Annual Report and Financial Statements

wellcome trust | *Celebrating 75 Extraordinary Years*

Contents

We constantly look for new ways of working to achieve our goal of extraordinary improvements in human and animal health.

Summary of Chairman's Statement

- This year, we introduced a new funding model for scientists based in universities and other research institutions so that they can pursue their curiosity more freely
- The potential of genetic information to transform medicine is growing and, in some cases, has already changed lives
- It is paramount that scientific advances are translated into better tools and treatments in the clinic
- Our investment team, advised by our experienced Investment Committee, continues to battle against strong macroeconomic and financial headwinds

The 75th anniversary of the Wellcome Trust this year has provided many opportunities to reflect on our history and on the achievements that have been made with our support since 1936. But while the Trust has a great history, we are not bound by tradition. We constantly look for new ways of working to achieve our goal of extraordinary improvements in human and animal health.

This attitude has fostered a meritocratic culture within the Trust of which I am extremely proud. Professional and creative, the people who work here are constantly redefining the organisation's aspirations and expectations. This would have been applauded by Sir Henry Wellcome, whose Will established the Trust and whose legacy we work together to uphold.

Stories of science

Sir Henry was a unique character. He understood the power of research and its capacity to reveal facts about the human body and the world around us. He also understood the power of a good story – Sir Henry's flair for combining marketing with science was the foundation of his success. At the Wellcome Trust today, we still celebrate the stories of research. From questions and ideas to discoveries and applications, medical research is rich with compelling tales of people making incredible leaps forward in understanding and treating illness.

Such stories have an enormous capacity for engaging people's curiosity about science. Nowhere is this more evident than in the exhibitions at Wellcome Collection. In just four years, Wellcome Collection has earned an outstanding reputation for the imaginative ways in which it draws connections between science, medicine, art and life. This year's major exhibitions – High Society, about the uses of mind-altering drugs through the ages, and Dirt: The filthy reality of everyday life – were no exception, attracting plaudits from the critics and hundreds of thousands of visitors.

Much of the success of Wellcome Collection is due to the fact that its exhibitions and events appeal to the same sort of curiosity that drives researchers. Science progresses through the work of dedicated people who want to know how our bodies work or the effects of potential treatments.

This year, we introduced a new funding model for scientists based in universities and other research institutions so that they can pursue their curiosity more freely. Wellcome Trust Investigator Awards offer outstanding researchers the flexibility to assemble strong teams to ask important questions and take creative, often interdisciplinary, approaches to finding the answers. In summer 2011, we funded the first 27 Investigators, looking at ambitious and diverse research topics from using stem cells to help the body mend itself to the neurobiology of epilepsy.

Working together

As well as supporting individual researchers, the Wellcome Trust funds

a wide range of partnerships and collaborations that are producing world-class science. The Avon Longitudinal Study of Parents and Children (ALSPAC), for example, has collected a wealth of data from 14,000 mothers and their children, shedding light on factors that determine health and wellbeing throughout our lives. Another collaboration, the 1,000 Genomes Project is having such an impact on other research through mapping human genetic variation that it has extended its target and will now sequence 2,500 genomes.

The potential of genetic information to transform medicine is growing and, in some cases, has already changed lives. The Database of Chromosomal Imbalance and Phenotype in Humans using Ensembl Resources (DECIPHER) was established in 2004 with core Trust funding. Through the Health Innovation Challenge Fund, a joint scheme with the Department of Health, DECIPHER has now received funding to establish a new collaboration between the NHS, researchers and families across the UK.

The initiative will collect DNA and clinical information from 12,000 children with currently undiagnosed physical or psychological developmental disorders. The data will help doctors to diagnose thousands of children whose families would otherwise be left struggling to understand their condition.

Improving lives

It is paramount that scientific advances are translated into better tools and treatments in the clinic. This will often involve collaboration with the commercial sector which, ultimately, will develop, manufacture, distribute and market life-saving products. One example from this year is a new Strategic Translation Award to help develop a magnetic resonance imaging (MRI) system suitable for use in neonatal units to detect brain injury in newborn babies. MRI technology is well established but we now need to consider how it can be more widely used in hospitals.

Once again, it is the capacity to use our imaginations and find new approaches that will most help people. That is our vision, after all, as Sir Henry determined it should be. Our aim has always been to improve health for as many people as possible. For example, a major Trust-funded trial has compared treatments for severe malaria in African children and concluded that artesunate reduced the number of deaths more than quinine. The World Health Organisation has subsequently revised its guidelines to recommend artesunate as the first-line treatment in the management of children in Africa with severe malaria. It is a move that could save thousands of young lives.

Investments

We are able to support such work thanks to the careful stewardship of our endowment. Our investment team, advised by our experienced Investment Committee, continues to battle against strong macroeconomic and financial headwinds. Most stock markets declined in the year to September as concerns grew about the sustainability of the Euro. In spite of these circumstances, our portfolio recorded a positive return during the year mainly due to strong returns from buyouts, Venture & Growth, private equity and residential property. Having started the year at £13.9 billion, the total value of our endowment at the year end, after the charitable cash spend of £602 million, was £13.6 billion.

While many governments struggle to balance their books, companies, especially the large multinationals which form the core of our equity assets, are faring much better. Zero interest rates and depressed wage costs support strong growth in cash flows, which companies are increasingly returning to shareholders. In the US, many of the consumer internet companies which constitute an important element of our £2.7 billion investment in Venture & Growth companies are being listed on the markets; the high quality of our venture partners meant that, in 2010/11, we had exposure to 41 IPOs, 84% of all US venture-backed IPOs. We expect our portfolio to generate significantly positive net cash flows over the next five years but these are dependent on realisations from private equity. These cash flows and the 24% return that we have earned over the past five years should enable us to spend a projected amount in excess of £3 billion on our charitable activities between 2011 and 2016, a 29% increase over the previous five year period. This represents a record amount spent on medical research at a time when economic head winds remains strong.

We expect economic conditions to remain turbulent, markets to remain volatile and higher inflation to threaten our real spending power. We remain committed to the long-term ownership of high quality assets that should endure these conditions. We also retain an appropriate liquidity buffer. We continue to manage both the shape of our portfolio and our foreign exchange positions actively, while using our long-term horizon, our tolerance for short-term volatility and our triple A credit rating to ride out these challenging economic conditions.

Governance

This year, we welcomed Professor Anne Johnson to the Board of Governors of the Wellcome Trust. Anne is Professor of Infectious Disease Epidemiology and Co-Director of the Institute for Global Health at University College London. Her experience in public health and clinical research will complement the Governors' wide-ranging skills and perspectives in ensuring that the Trust continues to advance medical research in the future. In January 2012, Professor Mike Ferguson will also join the Board. Dean of Research for the College of Life Sciences at the University of Dundee, Mike has extensive knowledge and experience of bringing together scientific disciplines to work with each other, and of translating basic research into drug discovery programmes.

Sir William Castell
Chairman of the Wellcome Trust

Our vision:

We are dedicated to achieving extraordinary improvements in human and animal health

The objects of the Wellcome Trust (the "Trust"), as set out in its Constitution, are as follows:

Our mission:

We support the brightest minds in biomedical research and medical humanities

Our three key focus areas for funding:

- Supporting outstanding researchers
- Accelerating the application of research
- Exploring medicine in historical and cultural contexts.

Outstanding researchers

We believe passionately that breakthroughs emerge when the most talented researchers are given the resources and freedom they need to pursue their goals.

The challenges:

Maximising the health benefits of genetics and genomics

We will maximise the power of genetics and genomics research to enhance global health.

Understanding the brain

We will support research to improve understanding of how the brain functions and to find improved approaches for treating brain and mental health disorders.

To protect, preserve and advance all or any aspects of the health and welfare of humankind and to advance and promote knowledge and education by engaging in, encouraging and supporting:

- research into any of the biosciences; and
- the discovery, invention, improvement, development and application of treatments, cures, diagnostics, and other medicinal agents, methods and processes that may in any way relieve illness, disease, disability or disorders of whatever nature in human beings or animal or plant life.

To advance and promote knowledge and education by engaging in, encouraging and supporting:

- research into the history of any of the biosciences; and
- the study and understanding of any of the biosciences or the history of any of the biosciences.

Application of research

We are committed to maximising the application of research to improve health. Our Technology Transfer activities focus on product development, bridging the gap between discovery and application.

Medicine in historical and cultural contexts

We strive to embed biomedical science in the historical and cultural landscape, so that it is valued and there is mutual trust between researchers and the wider public.

Combating infectious disease

We will promote an integrated approach to the study of infectious disease in humans and animals.

Investigating development, ageing and chronic disease

We will aim to develop an integrated understanding of how the body develops, functions and ages, and of the factors that contribute to the onset and development of chronic diseases.

Connecting environment, nutrition and health

Global health is under serious threat from the interlinked issues of access to nutrition, food security and climate change. We will foster multidisciplinary research to address these problems and to inform the global response.

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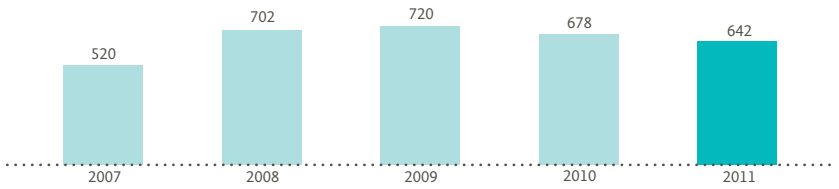
For more on how we provide funding to meet the challenges.

We aim to fund in excess of £3 billion in charitable activities over the next five years.

Key financials at a glance:

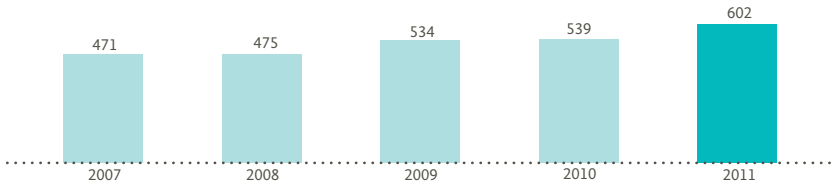
Charitable funding committed in year (£m)

£642m



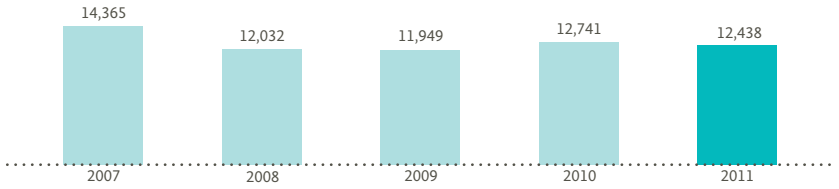
Charitable cash payments in year (£m)

£602m



Net asset value (£m)

£12,438m



Financial summary
Our ability to support research and other charitable activities depends on the success of our investment portfolio.

We invest globally across a very broad range of assets and strategies, with the overall aim of a 6% annual return, above inflation, over the long term.

Our annual grant-commitment budget is set by reference to a three-year weighted average of the values of our investment assets in order to smooth the effect of short-term volatility. Over the next five years we aim to commit over £3 billion for charitable activities, although the actual amount will depend on our investment performance.

Our focus is on:

Ensuring

Ensuring our long-term financial position is secure and our spending levels sustainable

Responding

Responding rapidly to new opportunities

Preserving

Preserving, at least, the real purchasing power to the investment base

Planning

Planning to sustain funding to deliver our mission

Reserves policy
Our reserves policy is to set spending at a level intended to sustain funding to deliver our mission while preserving the investment base. Our overall investment objective is to seek a long-term inflation-adjusted return of at least 6% per annum. This should provide for real increases in annual expenditure while preserving the capital base in real terms.

Investment policy
Our assets are invested in accordance with the wide investment powers set out in the Trust Constitution and within its Investment Policy. The Investment Policy is reviewed annually by the Board of Governors and was amended in September 2009. We use a blended 50/50 US/UK CPI measure to reflect the globally diversified nature of our assets. Diversification is a key factor in managing the inherent risk of investments. We invest globally and across a very broad range of assets and strategies.

Investments are made through a variety of arrangements, including direct investments managed by our investment team, outsourced managers who invest on our behalf and investments in collective investment vehicles of various kinds.

Further details of our investment philosophy and approach to risk management are laid out in the Review of Investment Activities section of the Trustee's Report.

It is our policy not to invest in companies that derive material turnover or profit from tobacco or tobacco-related products.

Expenditure policy
Our annual grant commitment budget is set by reference to a three-year weighted average of the values of the investment assets in order to smooth the effect of short-term volatility. Adjustments to this budget can be made in a controlled manner to reflect expected known events such as adverse economic or market events. This has enabled us to reduce the impact of the recent recession on our charitable funding.

Over the next five years we aim to commit over £3 billion funding for charitable activities; however, the actual amount will depend on our investment performance.

The Board of Governors regularly monitors market and economic conditions and has currently set the spending policy as committing 4.7% of the three-year weighted average of investment assets. This results in an expected annual cash payout of 4.0% of the investment assets because the commitments are paid out over several years.

Financial position
At 30 September 2011 the Group had investment cash, certificates of deposit and cash in the bank to the value of £480 million against current liabilities of £862 million. The Trust's Reserves policy and Expenditure policy are set out above. With this in mind and after considering the 2012 budget and longer-term plans, the cash flows and the highly liquid nature of a substantial portion of the Trust's investment assets, the Trustee is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements of both the Trust and the Group.

Charitable activities

We support high-quality research across the breadth of the biomedical sciences – from "blue skies" to clinical and applied research – and encourage the translation of research findings into medical benefits. Our funding in the medical humanities and public engagement seeks to raise awareness of the medical, ethical and social implications of research and to promote dialogue between scientists, the public and policymakers.

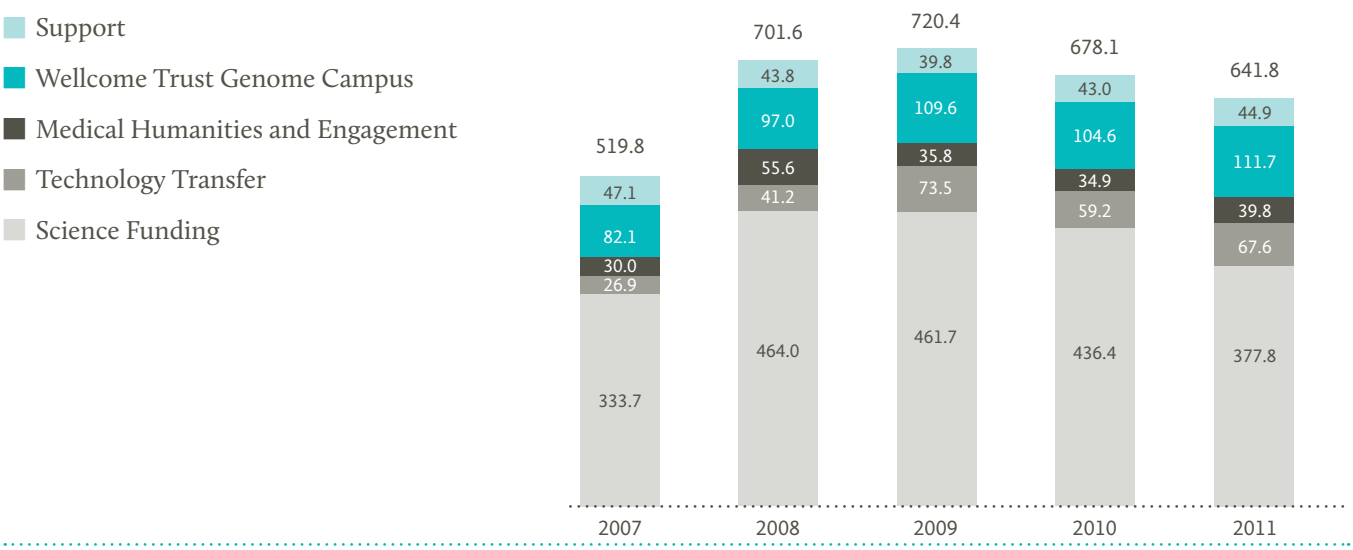
Although the majority of grants are awarded to recipients in the UK, 11% of grant funding this year was awarded directly to support research overseas. Grant funding is usually channelled through a university or similar institution in response to proposals submitted by individual academic researchers. Applications are peer-reviewed and expert committees typically make the funding decisions. Where initiatives fall outside of established review process, decisions are made by the Strategic Awards Committee. Grant awards are made to the employer institution, which takes responsibility for grant administration. Only a limited number of small-scale awards are made directly to individuals.

We also fund our own research centre, the Wellcome Trust Sanger Institute, channelling support through a wholly owned subsidiary, Genome Research Limited. Researchers use genome sequences to advance understanding of the biology of humans and pathogens in order to improve human health.

Charitable activities represent funding that we commit to in each year. These commitments will be paid in cash in future years.

The total expenditure in the chart below includes commitments each year from a special dividend fund declared in 2007 for initiatives of global importance, with exceptional vision and scale, and where there is the prospect of high impact outcomes. Commitment on these initiatives peaked in 2009 for projects such as Francis Crick Institute (note 15(d)), the Sainsbury Wellcome Centre for Neural Circuits and Behaviour and the African Institutions Initiative.

Charitable activities by type
(£m)



Charitable cash payments

The chart below details the payments that have been made each year.

The total anticipated charitable expenditure over the life of the grant is recognised in the year in which the grant is awarded and included in the charitable activities in that year. However, payments made over the life of the grant are included in charitable cash payments in the year in which they are made and consequently charitable cash payments in any one year will include amounts relating to grants awarded in prior years. The increase in grants awarded over recent years is therefore also reflected in the recent increase in cash out flows which is expected to continue in 2012.

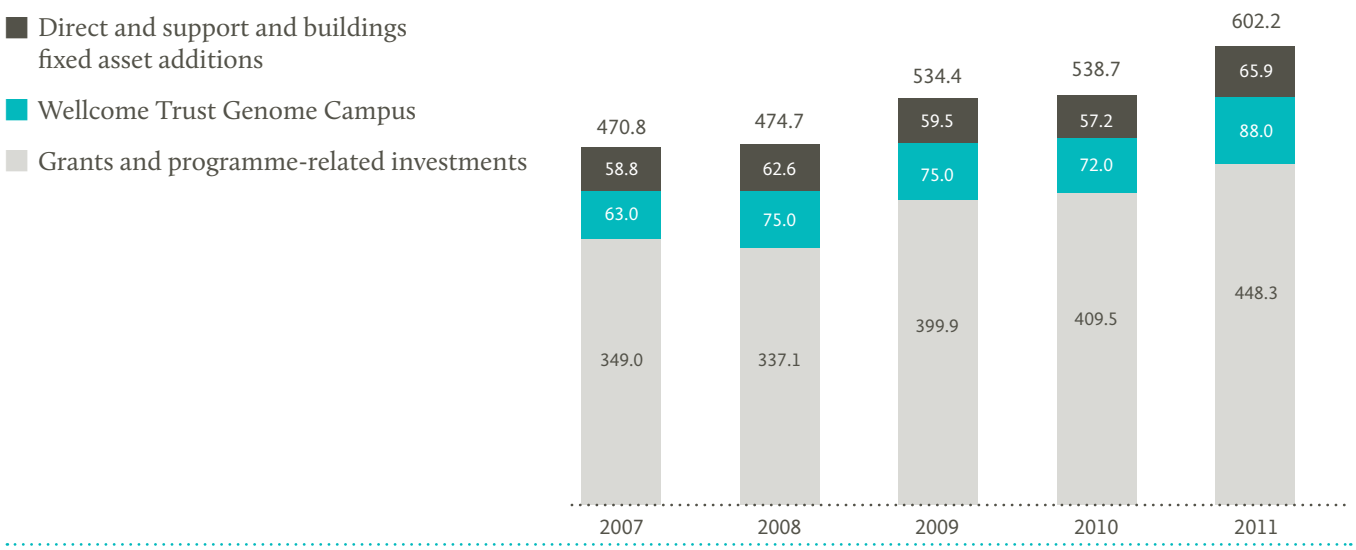
The level of activity at the Wellcome Trust Sanger Institute has increased in 2011 in line with the approval of additional funding.

Incoming resources and matching of cash receipts with cash payments

The Board of Governors, through its investment team, keeps a careful eye on the current and future cash flows, ensuring that there are always sufficient cash reserves to meet the required expenditure on charitable grants.

Incoming resources in the Statement of Financial Activities include dividends, interest, rental earned and turnover from the trading subsidiaries. They do not take account of incoming cash receipts from the disposal of investments. Cash payments are funded by a combination of incoming resources, cash balances and sales of investment assets.

Charitable cash payments (£m)



This review provides examples of our funding, activities and accomplishments during the year ended 30 September 2011 as well as looking forward to some of our future activities.

Charitable activities at a glance:

1

Science funding

We support research into all aspects of biomedical science: from molecules and cells vital to life, through the spread of diseases or the vectors of disease across the globe, to clinical and public health research to improve the quality of healthcare.

2

Medical humanities and engagement

Our funding encourages bold and intellectually rigorous research applications that address the important questions at the interface of science, medicine and the wider humanities (including the social sciences and the arts). Funded research will further develop our understanding of the impact of medicine and medical sciences on human and animal health.

3

Technology transfer

We help to bridge the gap between fundamental research and commercial application by funding applied research and development projects to a stage where they are attractive to a follow-on funder, such as venture capital firms, industry and public-private partnerships.

4

Wellcome Trust Genome Campus

Funding is provided to investigate the role of genes in health and disease, run an advanced courses programme, which provides practical training in the latest biomedical research techniques and bioinformatics tools and promote public engagement in the activities.

