

# Wellcome Trust Finance plc Annual Report and Financial Statements 2011



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# The Directors of Wellcome Trust Finance plc present their report and the audited Financial Statements for the year ended 30 September 2011.

## Summary of Directors' Report

- Gross profit, representing net interest received was £6.6 million for the year (2010: £6.6 million).
- Gift Aid payments of £6.5 million made to the Wellcome Trust (2010: £6.6 million).

### 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 2011.

### Activities

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 invest 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.

### Results for the year

The company made a profit of £nil (2010: £nil) during the year ended 30 September 2011, after recognising a Gift Aid donation of £6,534,546 (2010: £6,559,405) to the Wellcome Trust, a charity registered in England under the UK Charities Act 1993 (as amended by the Charities Act 2006) (registered charity number 210183). As at 30 September 2011 the company had net assets of £137,500,000 (2010: £137,500,000). The Directors do not propose the payment of a dividend (2010: £nil).

### Political and charitable donations

The company made no political donations during the year (2010: £nil). The company made charitable donations of £6,534,546 (2010: £6,559,405) to the Wellcome Trust under Gift Aid.

### Financial 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 counter parties 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.

#### Environment

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](http://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 2011.

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 15.

#### 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 served during the year and to the date of this report are set out below:

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.

# Directors' Report (continued)

for the year ended 30 September 2011

## 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 Annual 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 profit 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.

## Auditors

A resolution was passed by the Board of Directors on 20 December 2011 appointing PricewaterhouseCoopers LLP as auditors until such time as the company decides otherwise.

This report was approved by the Board of Directors and signed on its behalf on 20 December 2011 by:



**Mr Daniel Truell**  
Director

# 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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes which include Accounting Policies. 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 Directors' Responsibilities Statement set out on page 04, 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 Wellcome Trust Finance Plc annual report 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 2011 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.

## 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  
20 December 2011

The Financial Statements are published on the Wellcome Trust website, [www.wellcome.ac.uk](http://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.

## Profit and Loss Account

for the year ended 30 September 2011

	Note	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Turnover	2	45,609,174	45,594,967
Cost of sales		(38,995,045)	(38,972,088)
<b>Gross profit</b>		<b>6,614,129</b>	6,622,879
Administrative expenses	3	(79,583)	(63,474)
<b>Operating profit</b>		<b>6,534,546</b>	6,559,405
Gift Aid donation		(6,534,546)	(6,559,405)
<b>Profit on ordinary activities before taxation</b>		<b>—</b>	—
Taxation on ordinary activities	6	—	—
<b>Profit on ordinary activities after taxation</b>		<b>—</b>	—

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 09 to 14 form part of these Financial Statements.



# Balance Sheet

as at 30 September 2011

	Note	As at 30 September 2011 £	As at 30 September 2010 £
<b>Fixed assets</b>			
Investment in subsidiaries	7	—	1
Loans to Group undertakings	8	271,080,095	270,780,921
<b>Current assets</b>			
Loans to Group undertakings	8	676,000,000	676,000,000
Amounts due from Group undertakings		1,541,131	1,351,821
Accrued interest on loans		9,387,671	9,387,671
Prepayments		41,536	37,929
Cash at bank and in hand		124,197	105,575
<b>Creditors: amounts falling due within one year</b>	9	(9,762,446)	(9,746,779)
<b>Net current assets</b>		677,332,089	677,136,217
<b>Creditors: amounts falling due after more than one year</b>	9	(810,912,184)	(810,417,139)
<b>Net assets</b>		137,500,000	137,500,000
<b>Capital reserves</b>			
Called up share capital	11	137,500,000	137,500,000
Profit and loss account		—	—
<b>Total shareholders' funds</b>		137,500,000	137,500,000

The Financial Statements on pages 06 to 14 were approved by the Board of Directors on 20 December 2011 and signed on its behalf by:



