr Roderick Kent (Chairman to 31 January 2012)
Mr Tim Clark
Mr Philip Johnson
Baroness Manningham-Buller

Registered Company Number

5857955

Registered Office

Gibbs Building
215 Euston Road
London
NW1 2BE

Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

HSBC Bank plc
31 Holborn Circus
Holborn
London
EC1N 2HR