This review provides examples of our funding, activities and accomplishments during the year ended 30 September 2011 as well as looking forward to some of our future activities. Achievements reported here often reflect the results of many years of research from previous funding. The Wellcome Trust Annual Review for the period 1 October 2010 –30 September 2011, which is published alongside this Report, is available on the Trust's website (www.wellcome.ac.uk) and covers more of the year's scientific achievements.

The examples here are presented in terms of our Strategic Plan for 2010–20, also available on the Trust's website. Implemented in 2009/10, the Strategic Plan sets out how we work with others to achieve extraordinary improvements in human and animal health. In it we highlight the three Focus Areas of our funding which, to a large extent, overlap with the work of our three funding divisions: Science Funding, Technology Transfer and Medical Humanities and Engagement. Our Focus Areas help to ensure we provide the best environment and support for researchers to tackle important questions posed by the five major Research Challenges that we have identified for this decade.

Focus area 1: supporting outstanding researchers

We aim to give world-class researchers the resources and freedom they need to tackle major research questions. To that end, in June 2011 we made 27 outstanding researchers our inaugural Wellcome Trust Investigators, awarding them between £1 million and £3 million each to support long-term, bold, ambitious projects addressing one of our five research challenges.

Collaboration is key to scientific progress and in 2010/11 we continued to foster thriving partnerships between researchers in different disciplines and on different continents. We also worked with other funders to create and strengthen centres of excellence in the UK and internationally.

Last year we formed a partnership with the Medical Research Council (MRC), Cancer Research UK and University College London to build a £600 million research facility in St Pancras in central London. Planning permission was approved in December 2010 and construction work started in July 2011. Since then, the partnership has expanded to include Imperial College London and King's College London. The new institute will allow an unprecedented exchange between different disciplines, harnessing the talent of clinicians, biologists, mathematicians, physicists, chemists, computer scientists and engineers to advance scientific knowledge and to enable new healthcare solutions to be developed. Reflecting its vision to be the leading institute for health research and innovation in Europe, the institute has been named The Francis Crick Institute in honour of the visionary Nobel Prize winner.

Outside the UK, we continued to support outstanding scientists across the globe through a range of initiatives, and opened two new Trust-funded facilities to enhance research and clinical care at our Major Overseas Programmes, which provide long-term, ongoing support to researchers based in five locations across Africa and South-east Asia. In October 2010, the new state-of-the-art Clinical and Research Laboratories opened at the National Hospital of Tropical Diseases in Hanoi, Vietnam. In May 2011, a new Adult Emergency and Trauma Centre opened at the Queen Elizabeth Central Hospital in Blantyre, Malawi.

Advances in science need to be matched by advances in public engagement to ensure that new knowledge and its implications are debated as widely as possible. To support the development of compelling new ways of reaching wider audiences, we announced the first two Wellcome Trust Engagement Fellowships in July 2011.

The Wellcome Trust will continue to support scientists through awards, grants and fellowships and to fund the laboratories and other facilities where they work. We also support less tangible elements of the international scientific infrastructure. For example, a partnership between the Wellcome Trust, the Howard Hughes Medical Institute and the Max Planck Society will launch a new top-tier research journal called *eLife* in 2012 to enhance scientific communication. *eLife* will be entirely online, open access and available for all to read and reproduce the contents freely. The senior editorial team includes several highly regarded practising scientists whose experience will enable them to make strong, scientifically based and rapid decisions about which papers to accept. We hope *eLife* will be a major new vehicle for sharing biomedical research and set a new standard for modern scientific publishing.

Focus area 2: accelerating the application of research

Our second focus area is to ensure that research findings are translated into new therapies that will benefit patients. The £100 million Health Innovation Challenge Fund (HICF) – our five-year funding partnership with the UK Department of Health – supports the development of novel therapies and technologies that are likely to be adopted by the UK National Health Service (NHS) in three to five years.

Projects are being funded through a series of five themed calls and we have so far made 15 awards under the first three themes in 2010 and 2011. The calls invited proposals to advance genetic discoveries into clinical practice, to treat rapidly deteriorating patients in acute care and to monitor chronic illness in the home. Projects supported include gene therapy for overcoming blindness, tissue oxygen monitoring to detect impending shock states in the critically ill and home monitoring of heart failure patients. Calls have opened for the fourth and fifth themes – proposals to refine surgical techniques ("smart" surgery) and to control infection – and awards will be made in 2011/12.

HICF is just one funding stream through which we make awards to expedite technology transfer to the clinic. In April 2011, for example, we announced a £2.5 million Strategic Translation Award to GE Healthcare to develop a magnetic resonance imaging (MRI) system that is small and safe enough to use in neonatal units to detect brain injury in newborn babies.

Researchers at University College London are developing a new design of prosthetic heart valve with support from a Wellcome Trust Translation Award of £1.25 million. The new design can be fitted without the need for open heart surgery, which means it can be used in many patients who would currently be judged too ill or weak to undergo the procedure.

Our Seeding Drug Discovery programme facilitates early-stage small molecule drug discovery. One award under the scheme is helping researchers at the University of Queensland to develop a new antibiotic that should be able to target a number of drug-resistant bacterial infections more effectively than current antibiotics.

The Stevenage Bioscience Catalyst is a new mechanism for supporting world-class translational research. Due to open in 2012, it will be the UK's first "open innovation" bioscience campus, where a range of companies from start-ups to big pharmaceuticals can come together, network, form synergistic relationships and develop more innovative advances in medicine. Stevenage Bioscience Catalyst is supported by the Wellcome Trust, GlaxoSmithKline, the Department for Business, Innovation and Skills and other government agencies.

Focus area 3: exploring medicine in historical and cultural contexts

Science can only realise its full potential to benefit society if it is embedded in people's lives and minds and there is widespread consensus about its purpose and uses. With this aim we fund research into the historical, cultural and ethical contexts of medical research and continually seek new ways to inspire people of all ages to explore and debate its implications.

We opened Wellcome Collection in June 2007 as a free, public venue offering exhibitions, debates and events to engage people with science. On 21 June 2011, the Collection celebrated its fourth birthday, receiving its 1.5 millionth visitor on the same day. The year's two major exhibitions – High Society and Dirt – were our most successful to date, attracting around 1,000 visitors per day and garnering enthusiastic press coverage. In Autumn 2010 we ran a second series of Exchanges at the Frontier – conversations with some of the biggest names in science – which were broadcast around the world by the BBC World Service.

We made two Strategic Awards to support projects enabling young people to understand science and to develop the skills to debate complex biomedical issues. In January 2011, we awarded theatre company Y Touring almost £1 million to develop five new plays bringing science to life. And in March 2011, we gave the Institute of Ideas £875,000 to extend and develop its highly successful Debating Matters competition. To date, the competition – which this year ran for the seventh time in the UK and the third time in India – has engaged over 12,000 sixth-form students in rigorous debates on contemporary issues of science.

Two science writing competitions produced compelling results in 2010/11. The winning entry for the 2010 Wellcome Trust Book Prize, *The Immortal Life of Henrietta Lacks,* tells the story of a woman who died 60 years ago but lives on through her immortal cancer cells, known as Hela cells, in research laboratories around the world. The 2011 Wellcome Trust Science Writing Prize – a new competition in association with the Guardian and the Observer newspapers – received almost 800 entries across two categories for scientists and non-scientists, with the winning articles being published in the national press.

Our support of the history of medicine included a programme grant to the team at the University of Manchester to investigate how relations between biomedical research, clinical research and clinical practice have changed since 1950. A surgeon demonstrated how surgical techniques have changed since the 1980s, performing a simulated operation with retired surgeons for the public at the Science Museum in August 2011.

The London 2012 Olympic Games present a rich opportunity to engage the UK public with biology, physiology and what happens inside our bodies when we take part in physical activity. The Wellcome Trust has commissioned a new touring exhibition that will visit all four nations of the UK next year, offering everyone the chance to discover how our bodies work during movement and at rest. In addition, we will send boxes full of practical equipment and resources to all primary and all secondary schools so that young people across the country can do their own science experiments inspired by the Olympics.

Research challenge 1: maximising the health benefits of genetics and genomics

In October 2010, the results of the pilot phase of the 1,000 Genomes Project – an international public–private consortium part-funded by the Wellcome Trust – were published in Nature. Researchers at the Wellcome Trust Sanger Institute and other institutions around the world have sequenced the whole genomes of 179 people and the protein-coding genes of 697 people from populations with European, west African and east Asian ancestry. They used the results to produce a comprehensive map of 95% of the genetic variation of any person on Earth – a resource that is already helping researchers identify new links between variants and disease. The project has now moved into its second phase, aiming to sequence 2,500 genomes from 27 populations worldwide over the next two years – work that will eventually identify more than 99% of human genetic variation.

The application of such genomic information is already beginning to transform medicine. The Database of Chromosomal Imbalance and Phenotype in Humans using Ensembl Resources (DECIPHER) was established in 2004 with core funding from the Trust through the Wellcome Trust Sanger Institute. Its aim was to help doctors in clinical centres across the globe diagnose very rare problems in children's physical or psychological development by sharing patient records containing information about genomic variations and co-occurring symptoms.

The genomic information was limited to large rearrangements of the genetic material in chromosomes that could be identified by microscopy. New, more powerful genetic tools, including high-resolution chip technology, can identify smaller rare mutations. To that end, the largest HICF award under the first theme (advancing genetic discoveries into clinical practice) of £8.9 million was made to enable a major expansion of DECIPHER called Deciphering Developmental Disorders, or DDD.

The DDD study is a unique collaboration between all 23 NHS Regional Genetics Services in the UK, researchers at the Sanger Institute and in Cambridge, Edinburgh and Oxford, and families across the UK. It aims to collect DNA and clinical information from 12,000 UK children with undiagnosed developmental disorders and their parents. This unparalleled set of data on patients and parents will allow doctors to provide diagnoses to thousands of families and develop ethical practices for the implementation of genomic medicine.

Research challenge 2: understanding the brain

In July 2011, Trust-funded researchers described the first effective treatment for a mitochondrial disease – Leber's hereditary optic neuropathy (LHON), a form of inherited blindness – in the journal *Brain*. A team at the University of Newcastle, conducted a randomised, placebo-controlled trial of a drug called idebenone in 85 patients with LHON. After six months, some people who were treated with the drug had improved vision and perception of colour – the first time LHON has been reversed with a drug.

Research published in *Nature* in April 2011 described a new approach to mapping the function of individual neurons and their connections in unprecedented detail. This technique was developed at University College London and has been used to study the visual cortex – the part of the brain that processes information from the eye. Applied to other parts of the brain, this technique could produce the data needed to develop a computer model capable of explaining how our neural networks generate thoughts, sensations and movements.

The London Pain Consortium, funded by a Wellcome Trust Strategic Award, showed for the first time that a molecule called CXCL5 is over-expressed in the skin of volunteers exposed to UVB radiation. In rats, this significantly reduced sensitivity to pain caused by UVB radiation, suggesting it could be a target for new pain relief drugs.

In August 2011, scientists at the University of Bristol identified how a nerve cell in the brain protects itself from damage during stroke. They published their research, funded by the Trust and the MRC, in the *Journal of Neuroscience* and showed that the CA3 nerve cell protects itself from damage during stroke by removing glutamate receptors from its surface (high levels of glutamate cause brain damage in stroke). This natural protection mechanism might suggest new strategies to protect other nerve cell types.

The brain is as fascinating to artists and their audiences as it is to scientists. A play about a man whose experimental surgery for epilepsy in 1953 left him unable to form new memories won a Fringe First award at the 2011 Edinburgh Festival and wide praise in the press. Part-funded by the Trust, *2401 Objects* was created by theatre company Analogue in collaboration with leading neuroscientists.

Research challenge 3: combating infectious diseases

Infectious disease research continues to deliver better treatments, more accurate diagnostic tests and new strategies to battle the challenge of drug resistance. For example, strains of typhoid are becoming resistant to the standard antibiotic treatment, chloramphenicol. A newer drug, gatifloxacin, works on resistant strains but was withdrawn in North America following claims it could cause irregular blood sugar metabolism in older obese people.

Researchers from the Wellcome Trust's Major Overseas Programme in Vietnam and colleagues tested gatifloxacin in a different population: young adults in Katmandu, Nepal. The findings were published in April 2011 in the *Lancet* and showed that gatifloxacin worked in cases where there was resistance to chloramphenicol, had fewer side-effects and was cheaper to use than chloramphenicol. Blood sugar levels returned to normal once treatment ended. The researchers submitted the evidence to the World Health Organisation (WHO) arguing that gatifloxacin should be retained in young populations not at risk of diabetes.

Another study has led the WHO to revise its guidelines for severe malaria. In 2006, the South East Asian Quinine Artesunate Malaria Trial (SEAQUAMAT), part-funded by the Trust, showed that artesunate, a new drug derived from a Chinese herb, lowered the death rate from malaria more than quinine, the standard treatment. That trial was conducted in Asia and most of the patients studied were adults. In Africa, however, severe malaria is still treated with injected quinine and continues to kill 1 million young children every year.

The new study was called the African Quinine versus Artesunate Malaria Trial (AQUAMAT). Funded entirely by the Wellcome Trust, it was the largest malaria trial ever carried out and compared artesunate with quinine in this vulnerable population. The results, published online in the *Lancet* in November 2010, showed that treatment with artesunate reduced the number of deaths compared to quinine. In April 2011, the WHO announced that in light of this evidence, it was revising its treatment guidelines to recommend artesunate as the first-line treatment in the management of severe malaria in African children.

Trials of two new tuberculosis tests being developed with support from the Trust – the microscopic observation drug susceptibility (MODS) test and the GeneXpert MTB/RIF test – have shown that they are effective in rapidly diagnosing the infection at the point of care. The WHO endorsed the MODS test for use in resource-poor settings, while the GeneXpert test is recommended for diagnosing tuberculosis and resistance to rifampicin, one of a combination of drugs widely used to treat it.

Research challenge 4: investigating development, ageing and chronic disease

Unravelling the effects of genes and environment on chronic diseases such as diabetes and heart disease remains a critical challenge in the field. The "Children of the 90s" project (formally the Avon Longitudinal Study of Parents and Children, or ALSPAC) recruited more than 14,000 pregnant women in Bristol in 1991 and 1992. Part-funded by the Wellcome Trust, this pioneering longitudinal study has been charting the health of the women and their children ever since, collecting biological samples and detailed information each year. In April 2011, the project received an additional £6 million from the Wellcome Trust, the MRC and the University of Bristol to chart the health and lifestyles of other relatives in these families, further increasing our understanding of the factors that influence health.

The Wellcome Trust has funded two trials of "polypills", which combine several agents to treat individual risk factors for cardiovascular disease, a leading cause of death in ageing pilot populations. Results of a 12-week pilot trial examining the effects of a once-a-day polypill manufactured by Dr Reddy's Ltd, Hyderabad, in 378 people were published in May 2011 in the journal *PLoS One*. Compared with placebo, polypill reduced both blood pressure and cholesterol levels in people at high risk of cardiovascular disease.

In June 2009 the Trust agreed to support a much larger Phase III trial funded through the Trust's "R&D for Affordable Healthcare" initiative – a partnership with India's Department of Biotechnology. This will trial another combined pill, Polycap™, developed by Cadila Pharmaceuticals Ltd. It will evaluate Polycap™ against placebo in 5000 high-risk individuals in centres in China and India over five years.

Clinicians have developed pioneering techniques in larynx (voice box) transplantation over more than ten years of research funded principally by the Trust. In October 2010, they joined an international team of surgeons from the USA and Sweden at the University of California, Davis to apply those techniques to successfully restore the voice of a woman who had lost the use of her larynx in 1999.

Research challenge 5: connecting environment, nutrition and health

The crux of our fifth challenge is relationships – between our bodies, our lifestyle and our environment. Obesity is one area in which the interplay of those elements is so intricate it is difficult to pinpoint the precise risk factors.

The Pacific region has the highest rates of obesity in the world and the problem is increasing among its young people. The five-year Pacific OPIC Project (Obesity Prevention In Communities) – jointly funded by the Wellcome Trust, Australia's National Health and Medical Research Council and New Zealand's Health Research Council – aimed to define and address the environmental challenges contributing to obesity in the region.

Through a series of linked studies across Fiji, Tonga, New Zealand and Australia, OPIC researchers collected information about weight, diet and exercise, social experiences, gender, ethnicity and quality of life from 17,150 high school students aged 12–18 across the four countries. In 2010, they presented 40 evidence-based policies to the governments of the participating countries as agreed priorities for improving the food environment.

Another study, part-funded by a Wellcome Trust programme grant, explored the complex relationships between poverty, migration, ill health and slum residence across the lifespan. The Urbanisation, Poverty and Health Dynamics (UPHD) study has been carried out by the African Population and Health Research Center (APHRC) in Kenya since 2006. Findings from the research informed the Kenyan government's decision to pilot a scheme to fund safe childbirth, family planning services and gender-based violence recovery schemes. The work has also informed various advocacy and policies to improve urban health in Kenya and across the sub-Saharan region.

At Wellcome Collection, Dirt: *The filthy reality of everyday life* encouraged people to explore another environmental relationship – that we have with dirt. The exhibition, which ran from March to August and attracted more than 130,000 visitors, explored the ambiguous nature of dirt, which is essential for both life and disease.

Dirt gripped the imagination of public and press alike and the accompanying events reached new audiences for the Wellcome Trust. The Decontamination Chamber at Glastonbury, offering physical and moral cleansing from a virtual virus, entertained festival-goers in their 20s and 30s. Around 800 people went through the decontamination process and many more of the 150,000 people at Glastonbury will have seen the billboards and engaged with the story.

Figure 1a
Total portfolio net returns (£)

	Annualised return in £ (%)		
	Nominal	UK CPI	Real
Trailing one year	1.9	4.1	(2.2)
Trailing three years	5.8	3.2	2.6
Trailing five years	4.3	3.1	1.2
Trailing ten years	6.0	2.3	3.7
Since October 1985	13.8	3.0	10.8

	Cumulative return in £ (%)		
	Nominal	UK CPI	Real
Trailing one year	1.9	4.1	(2.2)
Trailing three years	18.6	10.0	8.6
Trailing five years	23.7	16.3	7.4
Trailing ten years	78.3	25.8	52.5
Since October 1985	2,791.0	114.9	2,676.1

Figure 1b
Total portfolio net returns (blended £/$)

	Annualised return in blended currency (%)		
	Nominal	UK/US CPI	Real
Trailing one year	1.4	3.4	(2.0)
Trailing two years	5.9	2.9	3.0

Note: With effect from 1 October 2009, a 50/50 UK/US blended CPI has been used as a comparator for real portfolio returns in blended currencies.

Having advanced almost 20% between October 2010 and May 2011, stock markets stalled and then sold off sharply in the last quarter. Fears grew about the cohesion of the Euro, the pace of the US recovery and the impact of inflationary pressures on faster growing economies, notably China. Most stock markets declined over the full year.

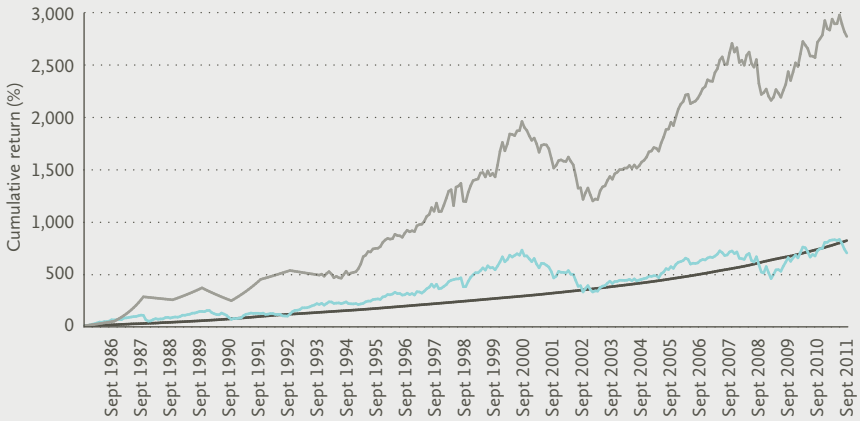
Our portfolio return was gently positive (Figure 1). As UK and US policymakers have permitted inflation to rise, we remain more than ever committed to investing in assets with growing real cash flows. However, as company valuations have declined and many investors have sought to reduce their risk profile, total returns from stock markets have been lacklustre over five years (+10% in £) and ten years (+43%). Hence in order to maintain our charitable spending power, it has been important that we have consistently performed more strongly, returning 24% over five years and 78% over ten years (Figure 1a). At the same time, the reported volatility of our returns (Figure 3) has fallen to less than half that of stock markets.

A number of factors have enabled this outcome over the past five years the outperformance of our public equity portfolio against MSCI World markets by 5% (Figure 7); our use of market timing in equities and hedge funds to manage liquidity and the doubling of our private equity interests, especially in Venture & Growth investments, to 28% of the portfolio (Figure 4a); the strong cumulative returns from our buyout (66%), distressed private debt (72%) and venture (54%) composites over the period (Figure 12); and the return of 70% from our direct residential property, which we have increased to make up over 70% of our total property interests (Figure 6 and 14).

Market timing and strong investment performance from illiquid assets again helped in 2010/11 when our overall portfolio outperformed stock markets by 5%; however, public equities in faster growing economies in particular gave up ground and accounting regulations required us to mark the bonds that we have issued at £61 million premium to par, as investors sought out stable AAA assets.