**Mr Daniel Truell**  
Director

# Cash Flow Statement

for the year ended 30 September 2011

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
<b>Net cash inflow from operating activities</b>	<b>6,538,026</b>	6,931,216
<b>Gift aid donations paid</b>	<b>(6,519,404)</b>	(6,834,913)
<b>Net increase in cash</b>	<b>18,622</b>	96,303
<b>Cash at beginning of year</b>	<b>105,575</b>	9,272
<b>Cash at end of year</b>	<b>124,197</b>	105,575

## Reconciliation of operating profit to net cash inflow from operating activities

Operating profit	6,534,546	6,559,405
(Increase) in loans to Group undertakings	(299,174)	(380,921)
Increase in Bond liabilities	495,045	472,088
(Increase)/decrease in prepayments and accrued income	(3,607)	94,729
Increase/(decrease) in accruals and deferred income	527	(21,867)
Increase/(decrease) in amounts owed from Group undertakings	(189,311)	207,782
<b>Net cash inflow from operating activities</b>	<b>6,538,026</b>	6,931,216

## Reconciliation to net debt

	Year ended 30 September 2010 £	Cash flow £	Non-cash changes: effective interest £	Year ended 30 September 2011 £
Cash in hand and at bank	105,575	18,622	—	124,197
Debt due after one year				
Bond liabilities	810,417,139	—	495,045	810,912,184
Debt due within one year				
Bond liabilities	9,212,500	(9,212,500)	9,212,500	9,212,500
<b>Net debt at 30 September</b>	<b>819,735,214</b>	<b>(9,193,878)</b>	<b>9,707,545</b>	<b>820,248,881</b>

# Notes to the Financial Statements

for the year ended 30 September 2011

## I. Accounting policies

### (a) Basis of preparation of the Financial Statements

The Financial Statements have been prepared on a going concern basis in accordance 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”;
- 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”.

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 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 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.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2011

## 2. Turnover

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Interest receivable on loans to Group undertakings	45,609,174	45,594,967

Interest receivable on loans to Group undertakings (see note 8) is the effective interest on:

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

## 3. Administrative expenses

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Legal fees	—	(205)
Auditors' remuneration	8,400	7,873
UK Listing Authority fees	—	(2,900)
Rating agency fees	60,740	57,921
Other	10,443	785
	<b>79,583</b>	<b>63,474</b>

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

## 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 1993 (as amended by the Charities Act 2006) (registered charity number 210183). There is no difference between accounting and taxable profits, so there is no provision required for deferred tax.

## 7. Investments in subsidiaries

The company had an investment in a subsidiary, Wellcome Trust Finance No. 2 Limited. The subsidiary was dissolved during the year ended 30 September 2011.

The company has not prepared consolidated Financial Statements because the subsidiary was not material and so meets the exemption requirements of FRS 2 "Accounting for Subsidiary Undertakings".

## 8. Loans to Group undertakings

	Principal amount £	Interest rate per annum %	Loan anniversary date	Amortised cost	
				30 September 2011 £	30 September 2010 £
Loan A	550,000,000	4.75	25 July	550,000,000	550,000,000
Loan B	126,000,000	4.75	25 September	126,000,000	126,000,000
Loan (new bond)	275,000,000	4.80	28 May	271,080,095	270,780,921
				<b>947,080,095</b>	946,780,921

Loans to Group undertakings are loans (the “Loans”) to Wellcome Trust Investment Limited Partnership (Loan A and Loan B) and Wellcome Trust (Loan (new bond)). The principal under Loan A and Loan B is repayable on demand by the company and the principal under Loan (new bond) is repayable on agreement between the company and Wellcome Trust, but the loans are expected to be outstanding for 28 years (Loan A and Loan B) and 12 years (Loan (new bond)). Each Loan has a fixed redemption value equal to the principal amount and a fixed interest rate.

## 9. Creditors

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Accruals and deferred income	15,400	14,873
Amounts due to Group undertakings	—	1
Gift Aid due to the Wellcome Trust	534,546	519,405
Bond liabilities	9,212,500	9,212,500
<b>Total creditors: amounts falling due within one year</b>	<b>9,762,446</b>	9,746,779
<b>Falling due between one and five years</b>	<b>—</b>	—
Bond liabilities	810,912,184	810,417,139
<b>Falling due after five years</b>	<b>810,912,184</b>	810,417,139
<b>Total creditors: amounts falling due after one year</b>	<b>810,912,184</b>	810,417,139

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 2011 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.