In our 2007 Annual Report, we noted that "excessive leverage and insufficient regard for risk have created a crisis in credit markets". Over the past four years, the global economy has paid a heavy price. The non-bank corporate sector has fared least badly, having moved rapidly to adjust its cost base and to capture new markets; its real cash flows have been growing strongly, helped by very low borrowing costs and the absence of wage pressures, and companies are increasingly sharing these gains with shareholders through share buybacks and increased dividends. However, macroeconomic headwinds remain strong. In the US, the consumer will continue to deleverage and Government will need to reduce its deficit; although these steps should ultimately rebuild the

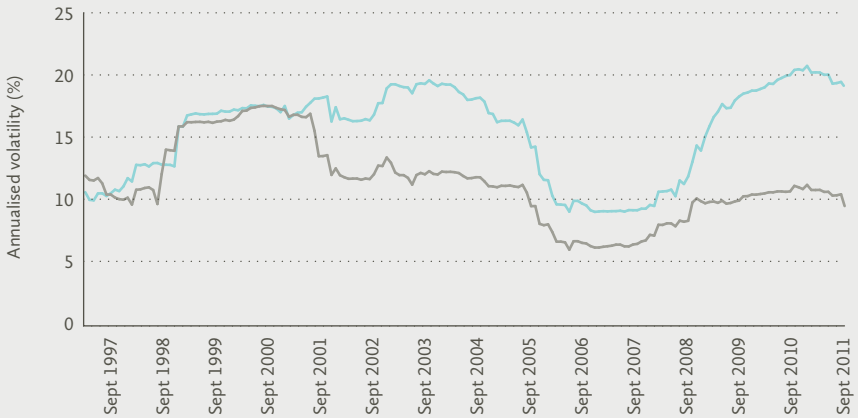
Figure 2
Total portfolio cumulative net returns since 1986



£ from 1986 to 30 September 2009 (UK CPI)
Blended £/$ from 1 October 2009 (UK/US CPI)

Wellcome Trust
MSCI World
UK/US CPI + 6%

Figure 3
Volatility (standard deviation) of returns



Trailing three years' volatility
£ from 1986 to 30 September 2009
Blended £/$ from 1 October 2009

Wellcome Trust rolling three years
MSCI World rolling three years

level and productivity of savings, the change will take place slowly. In Europe, real economic growth is likely to be even slower as policymakers are forced to unwind the credit arbitrage that has been created by common interest rates across the Eurozone and the balance sheets of banks are restructured. Many faster growing economies face the challenge of inflationary pressures as they rebalance from export-led to domestic consumption-led economic models.

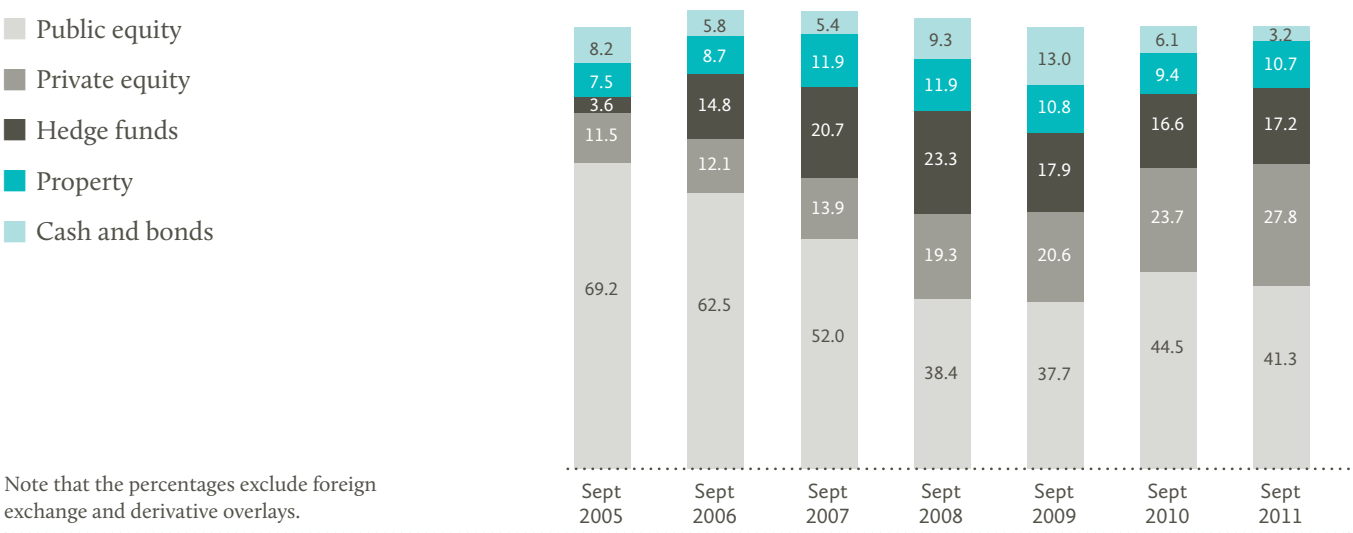
These macroeconomic factors are reflected in our allocation of assets. We only have 15% of our net assets (Figure 5) dedicated to Europe including UK (with minimal exposure to Southern Europe), considerably less than the exposure that we have to faster growing economies. Within the 41% of our portfolio invested in equities, we have structured our investments such that 38% is invested directly in Mega-cap companies and 25% is invested in externally-managed portfolios in faster growing economies. In such uncertain economic times, we count it an advantage to work with only very broad asset allocation constraints.

Long-term themes will continue to inform our choice of investments; the opportunities created by ageing populations around the developed world, the shift in Western economies from service-based to knowledge-based industries, the emergence of new, faster growing economies and resource scarcity. Over the year, we created new partnerships in the Arab world and Brazil spanning externally-managed public and private securities to complement our existing multi-asset partnerships in East Asia and sub-Saharan Africa. Within our directly and indirectly owned private assets, we continued to raise our exposure to venture capital where we are benefiting from our investments in consumer internet companies, and to sectors such as energy and resources.

We have, importantly, now reached the point where our portfolio has been reshaped so that we expect to generate substantial free cash flows over the next five years after meeting charitable spend, operational and management expenses and bond interest costs. This is based largely on our expectations of realisations of our private equity portfolio and makes no assumptions about reinvestment. In addition, we have £2.5 billion invested in hedge funds which, given our time horizon, collectively create a pool of liquidity for either defensive or acquisitive purposes. In an environment where mainstream corporate assets (whether public or private) are being valued at attractive cash flow yields, our free cash flows can be used to compound growth without concern about mark-to-market valuations.

As a charitable foundation for which a major long-term threat is high levels of inflation, the current combination of negative real interest rates and tepid economic growth is not an attractive environment. Our portfolio is principally invested in assets and strategies where we seek to access long-term real cash flow growth. Through our Venture & Growth exposure we also have 19% of our portfolio invested in higher-risk

Figure 4a
Evolution of asset allocation (%)

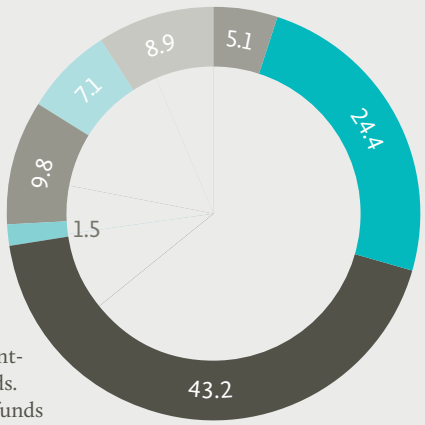


Note that the percentages exclude foreign exchange and derivative overlays.

assets which are designed to target outsize returns. As short-term risk appetite ebbs and flows, we manage equity beta actively. This year, we sold $850 million of equities at market highs between March and July and then reinvested as markets slumped in August and September. Active in-house overlay capital management to dampen risks and to enhance returns will become increasingly important to us as volatility remains high and other providers of proprietary capital are forced to deleverage.

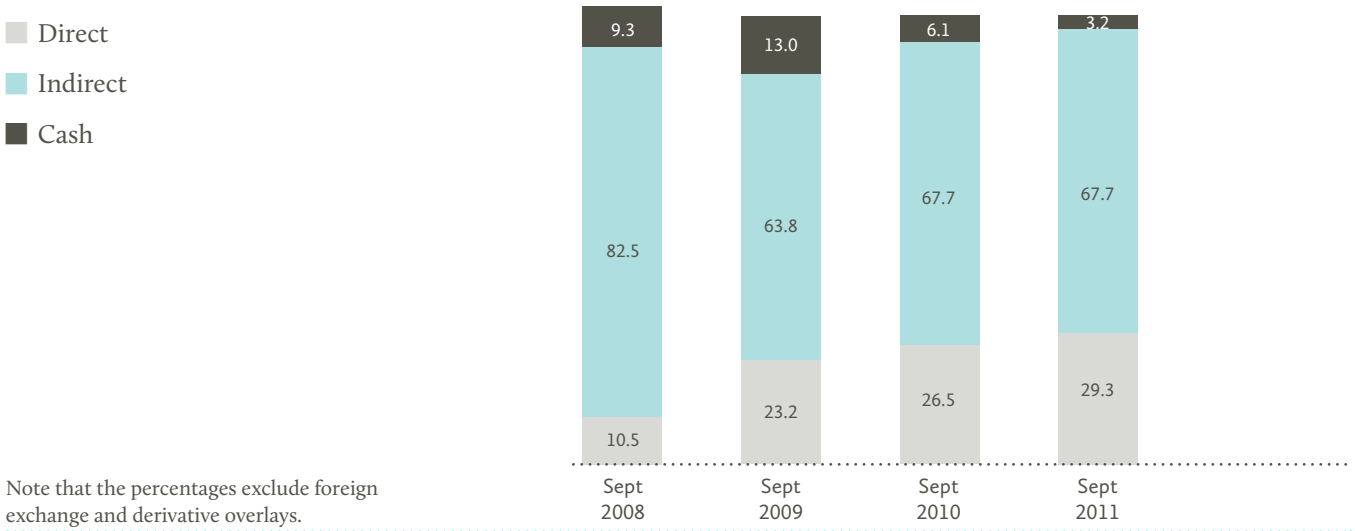
As our cash flows have become increasingly positive, we have been able to take greater advantage of the premium returns afforded by illiquid assets. Our exposure to private equity has more than doubled over the past five years to 28% of our portfolio and our weighting to public equities has declined by 21% to 41%. Cash and hedge funds made up 32% in September 2008 at the time of the bankruptcy of Lehman; these have been reduced to 20% as we have redeployed monies towards less liquid assets.

Figure 5
Regional asset allocation (%)



Note that these figures are net of the investment-related liabilities and the Wellcome Trust Bonds. The figures are look through on public equity funds but not on private funds.

Figure 4b
Evolution of asset allocation, directly and indirectly managed (%)



Note that the percentages exclude foreign exchange and derivative overlays.

Figure 6
Investment asset allocation

	Market value as at 30 September 2011 £m	Market value as at 30 September 2011 US$m	Allocation as at 30 September 2011 %	Allocation as at 30 September 2010 %	Change in allocation %
Equity and equity long/short	7,051	10,984	49	54	(5)
Total public equities	5,978	9,313	41	45	
Global	3,222	5,018	22		
Developed world	1,332	2,075	9		
Faster growing markets	1,513	2,358	10		
Futures and options	(89)	(138)	(1)		
Long/short hedge funds	1,073	1,671	7	10	(2)
Bonds and cash	462	720	3	6	(3)
Bonds and cash	373	582	3		
Futures and options collateral offset	89	138	1		
Absolute return and buyout	2,737	4,264	19	17	2
Large MBOs funds	813	1,267	6	5	1
Mid MBOs funds	332	518	2	2	—
Secondary buyout PE funds	39	61	—	—	—
Distressed debt PE funds	325	506	2	3	—
Multi-strategy hedge funds	725	1,129	5	5	—
Distressed debt hedge funds	310	482	2	2	—
Managed future hedge funds	193	301	1	—	1
Growth & Venture	2,694	4,197	19	14	4
Venture funds	1,211	1,887	8	7	2
Sector PE funds	372	579	3	2	1
Growth PE funds	122	190	1	1	—
Faster growing markets	395	615	3	1	2
Direct – healthcare	148	231	1	1	—
Direct – knowledge	292	455	2	1	1
Direct – financials	154	240	1	1	—
Property and infrastructure	1,553	2,421	11	9	1
Residential property	1,340	2,087	9	8	1
Direct residential property	1,138	1,773	8	7	1
Residential property funds	202	314	1	1	—
Commercial property	213	333	1	1	—
Commercial property funds	186	290	1	1	—
Direct commercial property	27	43	—	—	—
Currency hedge 1	(8)	(12)			
Currency hedge 2	(12)	(19)			
Currency hedge 3	(15)	(25)			
Total assets	14,462	22,530	100	100	3
Bond liability 4.625% 2036	(574)	(894)			
Bond liability 4.75% 2021	(312)	(486)			
Total assets including bond liability	13,576	21,150			

Public equities

In 2010/11, the 41% of our portfolio (£6.0 billion) invested in public equities showed a negative return of 5% in Sterling terms largely due to our heavy weighting towards shares in faster growing economies, whose performance retreated. Over the past three years, our equities have outperformed against world markets by 7%. Our investments have increasingly been concentrated in internally-managed holdings in a Mega-Cap basket (38% of our equities) and externally-managed holdings in faster growing markets (25%), funded largely by a steady reduction in externally-managed holdings in developed markets. We would expect to continue to reduce the use of external managers.

There are 33 holdings in our Mega-Cap basket. Each company is capitalised in excess of $60 billion, is quoted on a developed market and operates on a global basis. In line with our long-term investment philosophy, no shares have ever been sold since the inception of the basket in 2008 in any of the existing holdings. However, during the year a holding in Anheuser Busch was initiated and the holdings in Hewlett Packard and Walmart are in the process of being sold. The basket, valued at £2.3 billion, has returned 19% against cost. Each company is covered by an internal analyst who actively engages with company management to promote long-term strategic thinking.

In addition, we own a directly-managed Optionality Basket of £219 million, consisting of four companies whose operating performance and valuation appear to offer considerable upside potential given the underlying strength of their franchises. Over the year, we added to positions in Marks & Spencer and Morgan Stanley.

Figure 7

Public equity net returns
Period to 30 September

	Annualised return in £ (%)		
	Wellcome	MSCI World	Relative
One year	(5.4)	(2.7)	(2.4)
Three years	7.5	5.1	2.4
Five years	2.9	2.0	0.9
Ten years	5.0	3.6	1.4
Since January 1993	7.5	6.4	1.1

	Annualised return in US$ (%)		
	Wellcome	MSCI World	Relative
One year	(6.5)	(3.8)	(2.7)
Three years	2.8	0.5	2.3
Five years	(0.8)	(1.7)	0.9
Ten years	5.6	4.2	1.4
Since January 1993	7.6	6.6	1.0

Figure 8

Public equity allocations by region and by direct/indirect management (£)
As at 30 September

	2011 Value £m	2010 Value £m	2009 Value £m	2008 Value £m
Indirectly managed	**3,584**	4,211	4,205	5,042
Global	**739**	815	978	1,062
Developed markets	**1,332**	1,603	1,670	2,520
Faster growing markets	**1,513**	1,793	1,557	1,460
Directly managed	**2,481**	2,354	1,855	160
Mega cap basket	**2,262**	2,072	1,649	160
Optionality basket	**219**	282	206	—
Futures, options and others	**(89)**	5	(817)	13
Total	**5,976**	6,570	5,243	5,215

Hedge funds

The challenges presented by markets which were driven by macro factors rather than by security selection were evident in the performance of our hedge fund investments which, as it has been over three and five years, was sound but not spectacular. They have, however, reduced overall portfolio volatility and provided liquidity to take advantage of market opportunities.

Overall exposure to hedge funds, at £2.5 billion, was slightly reduced; as part of the management of overall equity beta in our portfolio, some monies were switched from equity long/short hedge funds to three managed futures' funds. Equity long/short funds make up 43% of our hedge fund exposure compared with 57% in 2009.

This switch also enabled us to reduce the number of external managers; over the past two years, we have reduced the number of equity long/short funds from 29 to 20. In faster growing markets, we are shifting exposure from pure hedge fund mandates to multi-asset partnerships to create greater flexibility. The average investment with each of our hedge fund managers is in the region of £65 million ($100 million) and we rarely consider smaller partnerships.

Private equity

Our private equity exposure, valued at £4.0 billion, has more than doubled over the past five years and now makes up 28% of our total portfolio. This increase in exposure has largely been driven by strong performance in the underlying assets; we continue to make new investments (directly, through bespoke partnerships and through funds) although these have been partly offset over the period by four sales, totalling £500 million, of interests in mature buyout funds.

Figure 9

Hedge fund net returns
Period to 30 September

	Annualised return in £ (%)		
	1 year	3 years	5 years
Credit	3.9	13.7	9.3
Multi-strategy	6.0	10.2	7.7
Equity long/short	1.5	8.0	6.8
Faster growing markets	(3.4)	5.4	
Managed futures	<1 year		
Total hedge funds	5.0	9.9	7.7

	Annualised return in US$ (%)		
	1 year	3 years	5 years
Credit	2.7	8.7	5.4
Multi-strategy	4.8	5.4	3.9
Equity long/short	0.3	3.3	2.9
Faster growing markets	(4.4)	0.8	
Managed futures	<1 year		
Total hedge funds	3.8	5.1	3.9

Figure 10

Hedge fund investments by strategy and funds (£)
As at 30 September
(number of funds where Trust has investment >£10m)

	2011		2010		2009	
	Value £m	Number of funds	Value £m	Number of funds	Value £m	Number of funds
Credit	310	4	339	3	308	3
Multi-strategy	725	8	647	7	722	7
Equity long/short	1,073	20	1,361	24	1,393	29
Faster growing markets	185	3	107	3	57	2
Managed futures	193	3	—	—	—	—
Total hedge funds	2,486	38	2,454	37	2,480	41

Since inception in 1994, our total private equity growth and venture funds have outperformed relevant public equity markets. This outperformance has continued over the past five years in each of our three major private composites, as shown in Figure 12, testifying to the very high quality of our partners.

We have deliberately tilted our exposure towards early-stage venture and growth capital investments, which account for 48% of our private equity investments and 66% of our total outstanding commitments of £1.5 billion. We have outstanding venture partners, concentrated in the US; in the past year, although we are invested in less than 3% of US venture funds, we participated in 84% of the 49 venture-backed IPOs which took place. These enabled us to earn a return of 17% in the year, bringing our five year return to 54%. Over the long run, since 1994, we have earned an annual $ IRR of 63% on our venture investments. We have especially strong exposure to consumer internet companies: the listing of LinkedIn was the most significant event in 2010/11, while we would expect to benefit from the listing of Facebook, Groupon, Twitter and Zynga in the future.

Our buyout investments comprise 30% both of investments and commitments of the private equity investments. Our large MBOs have returned 12% over the past year and 66% over the past five years, outperforming against public markets by almost 9% per annum (in £) a year. Partners have worked strenuously to alleviate problems caused by recession and financing challenges; they have been proactive both in the operational management of underlying companies and in the restructuring of their debt, as well as broadening their geographic exposure towards faster growing economies.

Figure 11

Private equity net IRRs (%)

Period to 30 September

	Net internal rate of returns (since 1994) (%)	
	US$	£
Buyouts	10.4	10.6
Venture	63.2	64.9
Total private equity	14.6	15.3

Figure 12

Private equity fund returns (£)

Period to 30 September

	Annualised return in £ (%)		
	1 year	3 years	5 years
Large MBOs	12.4	9.7	10.7
Distressed PE funds	3.1	9.6	11.4
Venture	17.1	8.7	9.0
MSCI World	(2.7)	5.1	2.0

Figure 13

Private equity investment by strategy (£)

As at 30 September

	2011 £m	2010 £m	2009 £m	2008 £m
Total buyouts and growth	**1,888**	1,589	1,404	1,412
Buyouts	**1,185**	1,021		
Growth	**703**	568		
Distressed	**325**	380	346	287
Venture	**1,211**	1,010	829	731
Direct	**594**	515	260	169
Total	**4,018**	3,494	2,839	2,599

We continue to reduce our exposure towards distressed debt funds as increasing amounts of capital in this sector threaten to reduce returns. This began to be evidenced in the past year when returns slipped to 3%, as against 72% over the past five years. These funds now represent 8% of our private interests and 4% of our commitments.

Our direct private investments continue to rise both in number and value. Given that we are indifferent as to whether strong companies are private or public, we increasingly are targeting add-on investments to the private investments held through our partners as these companies come to the public markets. We also co-invest directly with partners when they invest in attractive private companies.

Property and infrastructure

Our property assets returned 13% in 2010/11 and 22% in the past five years. There has been a very sharp contrast between the performance of our directly held assets and that of funds; over 70% of our investments are now direct and we have not committed to any funds in the past four years. Despite travails in the broader property market in recent years, the largest component, direct residential property, has returned 70% over the past five years and our direct commercial property has returned 60% over the period, helped by the timing of sales as we substantially reduced exposure. Our largest exposure is to our estate of 1,800 properties in Kensington, London, which has underpinned our residential property return of eight times since inception in 1997 (16.0% per annum).

During the year, we attempted to acquire the site of the London Olympic Park but were unsuccessful. We continue to look for similar long-term large-scale assets in the UK and to seek partners who have aligned interests for projects around the world.