Notes to the Financial Statements (continued)  
for the year ended 30 September 2011

## 10. Reconciliation of movement in shareholders' funds

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
As at 1 October	137,500,000	137,500,000
<b>As at 30 September</b>	<b>137,500,000</b>	<b>137,500,000</b>

## 11. Share capital

	Number	Year ended 30 September 2011 £	Year ended 30 September 2010 £
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

## 12. Related party transactions

The company, a wholly owned subsidiary undertaking of the Wellcome Trust, has taken the exemption available from the related party disclosure requirements of FRS 8 "Related Party Disclosures", because the Financial Statements of the parent company are available to the public (note 15).

## 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 carry no foreign exchange risk.

The financial instruments issued by, or held by, the company are at fixed interest rates and therefore do not have any related 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 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 2011 is £958.1 million (2010: £957.6 million), which comprises the value of the loans to Group undertakings, amounts due from Group undertakings, accrued interest on loans and cash at bank and in hand.

### 13. 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 2011			Year ended 30 September 2010		
	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	15,400	—	15,400	14,873	—	14,873
Amounts due to Group undertakings	—	—	—	1	—	1
Gift Aid due to the Wellcome Trust	—	534,546	534,546	—	519,405	519,405
Bond liabilities*	—	38,500,000	38,500,000	—	38,500,000	38,500,000
<b>Contractual payments falling due within one year</b>	<b>15,400</b>	<b>39,034,546</b>	<b>39,049,946</b>	<b>14,874</b>	<b>39,019,405</b>	<b>39,034,279</b>

#### Contractual payments falling due after one year

	Year ended 30 September 2011			Year ended 30 September 2010		
	Between two and five years	After five years	Total	Between two and five years	After five years	Total
	£	£	£	£	£	£
Bond liabilities*	154,000,000	1,399,062,500	1,553,062,500	154,000,000	1,437,562,500	1,591,562,500
<b>Contractual payments falling due after one year</b>	<b>154,000,000</b>	<b>1,399,062,500</b>	<b>1,553,062,500</b>	<b>154,000,000</b>	<b>1,437,562,500</b>	<b>1,591,562,500</b>

\*As restated to include the contractual interest payable on the bonds.

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

## Notes to the Financial Statements (continued)

for the year ended 30 September 2011

### 13. 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 year ended 30 September 2011 £	Book value year ended 30 September 2011 £
<b>Financial assets</b>		
Loans to Group undertakings	1,006,971,370	947,080,095
Amounts due from Group undertakings	1,541,131	1,541,131
Accrued interest	9,387,671	9,387,671
Cash at bank and in hand	124,197	124,197
<b>Financial liabilities</b>		
Accrued interest on Bond liabilities	(9,212,500)	(9,212,500)
Bond liabilities	(876,609,250)	(810,912,184)

The fair value of the Bond liabilities as at 30 September 2011 was £876.6 million (2010: £850.3 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 2011 was £1,007.0 million (2010: £976.6 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 value of cash at bank and in hand represents its fair value.

### 14. Commitments

The company has no outstanding commitments at 30 September 2011.

### 15. 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 2011* are available from the Trust's website ([www.wellcome.ac.uk](http://www.wellcome.ac.uk)) or, without charge, from:

Publishing Department  
Wellcome Trust  
FREEPOST  
RLYJ-UJHU-EKHJ  
Slough  
SL3 0EN



# Administrative Details

for the year ended 30 September 2011

## Directors

Mr Simon Jeffreys

Mr Nicholas Moakes

Mr Peter Pereira Gray

Mr Daniel Truell

## Company Secretary

Mr John Stewart

## Audit Committee

Mr Roderick Kent

Mr Philip Johnson

Baroness Manningham-Buller

Tim Clark

*(appointed 13 December 2011)*

## Registered company number

5857955

## Registered office

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