Figure 14

Property net returns (£)
Period to 30 September

	Annualised return in £ (%)				
	1 year	3 years	5 years	10 years	Since inception
Direct commercial	29.6	21.4	9.9	13.5	11.4
Direct residential	15.6	9.3	11.2	14.6	16.2
Commercial funds	8.4	(5.2)	(1.9)	5.7	5.1
Residential funds	6.0	(11.3)	(1.7)		(1.4)
Property and infrastructure	13.3	4.1	4.1	10.7	11.1

Inception dates as follows: direct commercial (January 1994), direct residential (July 1997), residential funds (June 2006), commercial funds (December 2000).

Figure 15

Property investments by strategy (£)
As at 30 September

	2011 Value £m	2010 Value £m	2009 Value £m	2008 Value £m
Residential property	**1,340**	1,199	1,101	1,180
Commercial property	**214**	194	399	439
Total	**1,554**	1,393	1,500	1,619

Investment risk management

We manage our portfolio within the context of four key risk parameters:

1. Value at Risk (VAR). The estimated VAR of our portfolio at the end of September 2011 was 16.3% (2010: 15.9%) as cash levels were reduced into the market sell-off and asset volatility increased.

2. Equity beta. The performance of most investments contains an element of equity beta. In September 2011, overall estimated equity beta was 0.74 (2010: 0.74), having troughed at 0.5 in December 2008.

3. Base case cash forecasts. Our current expectation is that, before accounting for reinvestment, cash levels will reach a minimum in 2012 and then rise steadily.

4. Base currency exposure. Since October 2009, we have measured our returns in a 50/50 blend of Sterling and Dollars in order to recognise the global nature of our portfolio and the need to maintain global purchasing power.

Investment philosophy

A number of investment beliefs drive our asset allocation in the deliberate absence of any pre-determined strategic guidelines.

1. Sufficient liquidity must be maintained to avoid the forced sale of assets at distressed prices. However, real assets offer the best long-term growth prospects and provide protection against inflationary pressures.

2. In order to maximise investment returns from global economic activity, the portfolio should be very broadly diversified with no innate geographical bias.

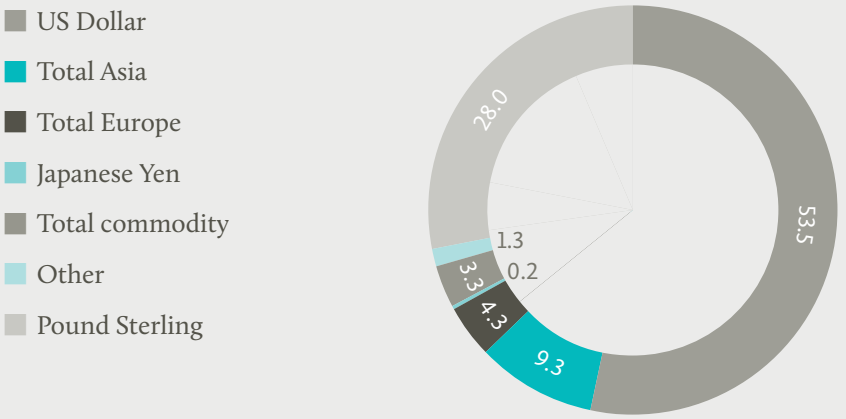
3. We seek to utilise the advantages of our long-term investment horizon, our ability to tolerate high levels of short-term volatility, our AAA balance sheet and our proactive governance structure.

4. The best returns will be driven by combining aligned partnership with the strongest external managers and building in-house resource to own selected assets directly.

5. We are flexible as to the nature of the vehicles in which we invest, whether public companies or private partnerships.

Figure 16

Asset allocation by currency (net of currency forwards) (%)
As at 30 September



Overlay capital management

Our in-house overlay capital management activities are used to manage risk and to seek to enhance returns, largely through the use of derivatives.

Between March and July 2011, as we became concerned that stock markets had become overly optimistic about economic developments, we sold $850 million of equities; some of this was moved into managed futures' hedge funds and some was reinvested in equity markets during the sell-off in August and September. We also took advantage of higher market volatility and more pronounced option skew to sell individual stock put options.

We also manage our foreign exchange positions actively to reflect our fundamental view on the economic outlook. Positions in Euro and Yen remain largely hedged; we hold long-term positions in a number of stronger currencies to offset the impact of negative real interest rates in our core currencies of British Pounds and US Dollars. Outside these, at the end of the year, net positions exceeding £100 million were held in the Swiss Franc, Hong Kong Dollar, Korean Won, Singapore Dollar, Taiwanese Dollar, Polish Zloty, and Canadian Dollar.

The Wellcome Trust is a charitable trust created in 1936 by the Will of Sir Henry Wellcome and is now governed by its Constitution, which was established in February 2001 by a scheme of the Charity Commission and has been subsequently amended.

The Trust is a charity registered in England and Wales (registration number 210183) under the Charities Act 1993, as amended by the Charities Act 2006 (collectively the "Charities Acts").

The Wellcome Trust "Group" comprises the Trust and its subsidiary undertakings, as detailed in note 20(a) to the Financial Statements.

The Trustee and the Board of Governors

The sole trustee (the "Trustee") of the Wellcome Trust is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association. The Directors of the Trustee (known as Governors), the Company Secretary of the Trustee, the Executive Board and other administrative details are shown on page 76.

The Trust uses a mixture of external search consultancies and open advertising in its searches for new Governors, based on an analysis in each case of the most effective way to make a particular appointment. The Nominations Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment.

The Nominations Committee conducts formal interviews with the short listed candidates and makes recommendations to the Board or makes the appointment subject to specific delegated authority. The appointments are made on merit.

The Trust undertakes a comprehensive induction programme for all new Governors, which includes a detailed induction notebook containing all the key background materials, and meetings with members of the Executive Board and senior management. In addition, training is available to all Governors.

The members of the Board of Governors are distinguished in the fields of medicine, science, business and policy. The Board considers each of the Governors to be independent in character and judgement and that there are no relationships or circumstances that are likely to affect, or could appear to affect, the Governors' judgement. Governors are appointed for terms of four years, with a further extension of three years on mutual agreement, and a further three-year term on mutual agreement in exceptional circumstances. The Board considers this more appropriate than appointment to a three-year term followed by a second three-year term.

The Chairman of the Board is Sir William Castell, a leading businessman who has other significant current appointments. He was previously a non-executive director of the General Electric Company of the USA and is a non-executive director of BP plc and a member of the board of Chichester Festival Theatre and Chairman of the High Street Fund.

One Governor joined the Board during the financial year. Professor Anne Johnson is Professor of Infectious Disease Epidemiology and Co-Director of the Institute for Global Health at University College London. She was formerly Director of the University's Division of Population Health. After training in medicine at the University of Cambridge and Newcastle University, she specialised in epidemiology and public health and has a clinical research career spanning over 20 years.

Professor Mike Ferguson, Dean of Research for The College of Life Sciences, University of Dundee, is joining the Board on 1 January 2012. His research takes a multidisciplinary approach to understanding the biochemistry of protozoan parasites that cause tropical diseases. He is particularly interested in Translational Research and, together with his colleagues, established the new Drug Discovery Unit at the University of Dundee. He is also Director of the Dundee Proteomics Facility and is involved with clinical biomarker discovery projects for toxicology, diabetes, colon cancer and liver disease.

The Board is responsible for ensuring that the Trust's charitable objects are being met. The Board sets strategy, decides priorities, establishes funding policies and allocates budgets. It develops and agrees the overall scientific strategy and policies related to biomedical science grant activities, and monitors and reviews progress and policies.

During 2010/11 the Board of Governors met eight times, including a two-day residential strategic review meeting and a special meeting held by teleconference (see Table 1).

The Executive Board, chaired by the Director of the Trust, reports directly to the Board of Governors. It is responsible for the day-to-day management of the Trust's operations and provides advice to both the Governors and the Director with regard to planning, operational, policy or strategic matters, the delivery of objectives and issues arising from the specific functional areas for which they are responsible. It provides leadership across the organisation in support of the overall leadership given by the Director and ensures that the vision and strategic objectives of the Trust, which have been agreed with the Governors, are disseminated, and all necessary actions taken to uphold the vision and deliver the objectives.

Statement of Trustee's responsibilities

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Trust and enable the Trustee to ensure that the Financial Statements comply in all material respects with the Charities Acts and applicable regulations. The Trustee is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee prepares Financial Statements for each financial year to give a true and fair view of the state of affairs of the Trust and the Group at the end of the financial year and of the incoming resources and application of resources, both of the Trust and of the Group, and the cash flow of the Group during the year.

The Trustee:

- selects suitable accounting policies and applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepares the Financial Statements on a going concern basis, unless it is inappropriate to do so.

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant-making policy for the year.

Statement of disclosure of information to auditors

So far as the Trustee is aware, there is no relevant audit information of which the Trust's auditors are unaware. The Trustee has taken all the steps that it ought to have taken as a Trustee in order to make itself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Committees of the Board of Governors

The Board of Governors is assisted in its duties by a number of committees that report directly to it, on which at least two Governors are members:

- Audit Committee: for matters of internal control, compliance with financial reporting requirements and liaison with and evaluation of the internal and external auditors;
- Investment Committee: for matters relating to the Trust's investments;
- Nominations Committee: for identifying potential candidates to fill Board and committee vacancies;
- Remuneration Committee: for remuneration issues; and
- The Strategic Awards Committee makes funding decisions on proposals or initiatives that fall outside of established review, decision-making or funding mechanisms and delegations, and that require strategic, scientific or academic appraisal. In addition, when a proposal falls within the remit of one of the five departments in Science Funding, the head of that department is a member of the Committee for consideration of that proposal. The Committee brings in external experts to discuss with the applicants and the Committee.

Table 1
Committee attendance

	Board of Governors	Strategic Awards Committee	Audit Committee	Investment Committee	Remuneration Committee	Nominations Committee
Sir William Castell	8/8	2/2	—	6/6	3/3	3/3
Professor Peter Rigby	8/8	2/2	—	1/1	3/3	3/3
Professor Kay Davies	7/8	1/2	—	—	—	—
Mr Peter Davies	8/8	1/1	—	4/6	—	—
Professor Christopher Fairburn	8/8	1/1	—	—	—	—
Professor Richard Hynes	8/8	2/2	—	—	3/3	3/3
Professor Anne Johnson	5/6	1/1	—	—	—	—
Mr Roderick Kent	8/8	2/2	3/3	4/6	3/3	—
Baroness Manningham-Buller	8/8	2/2	3/3	—	3/3	3/3
Professor Peter Smith	7/8	2/2	—	—	—	—
Dr Ted Bianco	—	1/2	—	—	—	—
Mr Tim Church	—	—	—	6/6	—	—
Mr Tim Clark	—	—	1/1	—	—	—
Ms Sarah Fromson	—	—	—	6/6	—	—
Mr Simon Jeffreys	—	—	—	4/6	—	—
Mr Philip Johnson	—	—	3/3	—	—	—
Mr Naguib Kheraj	—	—	—	5/6	—	—
Ms Clare Matterson	—	2/2	—	—	—	—
Mr David Mayhew	—	—	—	6/6	—	—
Mr Nicholas Moakes	—	—	—	6/6	—	—
Dr Kevin Moses	—	0/0	—	—	—	—
Mr Stewart Newton	—	—	—	6/6	—	—
Mr Peter Pereira Gray	—	—	—	6/6	—	—
Mr Danny Truell	—	—	—	6/6	—	—
Sir Mark Walport	—	2/2	—	5/6	—	—

Details of the membership of these committees are given on page 76. During the year, there were changes to the membership of the Audit Committee, the Investment Committee, the Remuneration Committee and the Strategic Awards Committee.

During the year, the Audit Committee met three times, the Investment Committee six times, the Remuneration Committee three times, the Strategic Awards Committee twice and the Nominations Committee three times.

Details of the attendance by committee members are shown in Table 1, opposite.

In its grant-funding and direct charitable activities, the Board of Governors is also assisted by a number of decision-making or advisory committees, on some of which Governors also sit. The committees assess, review and decide which grant applications to fund and also advise on policy issues in various fields.

Principles of governance

The UK Corporate Governance Code (the "Corporate Code"), published in June 2010, contains principles of good governance and a code of best practice for companies whose shares are listed on the London Stock Exchange. The "Good Governance" code ("Voluntary Sector Code"), revised in October 2010, contains principles of good governance for the voluntary and community sector and has been endorsed by the Charity Commission as a framework for registered charities.

While there is no statutory or other requirement for the Trust to comply with either Code, the Board of Governors has conducted a review of compliance during 2010/11 with the Corporate Code and the Voluntary Sector Code and has concluded that the Trust complied during the year with the main provisions of the Codes relevant to it.

Performance

The performance of the Board and the Trust during the year was considered informally during the year. The Audit Committee and the Nominations Committee conducted a performance review during the year. The Investment Committee and Remuneration Committee did not conduct formal review, but a formal process for reviews will be implemented in 2012.

Wellcome corporate ethics

"Corporate ethics" is the term used to cover all of the Trust's policies and procedures that exist to provide detail of the Trust's stance on ethics. All employees are expected to conduct themselves with integrity, impartiality and honesty at all times, and maintain high standards of propriety and professionalism. This includes avoiding situations where they could be open to suspicion of dishonesty and not putting themselves in a position of conflict between their official duty and private interest.

Specifically this covers:

- anti-fraud and corruption: the Trust adopts a zero tolerance to fraud and corruption;
- whistleblowing: the Trust's whistleblowing policy provides a mechanism by which employees can voice their concerns in a responsible and effective manner;
- gifts and hospitality: the Trust requires employees to consider the acceptance of gifts, benefits and hospitality and to decline any which may create conflicts of interest; and
- conflicts of interest: the Trust's Conflicts of Interest Policy sets out how the Trust expects individuals to deal with any actual or potential conflict of interest.

Internal control

While no system of internal control can provide absolute assurance against material misstatement or loss, the Trust's systems are designed to provide the Board of Governors with reasonable assurance that there are proper procedures in place and that the procedures are operating effectively. The Executive Board reviews key internal operational and financial controls annually and confirms the operating effectiveness of those controls to the Board of Governors, which in turn also reviews key controls.

The key elements of the system of internal control 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;
- reporting: the Board of Governors approves and reviews annual budgets and expenditure targets and monitors actual and forecast budgets and investment performance and risk reports on a regular basis;
- risk management: a risk management policy is in place which states the Trust's approach to risk and documents the process of internal control. The Trust maintains a grants assurance framework to monitor the appropriate use of funds;
- internal audit: an outsourced internal audit function reviews controls and the risk management process within the Trust; and
- review: the Audit Committee, which comprises two Governors (one of whom is the Chair) and two external members, oversees the outcomes of external and internal audits, reviews the Trust's processes of internal control and risk management, considers its compliance with relevant statutory and finance regulations, and advises the Board of Governors of any relevant matters.

Risk management

The Trust manages risk in accordance with ISO31000 (an international risk management standard).

There is a process in place for identifying, evaluating and managing significant risks faced by the Trust.

This process follows Charity Commission guidance. The following categories are used to classify risks: governance risks, operational risks, financial risks, external risks, compliance with law and regulation.

Risks are prioritised using the Trust's Corporate Risk Matrix. Risks are given a current risk ranking and a target risk ranking. The current risk ranking states the level of risk faced taking into account existing risk measures. The Target Risk ranking states the expected risk remaining after all the planned actions are completed, fully and effectively. Management has the responsibility to plan and carry out additional actions if the Target Risk is to be reduced further.

The significant risks to which the Trust is exposed, as identified by the Executive Board and the Board of Governors, are reviewed by the Executive Board each quarter and by the Board of Governors every six months. Each risk has an Executive Board sponsor who is accountable for ensuring that appropriate controls are in place and effective to mitigate these risks. A separate fraud and corruption risk register is updated quarterly and reviewed by the Executive Board annually.

The Risk Committee, which is a committee of the Executive Board, meets quarterly and is responsible for:

- reviewing the quality of the Trust's risk management and reporting;
- carrying out effective monitoring on a continuous basis of the Trust's system for risk management and internal control;
- reviewing the Trust's internal financial controls, including the Fraud and Corruption policy and "Whistleblowing" policy;
- reviewing all insurance arrangements; and
- reviewing all business continuity arrangements.

The Risk Committee formally reports to the Audit Committee twice a year.

Conflicts of interest

The Trust has a policy on conflicts of interest, which applies to Governors, employees and members of the Trust's corporate and decision-making committees.

When a Governor has a material interest in any grant, investment or other matter being considered by the Trust, that Governor does not participate in the Trust's decision on that grant or other matter. In particular, where a Governor is a member of a university to which a specific grant would be made, this is considered to be a matter of material interest. The same principle applies to staff and to members of corporate and decision-making committees.

Governors who have paid appointments with institutions that are in receipt of grants from the Trust are detailed in note 7 to the Financial Statements.

Mr Peter Davies is a senior partner at Lansdowne Partners, which acts as a fund manager for the Trust. Further details are provided in note 12.

Professor Dame Kay Davies is a shareholder in Summit plc in respect of which the Trust has a programme-related investment. Further details are provided in note 12.

The Board of Governors appoints the Remuneration Committee, which is chaired by Sir William Castell. The members are all Governors.

Responsibilities of the Remuneration Committee

- Approving the reward strategy and policies for the remuneration of staff, including incentive and benefit plans.
- Determining individual remuneration packages and terms and conditions of employment for the members of the Executive Board and other senior staff.
- Exercising any powers of, and approving any decisions required by, the Trust in respect of the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan.
- Ensuring remuneration practices and policies facilitate the employment and retention of talented people.

Table 2

Current governors (in office during the year)

Period to 30 September

	2011 £	2010 £
Sir William Castell (Chairman)	**137,290**	136,807
Professor Peter Rigby (Deputy Chairman)	**102,968**	68,404
Professor Dame Kay Davies	**68,645**	68,404
Mr Peter Davies	**68,645**	68,404
Professor Christopher Fairburn	**68,645**	68,404
Professor Richard Hynes	**68,645**	68,404
Mr Roderick Kent	**68,645**	68,404
Baroness Manningham-Buller	**68,645**	68,404
Professor Peter Smith	**68,645**	68,404
Professor Anne Johnson	**51,484**	—
Mr Edward Walker-Arnott (Retired 30 September 2010)	—	68,404
Professor Adrian Bird (Deputy Chairman retired 30 September 2010)	—	102,605
Total remuneration	**772,257**	855,048

Remuneration policy

The Trust aims to develop and maintain remuneration strategies and policies in line with the culture and objectives of the Trust, in order to attract, retain, motivate and effectively reward staff, recognising their contribution to the Trust's overall mission. Consistent with this approach, salary levels and benefits are benchmarked to ensure they remain competitive.

Salaries are usually reviewed once a year, with any changes taking effect from 1 April. The underlying principles of the annual salary review are performance, market orientation and flexibility.

The salary review policy is re-examined each year to ensure it is aligned with and supports the aims and objectives of the organisation. There continues to be greater emphasis on rewarding the highest performers effectively.

The Salary Review Committee, a sub-committee of the Executive Board, oversees the salary review process and overall remuneration policies, as agreed by the Remuneration Committee.

Long-term incentive plans

In order to ensure remuneration of the Investment division staff remains competitive and to encourage a long-term view, certain employees participate in a long-term incentive scheme. Awards to employees are made annually based on investment returns and individual performance over a measurement period, which generally spans three years. Plans are in place covering measurement periods 2008 to 2011; 2009 to 2012; 2010 to 2013 and 2011 to 2014. A portion of each award is deferred for two years following the end of the measurement period and the deferred amount is adjusted in line with the performance of the fund.

Staff remuneration

Details of the remuneration of staff and of the Director are set out in note 11 to the Financial Statements.

Governors' remuneration

The Governors are the Directors of The Wellcome Trust Limited, the Trustee of the Wellcome Trust. In accordance with the Will of Sir Henry Wellcome, they are entitled to receive remuneration from the Trustee.

Under the Constitution of the Trust, the Governors are entitled to receive remuneration from the Trustee at the rate of £57,100 per annum from 1 April 2000, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. The recommended percentage increase for the 12 months beginning 1 April 2011 was zero percent (2010: 0.7%). The levels of remuneration of the Chairman and the Deputy Chairman were set by Orders of the Charity Commission for England and Wales (the "Charity Commission"). By an Order of the Charity Commission, in March 2006 and September 2010 at two times the level of a Governor and 1.5 times the level of a Governor respectively. Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of future Chairmen and future Deputy Chairmen can be set by the Board of Governors at a level up to the level of two times and 1.5 times respectively.

This remuneration is charged to the Wellcome Trust as in Table 2.

In addition to the above, the Chairman received estimated benefits-in-kind relating to travel costs of £38,693 (2010: £38,279). No other benefits or pension contributions are paid in respect of the other Governors.

During the year expenses in respect of travel, subsistence, telephone and other expenses in the course of their duties were incurred by the Governors amounting to £123,605 (2010: £83,389), of which £58,715 (2010: £43,792) was paid directly by the Trust and £64,890 (2010: £39,597) was paid by the Governors and directly reimbursed to them. The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2011.

Health and safety

In 2010 the Trust underwent a combined health and safety audit; an excellent 5 star rating was achieved and the OSHAS 18001 standard retained. Over the past 12 months the Trust has continued to strengthen and improve the Safety Management System (SMS) by including other activities such as the property investment portfolio within the compliance schedule. The Executive Board continues its commitment to the management of health and safety by regularly reviewing safety data. Health and safety objectives have been set at both organisational and functional level, progress being monitored both internally and by the British Safety Council. The Trust will undergo another combined audit in 2011/12.

The reporting arrangements to the Boards of Directors of Genome Research Limited and Hinxton Hall Limited ("the Wellcome Trust Genome Campus", a 55 acre estate south of Cambridge) and the Board of Management of The Wellcome Trust Sanger Institute remain unchanged. There is a cyclical programme of inspections covering the whole Sanger site. An audit programme has been established through to 2013. There is close liaison and co-operation between the Wellcome Trust Genome Campus Health & Safety Service and the Wellcome Trust Health & Safety Manager in London.

Environment

It is the intention of the Trust to achieve the international environmental standard ISO 14001 during 2012. A preliminary review has been completed; work is taking place to guarantee that procedures and practices are established, implemented and maintained so that the system complies with the requirements. Initiatives so far include reducing energy consumption, minimising waste streams and reducing the overall CO_2 output; further initiatives will build upon these achievements and strengthen the overall performance.

Environmental issues are at the forefront of Directors and Senior Managers considerations for the Wellcome Trust Genome Campus and provide leadership for our initiatives in this area.

The achievement of ISO 14001 will confirm that a systematic and successful environmental management system has been implemented. The numerous environmental initiatives in place have demonstrated social responsibility and prove that the organisation has a sustainable strategy for the future. Since 2002, the Wellcome Trust Genome Campus has run a very successful multi award winning Green Transport Plan, which reduced the number of single occupancy vehicles on site.

Community activity

The Wellcome Trust considers it right both to support other local organisations helping to benefit the area in which we do business and to foster and maintain positive working relationships with others operating locally. To help achieve this we are committed to activity within the area local to the Wellcome Trust headquarters. This includes a local community support fund, Camden School Networks, Wellcome Collection stakeholder engagement with the local community and participation in the annual Open House London event.

The Trust also continues to work with the Medical Research Council, Cancer Research UK and University College London (the other Founders, recently joined by Imperial College London and King's College London) to develop the Francis Crick Institute, a world class multidisciplinary biomedical research centre to be based near St. Pancras in London. The Trust also provides temporary office space and administrative support. As part of its own commitment to being a good neighbour, the Institute has funded community projects, supported local events, and is running liaison groups to make sure local people are kept involved and informed. To encourage and foster debate, the Institute will have an ambitious programme for public engagement.

At the Wellcome Trust Genome Campus, teachers, students and members of the community can tour the Campus and some of its high-throughput facilities, participate in an increasing number of educational experiences including ethical debates and computer-based activities and meet scientific staff. These visits are free of charge. The adjoining parkland and Wellcome Trust funded wetland sites have developed a diverse ecosystem and are open to the general public.

Auditors

The Trust's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The Board of Governors confirmed their re-appointment on 20 December 2011.

The Annual Report was approved by The Wellcome Trust Limited, as Trustee, on 20 December 2011 and signed on its behalf by

Sir William Castell
Chairman
20 December 2011

Independent Auditors' Report
To the Trustee of Wellcome Trust

We have audited the financial statements of Wellcome Trust for the year ended 30 September 2011 which comprise the Consolidated and the Trust Statement of Financial Activities, the Consolidated and the Trust Balance Sheets, the Consolidated Cash Flow Statement and the 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 trustee and auditors

As explained more fully in the Trustee's Responsibilities Statement set out on page 27, the trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. Our responsibility is to audit 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 charity's trustee as a body in accordance with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 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 Group's and Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 group's and the Trust's affairs as at 30 September 2011, and of the group's and the Trust's incoming resources and application of resources and group's and the Trust's 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 Charities Act 1993 as amended by the Charities Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 as amended by the Charities Act 2006, requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the Trust; or
- the Trust financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2011

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

The maintenance and integrity of the Wellcome Trust website is the responsibility of the Trustee; 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.

Consolidated Statement of Financial Activities
for the year ended 30 September 2011

	Note	2011 £m	2010 £m
Incoming resources			
Investment income			
Dividends and interest	2	**205.8**	178.1
Rental income	3	**22.2**	23.0
		228.0	201.1
Other incoming resources			
Grants receivable	4(a)	**16.6**	15.7
Other income	4(b)	**9.8**	13.5
Total incoming resources		**254.4**	230.3
Resources expended			
Costs of generating funds			
Management fees and other costs	5	**45.0**	50.4
Interest payable on bond liability		**39.0**	38.9
Charitable activities	6	**641.8**	678.1
Governance costs	10	**2.3**	2.1
Total resources expended		**728.1**	769.5
Net outgoing resources before net gains on investments		**(473.7)**	(539.2)
Net realised and unrealised gains on investments	15(e)	**153.2**	1,345.1
Actuarial gains/(losses) on defined benefit pension schemes	11(d)(i)	**18.4**	(14.4)
Net movement in fund		**(302.1)**	791.5
Fund at start of year		**12,740.5**	11,949.0
Fund at end of year		**12,438.4**	12,740.5

There are no other gains or losses apart from those recognised above. All income is derived from continuing activities. All material funds are unrestricted.

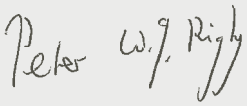
The notes on pages 40 to 75 form part of the Financial Statements.

Consolidated Balance Sheet
as at 30 September 2011

	Note	2011 £m	2010 £m
Tangible fixed assets	14(a)	**400.4**	406.4
Investment assets			
Quoted investments	15(a)	**5,894.3**	6,306.8
Unquoted investments	15(a)	**7,283.0**	6,746.2
Investment properties	15(a)	**835.0**	738.8
Derivative financial instruments	15(b)	**65.9**	60.5
Investment cash and certificates of deposit	15(c)	**445.9**	916.5
Other investment assets	15(c)	**102.5**	185.5
Programme related investments	15(d)	**5.8**	5.1
		14,632.4	14,959.4
Current assets			
Stock		**3.6**	3.0
Debtors	16	**21.9**	21.7
Cash at bank and in hand		**34.1**	26.8
		59.6	51.5
Creditors falling due within one year	17	**(862.1)**	(893.5)
Net current liabilities		**(802.5)**	(842.0)
Total assets less current liabilities		**14,230.3**	14,523.8
Creditors falling due after one year	17	**(1,682.2)**	(1,656.1)
Provision for liabilities and charges	18	**(12.6)**	(14.4)
Net assets representing unrestricted funds excluding pension deficit		**12,535.5**	12,853.3
Defined benefit pension schemes deficit	11(d)(ii)	**(97.1)**	(112.8)
Net assets representing unrestricted funds including pension deficit		**12,438.4**	12,740.5

The Consolidated Financial Statements were approved by The Wellcome Trust Limited, as Trustee, on 20 December 2011 and signed on its behalf by

Sir William Castell
Chairman



Professor Peter Rigby
Deputy Chairman

The notes on pages 40 to 75 form part of the Financial Statements.

Statement of Financial Activities of the Trust

for the year ended 30 September 2011

	Note	2011 £m	2010 £m
Incoming resources			
Investment income			
Dividends and interest	2	**183.0**	161.2
Rental income	3	**19.7**	21.1
		202.7	182.3
Other incoming resources			
Other income	4(b)	**34.1**	27.0
Total incoming resources		**236.8**	209.3
Resources expended			
Costs of generating funds			
Management fees and other costs	5	**38.9**	47.0
Interest payable to group undertakings		**13.9**	13.5
Charitable activities	6	**617.2**	653.9
Governance costs	10	**2.1**	1.9
Total resources expended		**672.1**	716.3
Net outgoing resources before net gains on investments		**(435.3)**	(507.0)
Net realised and unrealised gains on investments	15(e)	**121.2**	1,314.0
Actuarial gains/(losses) on defined benefit pension scheme	11(d)(i)	**10.5**	(11.9)
Net movement in fund		**(303.6)**	795.1
Fund at start of year		**12,656.1**	11,861.0
Fund at end of year		**12,352.5**	12,656.1

There are no other gains or losses apart from those recognised above. All income is derived from continuing activities. All material funds are unrestricted.

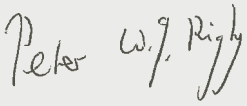
The notes on pages 40 to 75 form part of the Financial Statements.

Balance Sheet of the Trust
as at 30 September 2011

	Note	2011 £m	2010 £m
Tangible fixed assets	14(b)	**264.7**	271.5
Investment assets			
Quoted investments	15(a)	**5,307.4**	5,645.2
Unquoted investments	15(a)	**6,117.9**	5,840.7
Investment properties	15(a)	**789.9**	707.9
Derivative financial instruments	15(b)	**65.9**	52.5
Investment cash and certificates of deposit	15(c)	**389.1**	902.9
Other investment assets	15(c)	**82.7**	156.8
Subsidiary and other undertakings		**1,402.8**	1,195.3
Programme related investments	15(d)	**5.8**	5.1
		14,161.5	14,506.4
Current assets			
Debtors	16	**13.0**	12.2
Cash at bank and in hand		**21.2**	15.1
		34.2	27.3
Creditors falling due within one year	17	**(1,169.3)**	(1,224.4)
Net current liabilities		**(1,135.1)**	(1,197.1)
Total assets less current liabilities		**13,291.1**	13,580.8
Creditors falling due after one year	17	**(869.4)**	(843.7)
Provision for liabilities and charges	18	**(12.6)**	(14.4)
Net assets representing unrestricted funds excluding pension deficit		**12,409.1**	12,722.7
Defined benefit pension scheme deficit	11(d)(ii)	**(56.6)**	(66.6)
Net assets representing unrestricted funds including pension deficit		**12,352.5**	12,656.1

The Trust Financial Statements were approved by The Wellcome Trust Limited, as Trustee, on 20 December 2011 and signed on its behalf by

Sir William Castell
Chairman



Professor Peter Rigby
Deputy Chairman

The notes on pages 40 to 75 form part of the Financial Statements.

Consolidated Cash Flow Statement
for the year ended 30 September 2011

	Note	2011 £m	2010 £m
Net cash outflow from operating activities	21(a)	**(603.0)**	(548.6)
Returns on investments and servicing of finance			
Investment income received	21(b)	**226.9**	199.3
Cash outflow for servicing of finance	21(c)	**(38.6)**	(38.6)
Net cash inflow from returns on investments and servicing of finance		**188.3**	160.7
Financial investment and capital expenditure			
Proceeds from sales of investment assets	21(d)	**4,323.4**	3,926.1
Purchase of investment assets	21(d)	**(4,444.4)**	(3,695.4)
Net cash inflow upon settlement of derivative financial instruments	21(d)	**87.5**	13.3
Sale of tangible fixed assets		**3.0**	—
Purchase of tangible fixed assets		**(19.0)**	(16.6)
Net cash (outflow)/inflow for financial investment and capital expenditure		**(49.5)**	227.4
Net cash outflow before use of liquid resources and financing		**(464.2)**	(160.5)
Management of liquid resources			
Decrease in investment cash and certificates of deposit		**470.6**	157.6
(Increase)/decrease in term deposits		**(0.6)**	0.4
Exchange gains		**1.5**	20.5
Net cash inflow from management of liquid resources		**471.5**	178.5
Financing			
Issue of corporate bonds		**—**	—
Capital element of finance lease payments	17	**—**	—
Net cash inflow from financing		**—**	—
Increase in net cash		**7.3**	18.0

The notes on pages 40 to 75 form part of the Financial Statements.

1. Accounting policies

Basis of preparation and accounting convention

The Financial Statements of the Wellcome Trust (the "Trust") and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the "Group") have been prepared in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice). In particular they comply with the Charities Act 1993 (as amended by the Charities Act 2006), The Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in 2005 and updated in 2008 (the "SORP") in all material respects.

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

Basis of consolidation

The consolidated financial statements include the financial statements of the Trust and all its subsidiary undertakings. Subsidiary undertakings are entities over which the Trust has control. The financial statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

(i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust;

(ii) non-charitable operating subsidiary undertakings to conduct non-primary purpose trading;

(iii) non-charitable investment subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust; and

(iv) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities.

Further detail on the Trust's subsidiary undertakings is provided in note 20.

The Group undertakes joint ventures for charitable and investment purposes. Joint ventures undertaken in the pursuit of the Group's charitable objects are Programme Related Investments and accounted for in the consolidated Financial Statements using the gross equity method if the impact is material. To the extent that these are not material, they are included at cost less impairment.

Accounting policies

Accounting policies have been reviewed in accordance with Financial Reporting Standards ("FRS") 18 "Accounting Policies".

Incoming resources

Incoming resources do not include proceeds on the sale of investments.

Interest income and rental income are recognised on an accruals basis. Dividends including any recoverable tax are recognised from the ex-dividend date when they become receivable. Other incoming resources are recognised in the period in which the Trust and the Group are entitled to receipt, any conditions are met and where the amount can be quantified with reasonable certainty.

Resources expended

All resources expended are recognised on an accruals basis, with the exception of grants as noted below.

The costs of generating funds relate to the management of the investment portfolio and include the allocation of the Trust's support cost relating to this activity.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated in writing to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award. Grants awarded to Group companies are recognised as and when the expenditure to which they relate is incurred, in accordance with the terms of the grant.

Charitable expenditure is analysed between grant funding and the cost of activities performed directly by the Trust and the Group together with the associated support cost. Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type, the most common being by direct analysis of the expenditure incurred.

Governance costs include the costs of governance arrangements that relate to the general running of the charity as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Research expenditure is written off in the Statement of Financial Activities in the year in which it is incurred.

1. Accounting policies (continued)

Fund accounting

All the funds of the Group are unrestricted funds with the exception of certain grants receivable that are not considered material to the Financial Statements of the Trust and the Group.

Tangible fixed assets

Tangible fixed assets, excluding land, held by the Group and the Trust are stated at cost less accumulated depreciation. Land is stated at cost.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Depreciation commences from the date an asset is brought into service. No depreciation is charged during the year on assets in the course of construction.

The useful lives for depreciation purposes for the principal categories of assets are:

	Years
Buildings	50
Finance leased plant and equipment	10 to 30
Other plant and equipment, furniture, fixtures and fittings	3 to 15
Computer equipment and motor vehicles	3 to 5

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. The Trust does not therefore recognise these assets on the Balance Sheet, other than significant acquisitions acquired after 1 October 2005 which are reported at cost where the asset is purchased or at the curator's best estimate of current value where the object is donated.

Leased assets

Where assets are financed by leasing agreements that give rights to the lessee approximating to ownership, the assets are treated as if they had been purchased outright by the lessee. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Interest is charged over the duration of the lease in proportion to the balance outstanding. Depreciation on the relevant assets and interest is charged to the Statement of Financial Activities.

The annual rentals for operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Investment assets

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the balance sheet date. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at management's best estimate of fair value. The principal unquoted valuations are performed as follows:

Unquoted hedge funds

Unquoted hedge funds are valued by reference to the fair value of their underlying securities. These valuations are provided by the third party hedge fund administrators.

Private equity funds and property funds

The vast majority of private equity and property fund investments are held through funds managed by private equity and property groups. No readily identifiable market price is available for these unquoted funds. These funds are included at the most recent valuations from their respective managers. In addition, some early-stage investments will be held at cost where the managers have yet to provide a valuation.

1. Accounting policies (continued)

Investment assets (continued)

(ii) Unquoted investments (continued)

Private equity funds and property funds (continued)

The majority of valuations are at the balance sheet date. In a very limited number of cases where information is not available as at 30 September, the most recent valuations from the manager are adjusted for cash flows and foreign exchange movements between the most recent valuation and the balance sheet date. In the unlikely event that a valuation is unavailable the investment will be held at cost less impairment. The total amount of investments held at cost less impairment is disclosed in the Financial Statements.

Direct investments

Unquoted direct investments are held at the valuation determined by management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by management.

(iii) Investment properties

Investment properties are valued at fair value, which is usually equivalent to open market value. The valuations are estimated by third party professional valuers; however, where properties are acquired close to the balance sheet date, valuations are not obtained because the acquired properties are recorded at fair value upon initial recognition, which management considers to be a reasonable estimate of fair value at the balance sheet date. Property transactions are recognised on the date of completion.

(iv) Derivative financial instruments

Derivative financial instruments are used as part of the Trust's portfolio risk management and as part of the Trust's portfolio management and investment return strategy. The Trust's use of derivative financial instruments includes index-linked futures, stock options, warrants and currency forwards.

The Trust's exchange traded options are stated at fair value, equivalent to the market value on the relevant exchange. Long-term linked currency forwards are stated at management's view of fair value, using the market value of a transaction with equivalent cash flows.

The Trust's warrants are held at the fair value determined by management. These will generally reflect the valuations used by the Trust's co-investment partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for material warrant holdings the use of a Black-Scholes valuation methodology will be used by management.

Valuation decisions are taken by the Valuation Group, chaired by the Chief Operating Officer.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(v) Programme related investments

Programme related investments are made directly by the charitable divisions in pursuit of the Trust's charitable aims. Although they may generate a financial return, the primary motivation is to further the objects of the charity.

Programme related investments are held at cost less any impairment. Due to the low success rate of these activities, this impairment is generally considered to be 90% of cost. Subsequent adjustments are made as impairment indicators are identified.

(vi) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

Investments in subsidiaries

Subsidiary undertakings formed to hold investments are included in the Trust's Balance Sheet at their net asset value, which represents the fair value of their underlying net assets. Investments in all other subsidiary undertakings are held at cost less any impairment.

Stock

Stock consists of raw materials, consumables and goods for sale and is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

1. Accounting policies (continued)

Bond liabilities

The Bond liabilities ("the Bonds") are the corporate bonds, listed on the London Stock Exchange, issued by Wellcome Trust Finance plc, a subsidiary of the Trust. The Bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition the Bonds are measured at amortised cost using the effective interest rate method. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheet. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheet.

Provisions

Provisions are recognised when the Group and the Trust have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Foreign currencies

Transactions denominated in foreign currency are translated into Sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Retirement benefits

The Trust and its subsidiary undertaking Genome Research Limited each operate a defined benefit pension scheme with benefits based on final pensionable pay. The assets of the schemes are held in funds separate from those of the Group and administered by their own trustees.

The schemes' liabilities are measured at discounted present value and the schemes' equity assets are stated at bid price. Any deficit identified is recognised as a liability on the Balance Sheet. Any surplus is recognised as an asset, though only to the extent that it can be used to reduce future contributions to the scheme. The operating and financing costs of such schemes are charged to Resources Expended on the Statement of Financial Activities based on the activity to which the staff relate.

The operating cost represents both the current and past service costs and is allocated over the service lives of employees. The net financing costs are recognised in the period in which they arise. The costs of individual events such as past service benefit enhancements, settlements, curtailments, and variations from expected costs, arising from the experience of the schemes or changes in actuarial assumptions resulting in actuarial gains and losses are recognised in the Statement of Financial Activities in the period in which they arise.

Taxation

The Trust, Genome Research Limited and Hinxton Hall Limited are all charities registered under the Charities Act 1993 (as amended by the Charities Act 2006). Their income and gains are applied for charitable purposes and are mainly exempt from direct UK tax.

The income of Wellcome Trust Investment Limited Partnership and Wellcome Trust Scottish Limited Partnership are treated for UK tax purposes as the income or gains of the partners, the Trust and Wellcome Trust GP Limited, in the proportions specified in the partnership agreement.

Wellcome Trust GP Limited and the Trust's remaining subsidiary undertakings are non-charitable subsidiaries and are subject to UK corporation tax but, as a result of Gift Aid donations to the Trust, no corporation tax arises.

Irrecoverable Value Added Tax (VAT) is included in the Statement of Financial Activities within the expenditure to which it relates.

2. Dividends and interest

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Dividends from quoted UK equities	**47.6**	45.0	**46.5**	43.9
Dividends from quoted overseas equities	**114.1**	96.6	**106.5**	89.7
Interest from UK fixed interest securities	**1.4**	1.1	**1.4**	1.0
Interest from overseas fixed interest securities	**2.8**	4.9	**2.8**	4.9
Income from unquoted investments	**37.7**	29.6	**24.4**	20.8
Interest on cash and cash deposits	**0.5**	0.6	**0.3**	0.6
Securities lending income	**1.7**	0.3	**1.1**	0.3
	205.8	178.1	**183.0**	161.2

3. Rental income

All rental income is derived from investment properties in the United Kingdom.

4. Other incoming resources

(a) Grants receivable

Grants receivable represents awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, notably the European Union, the US National Institutes of Health and the UK Medical Research Council. These are subject to specific conditions imposed by the donors and, therefore, are restricted in their use.

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
	16.6	15.7	**—**	—

(b) Other income

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
	9.8	13.5	**34.1**	27.0

Included in other income above for the Trust are Gift Aid donations, which are equal to the estimated taxable profit of each subsidiary undertaking listed below, totalling £30.9 million (2010: £19.8 million).

	2011 £m	2010 £m
W.T. Construction Limited	**—**	—
Wellcome Trust Trading Limited	**0.8**	0.8
Wellcome Trust Finance plc	**6.5**	6.5
Wellcome Trust GP Limited	**—**	—
Wellcome Trust Investments 1 Unlimited	**—**	—
Wellcome Trust Investments 2 Unlimited	**15.8**	4.0
Wellcome Trust Investments 3 Unlimited	**—**	0.1
Wellcome Trust Residential 1 Unlimited	**7.7**	8.3
Wellcome Trust Residential 2 Unlimited	**0.1**	0.1
	30.9	19.8

5. Management fees and other costs

Management fees and other investment costs represent costs directly incurred, both internally and externally, in managing the Trust's investment portfolio.

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
External investment management fees	**32.4**	34.0	**30.0**	31.7
Internal investment administration costs	**8.6**	12.0	**4.9**	11.8
Other investment costs	**—**	0.9	**—**	—
Investment support cost allocation	**4.0**	3.5	**4.0**	3.5
	45.0	50.4	**38.9**	47.0

6. Charitable activities

Group

	Grant funding £m	**Direct £m**	**Allocated support £m**	**Total 2011 £m**	Total 2010 £m
Science Funding	**363.0**	**14.8**	**14.8**	**392.6**	451.1
Medical Humanities and Engagement	**20.3**	**19.5**	**17.4**	**57.2**	51.3
Technology Transfer	**53.3**	**14.3**	**7.1**	**74.7**	65.5
Wellcome Trust Genome Campus	**—**	**111.7**	**5.6**	**117.3**	110.2
	436.6	**160.3**	**44.9**	**641.8**	678.1

Trust

	Grant funding £m	**Direct £m**	**Allocated support £m**	**Total 2011 £m**	Total 2010 £m
Science Funding	**363.0**	**14.8**	**14.8**	**392.6**	451.1
Medical Humanities and Engagement	**20.3**	**19.3**	**17.4**	**57.0**	51.0
Technology Transfer	**53.3**	**14.3**	**7.1**	**74.7**	66.0
Wellcome Trust Genome Campus	**84.9**	**5.9**	**2.1**	**92.9**	85.8
	521.5	**54.3**	**41.4**	**617.2**	653.9

7. Grants awarded

Grants are generally awarded to particular individuals, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science.

Grants awarded during the year are analysed by organisation in the table below. The grants included within Grants to other organisations for 2011 totalled less than £3.0 million (2010: £3.0 million) in value for each organisation.

7. Grants awarded (continued)

Group	Science Funding £m	Medical Humanities and Engagement £m	Technology Transfer £m	Total 2011 £m	Total 2010 £m
University of Cambridge	58.9	0.7	4.9	64.5	51.7
University of Oxford	57.9	3.1	1.3	62.3	79.4
University College London	37.9	0.5	4.5	42.9	37.9
Imperial College London	25.0	0.1	1.5	26.6	18.0
University of Edinburgh	22.8	0.5	1.2	24.5	28.0
London School of Hygiene & Tropical Medicine	14.6	0.5	2.2	17.3	14.4
King's College London	12.0	0.3	2.3	14.6	12.3
University of Dundee	11.7	—	0.2	11.9	26.6
The Institute of Cancer Research	3.1	—	6.7	9.8	4.1
University of Manchester	8.7	0.8	—	9.5	13.7
Novartis Institute for Tropical Diseases, Singapore	—	—	8.7	8.7	0.3
University of Glasgow	7.7	0.1	—	7.8	9.8
Wellcome Trust/Department of Biotechnology India Alliance, India	6.3	—	—	6.3	5.6
University of Newcastle Upon Tyne	5.2	—	0.8	6.0	11.0
Babraham Institute, UK	5.7	—	—	5.7	—
Diamond Light Source Ltd	5.3	—	—	5.3	5.0
European Molecular Biology Laboratory	5.3	—	—	5.3	0.4
University of Bristol	5.0	—	—	5.0	12.0
Medicines for Malaria Venture, Switzerland	5.0	—	—	5.0	—
Medical Research Council	4.8	—	—	4.8	0.4
Cardiff University	3.8	—	0.9	4.7	7.3
University of Leeds	4.3	0.2	—	4.5	4.6
University of Birmingham	4.2	—	—	4.2	5.1
Liverpool School of Tropical Medicine	4.0	0.1	—	4.1	2.1
London Research Institute	4.1	—	—	4.1	0.6
University of Sussex	4.0	—	—	4.0	0.8
University of Leicester	1.0	1.2	1.0	3.2	3.3
Grants to other organisations	40.6	12.2	17.1	69.9	131.4
Total grants (excluding supplementations and grants no longer required)	368.9	20.3	53.3	442.5	485.8
Grant supplementations	4.2	—	—	4.2	4.2
Less: grants awarded in previous years no longer required	(10.1)	—	—	(10.1)	(16.8)
Grants awarded by the Group of which	363.0	20.3	53.3	436.6	473.2
United Kingdom	337.1	19.2	29.1	385.4	420.4
Directly funded international	25.9	1.1	24.2	51.2	52.8
Grants awarded by the Group	363.0	20.3	53.3	436.6	473.2

7. Grants awarded (continued)

Trust	Science Funding £m	Medical Humanities and Engagement £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2011 £m	Total 2010 £m
Grants awarded by the Group	**363.0**	**20.3**	**53.3**	**—**	**436.6**	473.2
Plus: grants awarded to subsidiary undertakings	**—**	**—**	**—**	**84.9**	**84.9**	78.3
Grants awarded by the Trust	**363.0**	**20.3**	**53.3**	**84.9**	**521.5**	551.5

Further details of grants awarded by the Trust are published on the Trust's website, at the address given on the inside back cover.

The following Governors during the year had appointments with organisations which were in receipt of grants:

Professor Dame Kay Davies – University of Oxford
Mr Peter Davies – University of Oxford
Professor Christopher Fairburn – University of Oxford
Professor Richard Hynes – Massachusetts Institute of Technology
Professor Anne Johnson – University College London
Baroness Manningham-Buller – Imperial College London
Professor Peter Rigby – The Institute of Cancer Research
Professor Peter Smith – London School of Hygiene and Tropical Medicine

8. Grants awarded but not yet paid

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Liability at 1 October	**1,493.0**	1,409.4	**1,490.0**	1,406.4
Grants awarded during the year	**436.6**	473.2	**521.5**	551.5
Grants paid during the year	**(421.6)**	(389.6)	**(506.5)**	(467.9)
Liability as at 30 September	**1,508.0**	1,493.0	**1,505.0**	1,490.0
Of which:				
– falling due within one year (note 17)	**654.7**	649.9	**653.6**	648.8
– falling due after one year (note 17)	**853.3**	843.1	**851.4**	841.2
Liability as at 30 September	**1,508.0**	1,493.0	**1,505.0**	1,490.0

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs have been apportioned using the allocation methods indicated.

Operations comprise building costs, costs associated with the Human Resources department, the finance department, the legal department and information technology.

9. Support costs (continued)

Group	Costs of generating funds £m	Science Funding £m	Medical Humanities and Engagement £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2011 £m	Total 2010 £m	Allocation method
Funding administration	—	6.8	3.5	3.5	0.1	13.9	13.4	Directly attributed
Support of scientific research	—	—	—	—	3.5	3.5	4.0	Directly attributed
Operations	3.8	5.9	13.7	3.2	1.5	28.1	25.6	Headcount/ building usage
Other	0.2	2.1	0.2	0.4	0.5	3.4	3.5	Expenditure
	4.0	14.8	17.4	7.1	5.6	48.9	46.5	

Trust	Costs of generating funds £m	Science Funding £m	Medical Humanities and Engagement £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2011 £m	Total 2010 £m	Allocation method
Funding administration	—	6.8	3.5	3.5	0.1	13.9	13.4	Directly attributed
Operations	3.8	5.9	13.7	3.2	1.5	28.1	25.7	Headcount/ building usage
Other	0.2	2.1	0.2	0.4	0.5	3.4	3.3	Expenditure
	4.0	14.8	17.4	7.1	2.1	45.4	42.4	

10. Governance costs

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Trustee fees and expenses	0.9	0.9	0.9	0.9
Auditors' remuneration:				
– parent company and consolidation	0.2	0.2	0.2	0.2
– audits of subsidiary undertakings	0.1	0.1	—	—
Internal audit	0.5	0.4	0.4	0.3
Other costs	0.6	0.5	0.6	0.5
	2.3	2.1	2.1	1.9

In addition to the auditors' remuneration above, in 2011 total fees of £0.5 million (2010: £0.2 million) excluding VAT were payable to the Group's auditors PricewaterhouseCoopers LLP or associated firms (£0.3 million in respect of taxation and £0.2 million in respect of consultancy services for the Major Overseas Programmes). In addition, there were audit fees payable to PricewaterhouseCoopers LLP in respect of the Wellcome Trust Pension Plan of £11,800 (2010: £11,400), excluding VAT, which were borne by the Plan and audit fees relating to Genome Research Limited Pension Plan of £6,000 (2010: £6,000), excluding VAT, which were borne by Genome Research Limited.

The internal audit services are provided by Deloitte LLP.

11. Employee information

(a) Staff costs

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Salaries and benefits in kind	55.3	57.3	25.0	28.3
Social Security costs	5.0	4.6	2.7	2.4
Pension costs and other benefits	17.0	15.8	9.0	8.5
	77.3	77.7	36.7	39.2

(b) Average numbers of employees who served during the year

	Average	
	2011	2010
Trust	515	515
Subsidiary undertakings	839	845
Total for the Group	1,354	1,360
Analysed by		
Investments	30	30
Direct activities	956	964
Support	367	365
Governance	1	1
Total for the Group	1,354	1,360
Analysed by		
Investments	30	30
Direct activities	148	148
Support	336	336
Governance	1	1
Total for the Trust	515	515

11. Employee information (continued)

(c) Emoluments of employees

The numbers of employees of the Trust and its subsidiary undertakings whose emoluments (salaries, benefits in kind, bonuses and compensation for loss of office, but excluding pension contributions and amounts awarded under the Long Term Incentive Plans) fell within the following bands were:

	Group	
	2011	2010
£60,000–£69,999	**37**	30
£70,000–£79,999	**24**	25
£80,000–£89,999	**22**	15
£90,000–£99,999	**15**	8
£100,000–£109,999	**4**	10
£110,000–£119,999	**5**	2
£120,000–£129,999	**8**	7
£130,000–£139,999	**2**	2
£140,000–£149,999	**5**	4
£150,000–£159,999	**1**	2
£160,000–£169,999	**—**	1
£170,000–£179,999	**4**	4
£180,000–£189,999	**1**	1
£190,000–£199,999	**1**	—
£200,000–£209,999	**3**	—
£210,000–£219,999	**—**	1
£220,000–£229,999	**2**	1
£240,000–£249,999	**—**	1
£250,000–£259,999	**1**	—
£280,000–£289,999	**—**	1
£290,000–£299,999	**1**	—
£310,000–£319,999	**—**	1
£390,000–£399,999	**1**	1
£400,000–£409,999	**1**	—
£550,000–£559,999	**—**	1
£580,000–£589,999	**1**	—

The remuneration of the Director included in the table above totalled £403,279 (2010: £391,105).

Pension benefits have been accruing under the defined benefit schemes for all but one of the Group's employees included in the above bandings.

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 31 to 32. The table of Governors' remuneration on page 31 forms part of the audited Financial Statements.

11. Employee information (continued)

(d) Retirement benefits

Pension funds

The Group sponsors two funded defined benefit schemes, the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan.

A full actuarial valuation of the Wellcome Trust Pension Plan at 1 January 2011 is being carried out by the scheme actuary using the projected unit credit method. The preliminary results of that valuation have been updated to 30 September 2011 by a qualified consulting actuary and employee of Jardine Lloyd Thompson Pension Capital Strategies Limited, which is independent of the scheme's sponsoring employer. The valuation will be finalised in the first quarter of 2012. The Trust currently pays contributions in accordance with the schedule of contributions agreed at the 1 January 2008 valuation at the rate of 22.4% of pensionable pay for members who joined before 1 April 2005 or for members who joined on or after that date who elect to accrue benefits at a rate of 1/80ths and 22.4% of pensionable pay less a 5% employee contribution rate for members who joined on or after 1 April 2005 who elect to accrue benefits at a rate of 1/60ths.

In addition the Trust is paying contribution amounts in accordance with a five year recovery plan, aimed at removing the £10 million shortfall in funding disclosed in the 1 January 2008 valuation. Insurance premiums for death-in-service benefits are also paid. The deficit reduction contributions and contribution rates are set to continue until revised following the completion of the full actuarial valuation at 1 January 2011.

A full actuarial valuation of the Genome Research Limited Pension Plan was carried out by the scheme actuary at 1 January 2010 using the projected unit credit method. The results of that valuation have been updated to 30 September 2011 by a qualified consulting actuary and employee of Jardine Lloyd Thompson Pension Capital Strategies Limited, which is independent of the scheme's sponsoring employer. Genome Research Limited Pension Plan currently pays contributions in accordance with the schedule of contributions agreed at the 1 January 2010 valuation at the rate of 19.9% of pensionable pay for members who joined before 1 April 2005, 15.1% of pensionable pay less a 5% employee contribution rate for members who joined on or after 1 April 2005 who elect to accrue benefits at a rate of 1/60ths and 10.2% of pensionable pay for members who joined on or after 1 April 2005 who elect to accrue benefits at a rate of 1/80ths. In addition the Company is paying contribution amounts in accordance with a five year recovery plan, aimed at removing the £5.2 million shortfall in funding disclosed in the 1 January 2010 valuation. Insurance premiums for death-in-service benefits are also paid. The deficit reduction contributions and contribution rates are set to continue until reviewed following the outcome of the actuarial valuation at 1 January 2013.

The FRS 17 'Retirement benefit' actuarial valuation of Wellcome Trust's and Genome Research Limited's Pension Plans at 30 September 2011, showed a combined deficit of £97.1 million (2010: £112.8 million). This deficit represents the difference between an assessment of the liabilities of the pension funds and the current value of their underlying assets. The amount of the deficit is subject to considerable variability because it depends on a valuation of assets at the year-end date and a range of actuarial assumptions including interest and inflation rates, which change annually.

The contributions made by the employer over the financial year into the Wellcome Trust Pension Plan were £7.2 million (2010: £7.2 million). Contributions made by the employer into the Genome Research Limited Pension Plan were £5.2 million (2010: £3.5 million).

11. Employee information (continued)

(d) Retirement benefits (continued)

Pension funds (continued)

The assets of the schemes are stated at bid price. The liabilities and the provision for post-retirement medical benefits have been calculated using the following actuarial assumptions:

	2011 % per annum	2010 % per annum	2009 % per annum
Inflation	3.40%	3.40%	3.30%
Salary increases	4.15%	4.90%	5.30%
Rate of discount	5.10%	5.00%	5.50%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.30%	3.30%	3.30%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.40%	3.40%	3.30%
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	None	None
Rate of increase of healthcare costs	6.00%	6.00%	6.00%

The mortality assumptions adopted at 30 September imply the following life expectancies in years:

	2011	2010
Male retiring at age 60 in 2011	28.6	28.2
Female retiring at age 60 in 2011	29.7	30.7
Male retiring at age 60 in 2031	30.6	29.5
Female retiring at age 60 in 2031	31.7	31.7

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for post-retirement medical benefits are based on the base mortality table of S1PxA_Light together with an allowance for mortality improvement in line with CMI 2009 projections and a 1.25% per annum minimum long-term rate of improvement.

(i) Charge to the Statement of Financial Activities

	Group		Trust	
	Pension and other retirement benefits		Pension and other retirement benefits	
	2011 £m	2010 £m	2011 £m	2010 £m
Current service cost	14.5	12.7	7.8	6.5
Past service cost	—	—	—	—
	14.5	12.7	7.8	6.5
Other finance income				
Expected return on pension scheme's assets	(11.6)	(10.0)	(7.5)	(6.5)
Interest on pension schemes' liabilities	13.6	12.6	8.6	7.9
	2.0	2.6	1.1	1.4
Actuarial (gains)/losses	(18.4)	14.4	(10.5)	11.9
Total charge to the Statement of Financial Activities	(1.9)	29.7	(1.6)	19.8

11. Employee information (continued)

(d) Retirement benefits (continued)

Pension funds (continued)

(ii) Present values of scheme liabilities, fair value of assets and deficit

	Assets		Liabilities		Deficit	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Wellcome Trust Pension Plan	**92.4**	94.1	**(149.0)**	(160.7)	**(56.6)**	(66.6)
Genome Research Limited Pension Plan	**49.9**	50.2	**(90.4)**	(96.4)	**(40.5)**	(46.2)
Total pension funds	**142.3**	144.3	**(239.4)**	(257.1)	**(97.1)**	(112.8)

(iii) Reconciliation of opening and closing balances of the present value of the scheme liabilities as at 30 September

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Scheme liabilities at start of period	**257.1**	216.0	**160.7**	134.1
Current service cost	**13.6**	12.2	**6.9**	6.0
Interest cost	**13.2**	12.2	**8.2**	7.5
Contributions by scheme participants	**0.9**	0.8	**0.4**	0.4
Actuarial losses/(gains)	**(42.6)**	19.2	**(24.9)**	15.4
Benefits paid and death-in-service insurance premiums	**(2.8)**	(3.3)	**(2.3)**	(2.7)
Total pension funds	**239.4**	257.1	**149.0**	160.7

Analysis of the sensitivity to the principal assumptions of the value of the scheme liabilities

Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by 15.8%
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by 10.1%
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by 3.6%
Probability of death in any year after retirement	Increase/decrease of 10%	Increase/decrease by 3.0%
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by 3.5%

(iv) Reconciliation of opening and closing balances of the fair value of scheme assets as at 30 September

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Fair value of scheme assets at start of period	**144.3**	120.8	**94.1**	79.1
Expected return on scheme assets	**11.6**	10.0	**7.5**	6.5
Actuarial gains	**(24.2)**	4.8	**(14.4)**	3.5
Contributions by the Group	**12.5**	11.2	**7.2**	7.3
Contributions by scheme participants	**0.9**	0.8	**0.4**	0.4
Benefits paid and death-in-service insurance premiums	**(2.8)**	(3.3)	**(2.4)**	(2.7)
Total pension funds	**142.3**	144.3	**92.4**	94.1

The actual return on the Group assets over the period ending 30 September 2011 was a loss of £10.4 million (2010: £14.8 million).

11. Employee information (continued)

(d) Retirement benefits (continued)

Pension funds (continued)

(v) Split of assets and expected returns

	2011		2010		2009	
	£m	Expected return (%)	£m	Expected return (%)	£m	Expected return (%)
Wellcome Trust Pension Plan						
Equity	92	7.3%	93.8	7.8%	78.8	8.0%
Bond	—	—	—	—	—	—
Other	0.4	0.5%	0.3	0.5%	0.3	0.5%
Total assets	92.4	7.3%	94.1	7.8%	79.1	8.0%
Genome Research Limited Pension Plan						
Equity	49.9	7.3%	50.2	7.8%	41.7	8.0%
Total assets	49.9	7.3%	50.2	7.8%	41.7	8.0%

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vi) Amounts for the current and previous four periods as at 30 September

Group	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Fair value of schemes' assets	142.3	144.3	120.8	101.0	118.6
Present value of schemes' liabilities	(239.4)	(257.1)	(216.0)	(169.2)	(159.0)
Deficit in schemes	(97.1)	(112.8)	(95.2)	(68.2)	(40.4)
Experience adjustment on schemes' assets	(24.2)	4.8	5.6	(36.1)	3.2
Experience adjustment on schemes' liabilities	4.6	11.4	0.9	2.2	(1.0)
Effects of changes in the demographic and financial assumptions underlying the present value of the schemes' liabilities	38.0	(30.6)	(29.7)	8.0	13.7

Trust	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Fair value of schemes' assets	92.4	94.1	79.1	65.9	76.5
Present value of schemes' liabilities	(149.0)	(160.7)	(134.1)	(114.6)	(108.8)
Deficit in scheme	(56.6)	(66.6)	(55.0)	(48.7)	(32.3)
Experience adjustment on scheme's assets	(14.4)	3.5	5.4	(22.1)	2.4
Experience adjustment on scheme's liabilities	4.9	2.1	0.1	3.4	(1.0)
Effects of changes in the demographic and financial assumptions underlying the present value of the schemes' liabilities	19.9	(17.5)	(17.7)	2.0	8.0

(vii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning after 30 September 2011 is £7.2 million. This includes the additional contributions required to make good the shortfall in funding identified in the valuations of 1 January 2008. The best estimate of contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning after 30 September 2011 is £5.3 million. This includes the additional contributions required to make good the shortfall in funding identified in the valuations of 1 January 2010.

12. Remuneration of governors and related party transactions

Information on Governors' remuneration is included in the Remuneration Report on pages 31 to 32. In addition:

- Mr Peter Davies is a senior partner at Lansdowne Partners, which acts as one of the fund managers on behalf of the Trust. Lansdowne Partners received management fees of £1.2 million in 2011 (2010: £1.2 million), and is also entitled to a performance fee of 20% of the appreciation of the net asset value of the fund during each period of 12 months ending 31 December. The amount payable in respect of performance fees for the year ended 30 September 2011 was £1.7 million (2010: £2.7 million).
- Professor Dame Kay Davies is a shareholder in Summit plc. The Trust has made payments to Summit plc in 2011 of £1.5 million (2010: £ nil) in respect of a Seeding Drug Discovery award.
- Details of the Governors who had appointments during the year with organisations which were in receipt of grants are disclosed in note 7.

Other related party transactions

UKCMRI Limited

The PRI loans are unsecured, interest free and have no repayment date. They have been provided to finance UKCMRI Limited's activities. Refer note 15(d).

The Group incurred costs of £0.3 million (2010: £nil) on behalf of UKCMRI Limited, which it has recharged including the cost of secondment staff. The amount due from UKCMRI Limited at 30 September was £0.4 million (2010: £nil).

UKCMRI Construction Limited

UKCMRI Limited is the controlling party and immediate parent of UKCMRI Construction Limited. The Group incurred costs of £1.0 million (2010: £0.8 million) on behalf of UKCMRI Construction Limited, which it has recharged including the cost of secondment staff and rental charges. The premises are currently made available at a below market rent. The amount due from UKCMRI Construction Limited at year end was £0.1 million (2010: £6.0 million).

Kymab Ltd

The Trust is the parent undertaking and the ultimate controlling party holding 99% of the equity of Kymab Ltd, which is consolidated within the Group accounts. The Group incurred costs of £0.2 million (2010: £nil) on behalf of Kymab Ltd which it has recharged on an arm's length basis. The amount due from Kymab Ltd at 30 September was £0.1 million (2010: £0.1 million).

13. Taxation

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £11.7 million (2010: £7.8 million). The Trust claims exemption from income and capital gains taxes.

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £m	Long leasehold land and buildings £m	Finance leased buildings £m	Finance leased plant and equipment £m	Other plant, equipment, fixtures and fittings £m	Assets in course of construction £m	Total £m
Cost as at 1 October 2010	345.9	1.5	21.0	64.0	148.9	2.7	584.0
Additions	2.0	—	—	—	14.8	2.2	19.0
Disposals	—	—	—	—	(8.2)	—	(8.2)
Cost as at 30 September 2011	**347.9**	**1.5**	**21.0**	**64.0**	**155.5**	**4.9**	**594.8**
Depreciation as at 1 October 2010	58.0	1.5	2.4	18.0	97.6	—	177.5
Charge for the year	6.5	—	0.4	3.1	14.8	—	24.8
Disposals	—	—	—	—	(7.9)	—	(7.9)
Depreciation as at 30 September 2011	**64.5**	**1.5**	**2.8**	**21.1**	**104.5**	**—**	**194.4**
Net book value as at 30 September 2011	**283.4**	**—**	**18.2**	**42.9**	**51.0**	**4.9**	**400.4**
Net book value as at 30 September 2010	288.0	—	18.6	46.0	51.1	2.7	406.4

(b) Trust

	Freehold land and buildings £m	Long leasehold land and buildings £m	Finance leased buildings £m	Finance leased plant and equipment £m	Other plant, equipment, fixtures and fittings £m	Total £m
Cost as at 1 October 2010	211.5	1.5	20.8	64.0	46.0	343.8
Additions	1.3	—	—	—	1.7	3.0
Cost as at 30 September 2011	**212.8**	**1.5**	**20.8**	**64.0**	**47.7**	**346.8**
Depreciation as at 1 October 2010	31.0	1.5	2.4	18.0	19.4	72.3
Charge for the year	3.3	—	0.4	3.1	3.0	9.8
Depreciation as at 30 September 2011	**34.3**	**1.5**	**2.8**	**21.1**	**22.4**	**82.1**
Net book value as at 30 September 2011	**178.5**	**—**	**18.0**	**42.9**	**25.3**	**264.7**
Net book value as at 30 September 2010	180.5	—	18.4	46.0	26.6	271.5

14. Tangible fixed assets (continued)

Heritage assets

No assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

(a) Nature of the assets

The Trust has several collections of heritage assets comprising substantial collections of books, artefacts of scientific and historical interest and other museum pieces held in support of one of the Trust's main objectives of advancing and promoting knowledge and education. The vast majority of the collection is held at the premises in Euston Road but there are also off-site storage facilities situated in Cheshire with state-of-the-art technology and security.

(b) Policy for acquisition

Materials selected for acquisition must be representative of the history of medicine or closely allied subjects; must be of demonstrable research value; must normally be in a reasonable state of completeness and in good condition; must not pose a health and safety risk or serious conservation threat to other items in the collection; and should not require significant additional resources for conservation and/or storage.

(c) Preservation and conservation

The Trust adheres to the principles for the preservation and conservation of the library materials of the National Preservation Office (NPO) and International Federation of Library Associations (IFLA). The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies. The Trust is committed to providing high quality storage for all its collections and aims to comply with the appropriate British Standards.

(d) Disposal

The vast majority of materials in the Library collections are retained in perpetuity. However, materials will normally be removed from the collections if they duplicated (unless they are of particular monetary value or significant provenance), superseded, no longer relevant, have deteriorated beyond repair and have no historic value or they are considered to be a health risk. Certain items are sometimes donated to peer institutions.

(e) Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity; explanation of handling of materials; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution and fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises. As part of the Trust's Business Continuity Plan, the Library has a disaster and salvage plan in place. The Library also has a full "Premium Membership" contract with Document SOS who provides support for the majority of the disaster and salvage issues that may arise. The Library materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Investment assets

Group	Fair value 1 October 2010 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2011 £m
UK	1,255.9	403.6	(410.6)	(135.9)	1,113.0
Overseas	5,050.9	2,616.2	(2,524.3)	(361.5)	4,781.3
Total quoted	6,306.8	3,019.8	(2,934.9)	(497.4)	5,894.3
UK	212.0	6.6	(16.5)	—	202.1
Overseas	6,534.2	1,365.0	(1,272.2)	453.9	7,080.9
Total unquoted	6,746.2	1,371.6	(1,288.7)	453.9	7,283.0
UK	738.8	27.4	(59.3)	128.1	835.0
Total property	738.8	27.4	(59.3)	128.1	835.0
Total	13,791.8	4,418.8	(4,282.9)	84.6	14,012.3

Trust	Fair value 1 October 2010 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2011 £m
UK	1,212.2	296.6	(315.2)	(128.8)	1,064.8
Overseas	4,433.0	1,891.8	(1,791.7)	(290.5)	4,242.6
Total quoted	5,645.2	2,188.4	(2,106.9)	(419.3)	5,307.4
UK	211.9	6.6	(16.5)	—	202.0
Overseas	5,628.8	976.5	(1,131.1)	441.7	5,915.9
Total unquoted	5,840.7	983.1	(1,147.6)	441.7	6,117.9
UK	707.9	27.4	(59.5)	114.1	789.9
Total property	707.9	27.4	(59.5)	114.1	789.9
Total	12,193.8	3,198.9	(3,314.0)	136.5	12,215.2

The investment assets at fair value in the Trust and the Group include securities on loan at year end with fair value of £44.6 million (2010: £42.3 million); the Trust and the Group held cash collateral of £47.5 million (2010: £44.9 million) in respect of these securities. The Trust recognises the cash collateral held asset and a liability to return the cash collateral to the borrowers as disclosed in note 15(c) and note 17. During the year the maximum aggregate fair value of securities on loan was £273.7 million (2010: £175.5 million) and the Trust held £289.4 million (2010: £189.3 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 2. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted valuation in the Trust and the Group above includes direct investments of £nil (2010: £nil) and other investments of £115.7 million (2010: £127.1 million) for which the valuation used is equal to cost less any impairment. For these investments the fair value cannot be reliably measured and therefore they are held at cost less any impairment.

Investment properties in the Trust and the Group have been valued at market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by Gerald Eve, Savills (L and P) Limited and CB Richard Ellis.

15. Investments (continued)

(b) Derivative financial instruments

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Derivative financial instrument asset positions	**65.9**	60.5	**65.9**	52.5

Derivative financial instrument liabilities for the Group and Trust of £85.7 million (2010: £60.7 million) are included within creditors falling due within one year, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts

Forward currency contracts are used to hedge investment assets denominated in foreign currency into Sterling and as part of the investment strategy to have globally diversified currency exposure. As at 30 September 2011, the notional value of open forward contracts amounted to £2,955.4 million (2010: £3,962.2 million). As at 30 September 2011, the Trust held cash collateral relating to its forward currency contracts of £3.2 million (2010: £37.0 million), as disclosed in note 15(c) and note 17.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management including:

- a substitution for investing in physical assets;
- a part of the Trust's long-term investment return strategy, entered into with the expectation of realising gains; and
- adjusting asset exposures within the parameters set in the Trust's Investment Policy.

As at 30 September 2011, there were no long equity index futures positions (2010: nil) and the notional value of open sold futures positions amounted to £nil (2010: £0.1 million). Sold futures are covered by quoted equity positions as reflected in note 15(a).

As at 30 September 2011, the notional value of long options positions amounted to £64.8 million (2010: £64.8 million) and the notional value of short options positions amounted to £ 28.9 million (2010: £ 49.4 million). Sold call options are covered by quoted equities positions as reflected in note 15(a). Sold put options are covered by cash as reflected in note 15(c).

As at 30 September 2011, the Group held long warrants positions relating to unquoted equity holdings which allow the Group to purchase additional equities at an agreed strike price. The notional value of these warrants amounted to £8.3 million (2010: £4.0 million).

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2011 £m	2010 £m	**2011 £m**	2010 £m
Investment cash and certificates of deposit	**445.9**	916.5	**389.1**	902.9
Cash collateral held	**50.8**	81.9	**39.0**	81.9
Accrued income from investments	**11.1**	11.6	**9.5**	10.0
Income receivable	**8.7**	7.0	**8.6**	7.0
Proceeds receivable on sale of investments	**27.9**	68.4	**21.9**	53.4
Prepayment of investment purchases	**—**	11.7	**—**	—
Other investment debtors	**4.0**	4.9	**3.7**	4.5
Other investment assets	**102.5**	185.5	**82.7**	156.8

15. Investments (continued)

(d) Programme related investments

	Fair value 1 October 2010 £m	Purchases £m	Transfers on conversion £m	Total losses £m	Fair value 30 September 2011 £m
Loans – other	3.6	9.8	(0.1)	(9.1)	**4.2**
Loans	3.6	9.8	(0.1)	(9.1)	**4.2**
Equity Funding – The Francis Crick Institute	—	9.9	—	(9.9)	**—**
Equities – Diamond	—	2.5	—	(2.5)	**—**
Equities – Hilleman Laboratories	—	3.7	—	(3.7)	**—**
Equities – other	1.5	—	0.1	—	**1.6**
Equities	1.5	16.1	0.1	(16.1)	**1.6**
Total	5.1	25.9	—	(25.2)	**5.8**

The Francis Crick Institute

The Trust continued to work with the Medical Research Council, Cancer Research UK and University College London (the "Original Founders") to develop The Francis Crick Institute (formerly known as the UK Centre for Medical Research and Innovation (UKCMRI)), a world class multidisciplinary biomedical research institute to be based in London. In November 2010, the legal agreement for the purpose of establishing and operating the institute was signed. Two additional academic funders, Imperial College London and King's College London, became Founders in October 2011.

The programme related equity funding is the Trust's share of the funding of this project for programme management costs and the construction costs of the Crick building. In return for the funding, UKCMRI Limited, the legal name for the institute, issues shares to the Trust. At the balance sheet date £12.5 million of funding since inception, of which £9.9 million relates to 2011, had yet to be issued to the Trust in shares; £10.7 million of which had been issued by October 2011. Under the terms of the legal agreement the Trust and the Original Founders will lease the land and building for 55 years to UKCMRI Limited at nil rental and upon expiry of the lease the Trust and the other Original Founders would expect to agree to renew this lease on the same terms. On this basis the Trust does not expect to receive any financial return from these programme related investments and they have been fully written down. The Trust's interest in the land at the site was fully written down in the year ended 30 September 2010.

Diamond

Equities also include a 14% equity interest in Diamond Light Source Limited, a company established to construct and operate a synchrotron in Oxfordshire. Under the shareholding agreement there is no intrinsic value in the equity and the cost has therefore been fully written down and included within Science Funding direct expenditure. During the year, the Trust has also incurred £5.3 million grant expenditure relating to Diamond Light Source Limited (2010: £5.0 million).

Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories), a company established to develop affordable vaccines to prevent diseases that commonly affect low and middle-income countries. Under the shareholding agreement there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within Technology Transfer direct expenditure.

Other

As part of its Technology Transfer activities, the Trust has provided funding to 45 (2010: 42) early-stage companies to carry out biomedical research projects with potential to deliver health benefits. Together these programme related investments form a portfolio managed separately from the Trust's other investments. These investments are not intended to be held for the longer term. Consequently these investments are, as permitted by FRS 9, held at cost less provision for impairment rather than treated as associated companies. The £9.1 million loss (2010: £11 million) is to reflect the Trust's policy of writing off 90% of the investment in these early-stage companies due to the low rate of success of these Technology Transfer activities. This is included within Technology Transfer direct expenditure.

15. Investments (continued)

(e) Realised and unrealised gains/(losses) on investments

	Note	Group 2011 £m	Group 2010 £m	Trust 2011 £m	Trust 2010 £m
Quoted investments	15(a)	(497.4)	539.8	(419.3)	493.5
Unquoted investments	15(a)	453.9	626.2	441.7	586.8
Investment properties	15(a)	128.1	114.1	114.1	110.2
Derivative financial instruments					
Currency overlay		11.5	90.2	11.5	90.2
Other derivative financial instruments		56.4	(46.8)	58.9	(47.6)
Short term investments		(0.8)	—	(0.8)	—
Shares in subsidiary undertakings		—	—	(86.2)	58.9
Foreign exchange		1.5	21.6	1.3	22.0
		153.2	1,345.1	121.2	1,314.0

Gains relating to derivative financial instruments include £11.5 million (2010: £90.2 million) relating to the currency overlay, which comprises forward currency contracts to hedge the Group and Trust's exposure to foreign currency assets. The remaining gains of £56.4 million (2010: losses of £46.8 million) relate to other forward currency contracts, financial futures, options and warrants. The Trust adopts a policy of hedging a part of its non-base currency exposures using a currency overlay although the actual percentage hedged varies from time to time. The gains and losses relating to the currency overlay are therefore offsetting foreign exchange gains and losses on the foreign currency assets within quoted and unquoted investments.

(f) Reconciliation to Trustee's Report

The presentation of investment balances in note 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: equity; hedge funds; private equity; and property and infrastructure.

This note reconciles the investment asset fair value at the balance sheet date as presented within the Trustee's Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report and the table below is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to figure 6 in the Trustee's Report as follows:

	Note	2011 £m	2010 £m
Quoted and unquoted investments and investment property	15(a)	14,012.3	13,791.8
Derivative financial instrument asset positions	15(b)	65.9	60.5
Investment cash and certificates of deposit	15(c)	445.9	916.5
Other investment assets	15(c)	102.5	185.5
Derivative financial instrument liabilities	17	(85.7)	(60.7)
Other investment liabilities	17	(90.1)	(132.1)
Bond liabilities at amortised cost	17	(820.1)	(819.6)
Adjusted for			
Restatement of bond liabilities to fair value		(65.6)	(39.7)
Subsidiary held as direct investment in table above		11.0	6.0
Total assets net of Bond liabilities per figure 6		13,576.1	13,908.2

15. Investments (continued)

(f) Reconciliation to Trustee's Report (continued)

The total assets net of Bond liabilities per figure 6 in the Trustee's Report reconcile to the investment assets in the Consolidated Balance Sheet as follows:

	Note	2011 £m	2010 £m
Total Assets net of Bond liabilities per figure 6		**13,576.1**	13,908.2
Add back investment liabilities			
Derivative financial instrument liabilities	17	**85.7**	60.7
Other investment liabilities	17	**90.1**	132.1
Bond liabilities at amortised cost	17	**820.1**	819.6
Programme related investments	15(d)	**5.8**	5.1
Adjusted for			
Restatement of bond liabilities to fair value		**65.6**	39.7
Subsidiary held as direct investment in table above		**(11.0)**	(6.0)
Investment assets as presented in the Consolidated Balance Sheet		**14,632.4**	14,959.4

16. Debtors

	Group		Trust	
	2011 £m	2010 £m	2011 £m	2010 £m
Amounts due from subsidiary undertakings	**—**	—	**3.9**	0.7
Other debtors	**13.7**	15.2	**6.6**	8.6
Prepayments	**8.2**	6.5	**2.5**	2.9
	21.9	21.7	**13.0**	12.2

Other debtors in the Group include £0.4 million (2010: £6.0 million) due from UKCMRI Construction Limited and £12.1 million (2010: £5.6 million) due under third-party grant awards.

17. Creditors

	Note	Group 2011 £m	Group 2010 £m	Trust 2011 £m	Trust 2010 £m
Falling due within one year					
Amounts due to subsidiary undertakings		—	—	360.2	380.3
Grant liabilities	8	654.7	649.9	653.6	648.8
Bond liabilities		9.2	9.2	—	—
Amount payable on acquisition of investments		18.6	30.0	15.5	18.6
Cash collateral creditor		50.8	81.9	39.0	81.9
Deferred income from investments		3.8	3.7	3.4	3.4
Derivative financial instrument liabilities		70.3	60.7	70.3	60.7
Other investment liabilities		16.9	16.5	16.3	16.0
Trade creditors		10.1	9.7	1.9	1.9
Other creditors		10.8	8.0	4.9	2.7
Accruals and deferred income		16.9	23.9	4.2	10.1
Total falling due within one year		862.1	893.5	1,169.3	1,224.4
Falling due between one and five years					
Grant liability	8	813.3	796.4	811.4	794.5
Finance lease creditor		0.1	0.1	0.1	0.1
Other creditors		1.8	1.8	1.8	1.7
		815.2	798.3	813.3	796.3
Falling due after five years					
Grant liability	8	40.0	46.7	40.0	46.7
Bond liabilities		810.9	810.4	—	—
Other creditors		0.7	0.7	16.1	0.7
Derivative financial instrument liabilities		15.4	—	—	—
		867.0	857.8	56.1	47.4
Total falling due after one year		1,682.2	1,656.1	869.4	843.7

Grant commitments are split pro rata according to the terms of the grant at the point of award.

18. Provisions for liabilities and charges

Group and Trust	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2010	12.7	1.7	14.4
Charge for the year	(1.6)	0.1	(1.5)
Utilised in year	(0.3)	—	(0.3)
As at 30 September 2011	10.8	1.8	12.6

The employment related provisions relate to the incentive schemes discussed in the Remuneration Report on page 32. The calculations are the best estimates of the amounts payable based on the known performance of the portfolio to date and the proportion of the measurement period that has passed. The other provisions relate to decommissioning costs for Diamond Light Source Limited (note 15(d)).

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £1,574.0 million (2010: £1,765.4 million). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £605.6 million (38%) of its outstanding commitments in one year, £671.1 million (43%) in between one to five years and £297 million (19%) after five years.

(b) Programme related investments

At 30 September 2011, the Trust's outstanding commitment to The Francis Crick Institute was £96.9 million (2010: £106.8 million).

Programme related convertible loans have been made over a series of years, of which £24.0 million (2010: £19.2 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

During the year, the Trust committed to fund 14% of the third construction phase of the Diamond Light Source Limited synchrotron project. The outstanding commitment as at 30 September 2011 was £12.8 million. The Trust also has an outstanding commitment of £1.4 million as part of the second construction phase (2010: £2.2 million).

During the year, the Trust incurred £3.8 million (2010: £1.0 million) in expenditure relating to an entity in India, MSD-Wellcome Trust Hilleman Laboratories. The Trust will contribute up to £40 million over the next five years.

(c) Grant funding activities

During the current and prior years, the Technology Transfer division has made Seeding Drug Discovery awards of £88.0 million, of which £74.1 million has been included in expenditure in current and prior financial years. The remaining £13.9 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

During the year, the Trust incurred £6.3 million (2010: £5.6 million) in expenditure relating to Wellcome Trust-DBT India Alliance. Subject to Trustee approval, the Trust will contribute up to £13.5 million over the next two years. Subject to further review of activities, the Trust will then fund an additional £40 million for a further five year period.

During the year, the Trust incurred £4.0 million in expenditure relating to a partnership between the Trust, the UK Medical Research Council and the UK Department for International Development to fund clinical trials in low and middle-income countries. Subject to review and approval of appropriate applications, the Trust will contribute up to £8 million over the next two years.

During the current and prior years, the Trust has incurred £10.8 million in expenditure relating to the Health Innovation Challenge Fund, a partnership with the Department of Health. Subject to review and approval of appropriate applications, the Trust will contribute up to £19.2 million over the next two years. Subject to further review of activities, the Trust will then fund an additional £20 million for a further two year period.

(d) Capital commitments

At 30 September 2011, Genome Research Limited had capital commitments contracted for but not provided of £1.7 million (2010: £4.0 million) relating to purchases of scientific equipment. Hinxton Hall Limited had capital commitments contracted for but not provided of £0.3 million (2010: £1.8 million) relating to capital projects at the Wellcome Trust Genome Campus. W.T. Construction Limited had capital commitments contracted for but not provided of £0.2 million (2010: £0.3 million) relating to building projects.

20. Group undertakings

(a) Summary of activities of subsidiary undertakings

Summary financial information for subsidiary undertakings considered to be significant is provided below:

Company	Country of incorporation	Activities	Legal relationship
Genome Research Limited	England	Medical research, primarily in the field of genomics	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal members
Hinxton Hall Limited	England	Provision of conference facilities and site services at the Wellcome Trust Genome Campus, Hinxton	The Wellcome Trust Limited and Genome Research Limited are equal members
Wellcome Trust Trading Limited	England	Trading company	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Finance plc	England	To issue and invest in financial instruments	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 1 Unlimited	England	Investment holding company (Sterling investments)	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	England	Investment holding company (US Dollar investments)	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 3 Unlimited	England	Investment holding company (Euro investments)	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Residential 1 Unlimited	England	Investment holding company	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Residential 2 Unlimited	England	Investment holding company	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust GP Limited	England	Acts as a general partner to Wellcome Trust Investment Limited Partnership	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investment Limited Partnership	England	Investment holding partnership	The Wellcome Trust Limited is the limited partner and Wellcome Trust GP Limited is the general partner
Wellcome Trust Scottish Limited Partnership	Scotland	Investment holding partnership	The Wellcome Trust Limited is the limited partner and Wellcome Trust GP Limited is the general partner
Catalyst BioMedica Limited	England	Holding Programme Related Investments	The Wellcome Trust Limited is the sole shareholder
Kymab Limited	England	Biotechnology research and development	The Wellcome Trust Limited is the parent undertaking and the ultimate controlling party holding 99% of the equity
W.T. Construction Limited	England	Property construction company	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Director Limited	England	Corporate directorships	The Wellcome Trust Limited is the sole shareholder

20. Group undertakings (continued)

(b) Summary financial information for subsidiary undertakings considered to be significant is provided below

(i) Non-charitable investment subsidiary undertakings

	Wellcome Trust Investment Limited Partnership		Wellcome Trust Investments 2 Unlimited		Wellcome Trust Residential 1 Unlimited	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Turnover	**10.5**	9.4	**0.3**	—	**12.2**	8.5
Expenditure	**(34.3)**	(34.1)	**(16.0)**	(4.1)	**(7.8)**	(8.4)
Gains/(losses) on investments	**(51.0)**	45.1	**(21.7)**	36.3	**14.6**	14.6
	(74.8)	20.4	**(37.4)**	32.2	**19.0**	14.7
Investment assets	**769.0**	870.8	**642.0**	407.4	**299.1**	282.7
Current assets	**77.1**	43.3	**42.1**	18.4	**13.1**	11.0
Total assets	**846.1**	914.1	**684.1**	425.8	**312.2**	293.7
Liabilities	**(699.9)**	(693.2)	**—**	(0.1)	**(7.7)**	(8.3)
Net assets	**146.2**	220.9	**684.1**	425.7	**304.5**	285.4

(ii) Non-charitable financing subsidiary undertaking

	Wellcome Trust Finance plc	
	2011 £m	2010 £m
Turnover	**45.6**	45.6
Expenditure	**(45.6)**	(45.6)
	—	—
Current assets	**958.2**	957.7
Total assets	**958.2**	957.7
Liabilities	**(820.7)**	(820.2)
Net assets	**137.5**	137.5

21. Consolidated cash flow

(a) Reconciliation of Statement of Financial Activities to cash flow from operating activities

	2011 £m	2010 £m
Incoming resources	**254.4**	230.3
Less: dividends and interest	**(205.8)**	(178.1)
Less: rental income	**(22.2)**	(23.0)
(Increase)/decrease in debtors	**(2.0)**	0.2
Income received	**24.4**	29.4
Grants awarded	**(436.6)**	(473.2)
Increase in commitments	**15.0**	83.6
Increase in partnership recoverable	**(4.3)**	—
Grants paid	**(425.9)**	(389.6)
Other resources expended	**(234.1)**	(271.8)
(Decrease)/increase in creditors and provisions	**(15.7)**	26.2
Decrease/(increase) in other investment debtors	**0.9**	(1.0)
Provision for programme related investments	**25.2**	35.1
Gain on disposal of fixed assets	**(2.6)**	(0.2)
Depreciation	**24.8**	23.3
Other operating costs	**(201.5)**	(188.4)
Net cash outflow from operating activities	**(603.0)**	(548.6)

(b) Investment income received

	2011 £m	2010 £m
Dividends and interest	**205.8**	178.1
Rental income	**22.2**	23.0
(Decrease)/increase in income receivable from investments	**(1.7)**	1.8
(Decrease)/increase in accrued income from investments	**0.5**	(1.6)
Increase/(decrease) in deferred income from investments	**0.1**	(2.0)
Investment income received	**226.9**	199.3

(c) Servicing of finance

	2011 £m	2010 £m
Interest payable	**(39.0)**	(38.9)
Increase in interest creditors	**0.4**	0.3
Cash outflow for servicing of finance	**(38.6)**	(38.6)

21. Consolidated cash flow (continued)

(d) Reconciliation of investment sales and purchases

	2011 £m	2010 £m
Proceeds on sale of quoted investments	2,934.9	2,870.8
Proceeds on sale of unquoted investments	1,288.7	860.4
Proceeds on sale of investment property	59.3	186.5
Increase in proceeds receivable on sale of investments	40.5	8.4
Proceeds from sales of investments	4,323.4	3,926.1
Purchases of quoted investments	3,019.8	2,745.1
Purchases of unquoted investments	1,371.6	903.3
Purchases of investment property	27.4	11.9
Decrease in amounts payable on acquisition of investments	11.4	23.1
Decrease in prepayment for investment purchases	(11.7)	(6.5)
Purchase of programme related investments	25.9	18.5
Purchases of investments	4,444.4	3,695.4
Gain/(loss) on derivative financial instruments	67.9	43.4
Increase in derivative financial asset positions	(5.4)	(58.2)
Increase in derivative financial liabilities	25.0	28.1
Net cash inflow upon settlement of derivative financial instruments	87.5	13.3

(e) Issue of corporate bonds

In July 2006 Wellcome Trust Finance plc issued £550 million 4.625%, Guaranteed Bonds due 2036 and in May 2009 Wellcome Trust Finance plc issued £275 million 4.75%, Guaranteed Bonds due 2021. During the year Wellcome Trust Finance plc paid interest on the Bonds amounting to £39.0 million (2010: £38.5 million).

(f) Analysis of net (debt)/funds

	At 1 October 2010 £m	Cash flow £m	Non-cash changes: effective interest £m	At 30 September 2011 £m
Cash in hand and at bank	26.8	7.3	—	34.1
Debt due after one year:				
– bond liabilities	(810.4)	—	(0.5)	(810.9)
Debt due within one year:				
– bond liabilities	(9.2)	38.5	(38.5)	(9.2)
Finance leases due after one year	(0.1)	—	—	(0.1)
Finance leases due within one year	—	0.1	(0.1)	—
Liquid resources:				
– investment cash and certificates of deposit	916.5	(470.6)	—	445.9
Net (debt)/funds	123.6	(424.7)	(39.1)	(340.1)

22. Major non-cash transactions

There were no major non-cash transactions during the current or prior year.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies, measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty fails to discharge their obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by various counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2011 £m	2010 £m
Interest-bearing securities	**31.0**	23.5
Derivative financial instrument asset positions	**48.5**	45.3
Investment cash balances and certificates of deposit	**445.9**	916.5
Cash collateral held	**50.8**	81.9
Accrued income from investments	**11.1**	11.6
Proceeds receivable on sale of investments	**27.9**	68.4
Other investment debtor balances	**12.7**	23.6
Programme related investment loans	**4.2**	3.6
Other debtors	**13.7**	15.2
Term deposits and cash	**34.1**	26.8
	679.9	1,216.4

None of the Group's financial assets subject to credit risk are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

The following details the risk management policies applied to the financial assets exposed to credit risk:

- for interest-bearing securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of industry sectors and issuers to reduce concentrations of credit risk;
- transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts;
- direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short dated UK Government securities and the controlled use of AAA rated money market funds; and
- sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and ongoing reviews by the investment managers.

These policies and procedures were applied and reviewed during the year. At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets of value £3.2 million (2010: £37.0 million) were secured by cash collateral. There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

23. Financial risk management (continued)

(b) Liquidity risk (continued)

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. The Group holds very liquid assets amounting to £354.9 million as at 30 September 2011 (2010: £845.2 million), which comprises cash and cash equivalent assets. The level of very liquid assets held is regularly reviewed by senior management. Liquidity and cash forecasts are reviewed by the Investment Committee and Board of Governors on a quarterly basis. Short-term operational cash flow forecasts are produced weekly. The Group also mitigates its exposure to liquidity risk through the investment in quoted securities of £5,894.3 million (2010: £6,306.8 million) that are readily realisable.

The following table details the maturity of the Group's undiscounted contractual payments as at 30 September:

	2011				2010*			
Group	**Three months or less £m**	**Not more than one year £m**	**More than one year £m**	**Total £m**	Three months or less £m	Not more than one year £m	More than one year £m	Total £m
Contractual payments falling due within one year								
Bond liabilities	—	38.5	—	38.5	—	38.5	—	38.5
Derivative financial instrument liabilities	70.3	—	—	70.3	60.7	—	—	60.7
Collateral liability	50.8	—	—	50.8	81.9	—	—	81.9
Amount payable on acquisition of investments	18.6	—	—	18.6	30.0	—	—	30.0
Other investment liabilities	16.9	—	—	16.9	16.5	—	—	16.5
Trade creditors	10.1	—	—	10.1	9.7	—	—	9.7
Other creditors	10.8	—	—	10.8	8.0	—	—	8.0
Accruals and deferred income	16.9	—	—	16.9	23.9	—	—	23.9
Contractual payments	194.4	38.5	—	232.9	230.7	38.5	—	269.2
Grant liability	236.3	418.4	—	654.7	253.3	396.6	—	649.9
	430.7	456.9	—	887.6	484.0	435.1	—	919.1
Contractual payments falling due between one and five years								
Bond liabilities*	—	—	154.0	154.0	—	—	154.0	154.0
Finance lease creditor	—	—	0.1	0.1	—	—	0.1	0.1
Other creditors	—	—	1.8	1.8	—	—	1.8	1.8
Contractual payments	—	—	155.9	155.9	—	—	155.9	155.9
Grant liability	—	—	813.3	813.3	—	—	796.4	796.4
	—	—	969.2	969.2	—	—	952.3	952.3
Contractual payments falling due after five years								
Bond liabilities*	—	—	1,399.1	1,399.1	—	—	1,437.6	1,437.6
Derivative financial instrument liabilities	—	—	15.4	15.4	—	—	—	—
Other creditors	—	—	0.7	0.7	—	—	0.7	0.7
Contractual payments	—	—	1,415.2	1,415.2	—	—	1,438.3	1,438.3
Grant liability	—	—	40.0	40.0	—	—	46.7	46.7
	—	—	1,455.2	1,455.2	—	—	1,485.0	1,485.0
Total	430.7	456.9	2,424.4	3,312.0	484.0	435.1	2,437.3	3,356.4

*2010 figures are restated to include contractual interest payable on bonds.

The grant liability is non-contractual and the expected maturity of this liability is based on historic payment profiles.

23. Financial risk management (continued)

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

From 1 October 2009, the Group measured returns and monitored portfolio risks in a 50/50 blend of Sterling and US Dollars and monitored Sterling and US Dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of risk metrics to monitor exposure to market risk. These include forecast value at risk (VAR), equity market beta and Sterling and US Dollar currency exposure. The VAR measures the worst expected loss under normal market conditions over a specific time interval at a given confidence level. The one year 95% VAR was 16.3% as at 30 September 2011 (2010: 15.9%). Equity market beta provides an estimation of how returns from the portfolio are expected to move in relation to returns from global equity markets. In September 2011, overall equity beta was 0.74 (2010: 0.74). A beta of 0.5 suggests that, for each 10% rise (or fall) in global equity markets, the portfolio would be expected to rise (or fall) by 5% in value.

Monitoring Sterling and US Dollar currency exposure, after the inclusion of the impact of currency hedges, provides an understanding of the degree to which the portfolio is exposed to currencies other than the benchmark of 50/50 blend of Sterling and US Dollar benchmark.

VAR levels above a desired threshold and/or equity market betas outside a desired range and/or Sterling and US Dollar currency exposure below a desired minimum are highlighted for discussion and review to the Investment Committee and the Board of Governors on a timely basis.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a key risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Governors and senior management monitor cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2011 £m	2010 £m
Quoted investments	**5,894.3**	6,306.8
Unquoted investments	**7,283.0**	6,746.2
Investment properties	**835.0**	738.8
Derivative financial instrument asset positions	**17.4**	15.3
Assets exposed to risk	**14,029.7**	13,807.1
Derivative financial instrument liability positions	**5.0**	2.3
Liabilities exposed to risk	**5.0**	2.3

Concentration of exposure to other price risk

An analysis of the Group's investment portfolio is shown in note 15(a). This shows that the majority of the investment value is in overseas companies in both quoted and unquoted investments. There is a high level of diversification by market including emerging markets within the long only equity portfolio as it is the Group's policy to have no constraint on non-UK equity exposure. It is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country. Derivative financial instruments exposed to price risk comprises the Group's options, warrants and futures.

The Investment Committee monitors the price risk inherent in the investment portfolios by ensuring full and timely access to relevant information from the investment managers. The Board of Governors reviews the price risk quarterly. The Board and the Investment Committee meet regularly and at each meeting review investment performance. The Board takes overall responsibility for investment strategy and asset allocation, particularly across regions and asset classes.

23. Financial risk management (continued)

(c) Market risk – price, currency and interest rate risks (continued)

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is Sterling. However, the Group has investment assets denominated in currencies other than Sterling and is impacted by fluctuations in foreign currency exchange rates.

The Group has no significant financial liabilities denominated in currencies other than Sterling. However, the Group has outstanding commitments for private equity funds and property funds of $1,871.9 million and €384.6 million as at 30 September 2011 (2010: $1,991.4 million and €520.3 million).

Currency risk exposure

As at 30 September 2011, 69.8% (2010: 67%) of the Group's investment assets were non-Sterling denominated, after including the impact of the currency overlay.

The following table details the asset value exposed to currency risk as at 30 September:

Currency	Value as at 30 September 2011 (currency, m)	Value as at 30 September 2011 £m	Value as at 30 September 2010 (currency, m)	Value as at 30 September 2010 £m
Traded investments assets				
US Dollar	$12,369.4	7,940.3	$12,475.0	7,916.6
Euro	€1,690.5	1,456.1	€1,544.0	1,337.7
Japanese Yen	¥37,105.7	309.0	¥39,917.4	303.2
Other		1,789.8		1,518.2
Other investment debtors balances				
US Dollar	$231.1	148.4	$358.8	227.7
Euro	€45.0	38.8	€27.1	23.5
Japanese Yen	¥3,035.7	25.3	¥2,697.0	20.5
Other		111.0		270.7
Other investment creditors balances				
US Dollar	($9.2)	(5.9)	($13.7)	(8.7)
Euro	(€1.1)	(1.0)	(€5.8)	(5.0)
Japanese Yen	(¥328.9)	(2.7)	(¥712.9)	(5.4)
Other		(14.1)		(43.9)
Forward currency contracts				
US Dollar	($1,280.8)	(822.3)	($1,356.0)	(861.1)
Euro	(€1,629.8)	(1,404.0)	(€1,487.4)	(1,288.6)
Japanese Yen	(¥36,784.5)	(306.2)	(¥39,628.5)	(301.3)
Other		516.5		237.6
Total exposed to currency risk		9,779.0		9,341.7

	Impact on gain/loss for the financial year 2011 £m	Impact on gain/loss for the financial year 2010 £m
10% US Dollar appreciation	726.0	727.5
10% Euro appreciation	9.0	6.8
10% Japanese Yen appreciation	2.5	1.7

A 10% depreciation in currencies would have an equal but opposite impact.

23. Financial risk management (continued)

(c) Market risk – price, currency and interest rate risks (continued)

(ii) Currency risk (continued)

Risk management policies and procedures

From 1 October 2009 the Group measured returns and monitored portfolio risks in a 50/50 blend of Sterling and US Dollars. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The investment managers monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis. The Risk Manager measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's net asset value of a movement in the key rates of exchange to which the Group's assets and income are exposed.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives. The Board of Governors have agreed that a currency hedging overlay can be used for the Group's exposure to assets in any currency in which forwards and futures contracts are available for use, given an assessment of costs and liquidity.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for variable rate assets or liabilities).

Interest rate exposure

The following table details the values of interest bearing securities and liabilities exposed to interest rate risk as at 30 September:

	2011		2010	
Interest bearing financial assets and liabilities	**Weighted average interest rate**	**Value as at 30 September £m**	Weighted average interest rate	Value as at 30 September £m
Interest bearing assets				
Maturing within one year				
Fixed rate	**n/a**	**—**	4.250%	33.0
Floating rate	**n/a**	**31.0**	n/a	—
Maturing between two and five years				
Fixed rate	**n/a**	**—**	n/a	—
Floating rate	**n/a**	**—**	n/a	—
Maturing after five years				
Fixed rate	**n/a**	**—**	n/a	—
Floating rate	**n/a**	**—**	n/a	—
Total interest bearing assets		**31.0**		33.0
Interest bearing liabilities				
Maturing after five years				
Fixed rate – Bond liabilities	**4.667%**	**(820.1)**	4.667%	(819.6)
Floating rate – finance lease creditor	**n/a**	**(0.1)**	n/a	(0.2)
Total interest bearing liabilities		**(820.2)**		(819.8)

In addition to the interest bearing securities detailed in the table above, the Group holds investment cash and certificates of deposit of £445.9 million (2010: £916.5 million) and term deposits and cash of £34.1 million (2010: £26.8 million). These assets are interest bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

The bond liabilities value detailed in the table above is the book value; the fair value of this liability is detailed in note 24.

23. Financial risk management (continued)

(c) Market risk – price, currency and interest rate risks (continued)

(iii) Interest rate risk (continued)

Interest rate sensitivity

The fair value of the investment assets will reduce by 0.1% if the interest rate falls by 50 basis points and will increase by 0.1% if the interest rate increased by 50 basis points. A 0.1% change is equivalent to a £14.0 million variance in the fair value of investment assets. This level of change is considered to be reasonable based on the observation of current market conditions. The sensitivity analysis is based on the Group's monetary financial instruments held at each balance sheet date, with all other variables held constant.

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

24. Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report Figure 6 is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Fair value measurements using the FRS 29 fair value hierarchies

Assets at fair value as at 30 September 2011

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Quoted investments	5,894.3	—	—	5,894.3
Unquoted investments	—	2,504.5	4,778.5	7,283.0
Derivative financial instruments asset positions	4.7	48.5	12.7	65.9
Programme related investments	—	—	5.8	5.8
	5,899.0	2,553.0	4,797.0	13,249.0

24. Fair value of financial assets and liabilities (continued)

Liabilities at fair value as at 30 September 2011

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments liabilities	5.0	80.8	—	85.7
	5.0	80.8	—	85.7

A reconciliation of the opening and closing balances for assets measured at fair value using unobservable inputs (Level 3) is detailed in the table below:

	Fair value 1 October 2010 £m	Purchases/ (sales proceeds) £m	Total gains/ (losses) £m	Transfers into Level 3 £m	Transfers out of Level 3 £m	Fair value 30 September 2011 £m
Level 3 assets	3,979.6	169.5	647.9	—	—	4,797.0

Unquoted investments include investments in hedge funds, private equity funds and property funds. The Group categorises these fund investments based on the fair values obtained for the underlying assets and liabilities of these funds. Transfers in/out of Level 3 occur when the classification of the underlying assets and liabilities of these funds changes during the reporting period.

Derivative financial instruments comprise:

- sold option liability position which are exchange traded options valued at current price and therefore meet the criteria of Level 1;
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2; and
- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3.

The Group values its private equity and property funds at the most recent valuation from the fund manager, which is usually the net asset value of the fund. The private equity and property funds do not apply standard valuation assumptions and therefore there are no assumptions supporting the Level 3 fair values, which, if changed to a reasonably possible alternative assumption, would significantly impact the fair value of Level 3 assets.

Reference and Administrative Details
for the year ended 30 September 2011

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Professor Dame Kay Davies, CBE, FRS, FMedSci
Mr Peter Davies
Professor Christopher Fairburn, DM, FRCPsych, FMedSci (to 31 December 2011)
Professor Michael Ferguson, CBE, FRS, FRSE, FMedSci (from 1 January 2012)
Professor Richard Hynes, PhD, FRS
Professor Anne Johnson, MD, FRCP, FFPH, FRCGP, FMedSci (from 1 January 2011)
Mr Roderick Kent, MA, MBA
Baroness Manningham-Buller, DCB
Professor Peter Smith, CBE, DSc, HonMFPH, FMedSci

Company Secretary
Mr John Stewart

Executive Board
Sir Mark Walport, PhD, FRCP, FRS, FMedSci (Director)
Dr Ted Bianco, PhD (Director of Technology Transfer)
Mr John Cooper (Chief Operating Officer, The Francis Crick Institute)
Mr Simon Jeffreys (Chief Operating Officer)
Dr David Lynn, PhD (Head of Strategic Planning and Policy)
Ms Clare Matterson (Director of Medical Humanities and Engagement)
Dr Kevin Moses, MA, PhD (Director of Science Funding from 4 July 2011)
Dr Alan Schafer, PhD (Director of Science Funding to 5 November 2010)
Mr John Stewart (Head of Legal)
Mr Danny Truell (Chief Investment Officer)

Audit Committee
Mr Roderick Kent (Chairman)
Mr Tim Clark (from 1 May 2011)
Mr Philip Johnson
Baroness Manningham-Buller

Remuneration Committee
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Professor Richard Hynes (remuneration of the Chairman and the Deputy Chairman only)
Mr Roderick Kent
Baroness Manningham-Buller
Professor Peter Rigby

Investment Committee
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Mr Tim Church
Mr Peter Davies
Mrs Sarah Fromson
Mr Simon Jeffreys
Mr Roderick Kent
Mr Naguib Kheraj
Mr David Mayhew
Mr Nicholas Moakes
Mr Stewart Newton
Mr Peter Pereira Gray
Professor Peter Rigby (from 1 July 2011)
Mr Danny Truell
Sir Mark Walport

Nominations Committee
Sir William Castell (Chairman)
Professor Richard Hynes
Baroness Manningham-Buller
Professor Peter Rigby

Strategic Awards Committee
Professor Peter Rigby (Chairman)
Sir William Castell
Professor Kay Davies
Professor Christopher Fairburn (to 31 December 2011)
Professor Mark Ferguson (from 1 January 2012)
Professor Richard Hynes
Professor Anne Johnson (from 1 January 2011)
Mr Roderick Kent
Baroness Manningham-Buller
Professor Peter Smith
Sir Mark Walport
Dr Ted Bianco
Ms Clare Matterson
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Dr Alan Schafer (to 5 November 2010)

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RLYJ-UJHU-EKHJ
Slough SL3 0EN

T +44 (0)20 7611 8651
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ISBN 978 1 84129 088 1

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FI-5218/2K/01-2012/MC