

# Wellcome Trust Finance plc Annual Report and Financial Statements

Year ended 30 September 2010

Company number: 5857955



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# The Directors of Wellcome Trust Finance plc present their report and the audited Financial Statements for the year ended 30 September 2010.

## Activities

The principal activity of Wellcome Trust Finance plc (the "Company") is to issue and invest in financial instruments e.g. shares, bonds, debentures, loans, certificates of deposit and other financial obligations.

## Review of the business

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

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

## Results for the year

The Company made a profit of £nil (2009: £nil) during the year ended 30 September 2010, after recognising a Gift Aid donation of £6,559,405 (2009: £6,494,914) to the Wellcome Trust, a charity registered in England and Wales under the UK Charities Act 1993 (as amended by the Charities Act 2006) (registered charity number 210183). As at 30 September 2010 the Company had net assets of £137,500,000 (2009: £137,500,000). The Directors do not propose the payment of a dividend (2009: £nil).

## Political and charitable donations

The Company made no political donations during the year (2009: £nil). The Company made charitable donations of £6,559,405 (2009: £6,494,914) to the Wellcome Trust under Gift Aid.

## Financial risk management

The Directors of the Company implement policies to manage the inherent risks relating to the financial assets and liabilities of the Company; however, the Company does not undertake any hedging transactions.

The Directors have assessed for each financial asset and liability: the market risk, interest rate risk, liquidity risk, and credit risk exposure. The Company is not exposed to significant market risk or interest rate risk because the Company's main financial assets and liabilities have fixed redemption values, fixed interest rates and fixed maturity dates. The liquidity risk of the Company is mitigated by the matching of the cash flows from the Company's financial assets and liabilities. Credit risk exposure of the Company's loans is reduced by the Company only advancing loans to entities within the Group. Credit risk exposure of the Company's remaining financial assets is reduced by stringent selection procedures for any external counter parties with which the Company transacts.

## Key performance indicators

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

### **Environment**

Due to the nature of its activities the Company has a minimal environmental impact.

### **Employees**

There are no employees of the Company.

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

### **Corporate governance**

The Company is limited by shares. Its governing documents are its Memorandum of Association and its Articles of Association. The shareholders of the Company are: The Wellcome Trust Limited, as trustee of the Wellcome Trust, and Wellcome Trust Nominees Limited, as nominee for the Wellcome Trust.

The Company is considered to be a wholly owned subsidiary of The Wellcome Trust Limited, as trustee of the Wellcome Trust. The Company is not subject to the requirements of the Combined Code because it does not have any equity shares listed on the London Stock Exchange. A statement on corporate governance policies of the Group and the report of the Audit, Nominations and Remuneration Committees of the Wellcome Trust are included in the Wellcome Trust's *Annual Report and Financial Statements* for the year ended 30 September 2010.

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

### **Internal control and risk management**

The Company's internal control and risk management is undertaken as part of the Wellcome Trust's processes. The key elements of this specifically applicable to the Company are:

- Delegation: there is a clear organisational structure with documented lines of authority and responsibility for control and documented procedures for reporting decisions, actions and issues.
- Review: the Audit Committee reviews the effectiveness of the Company's internal control, its financial reporting process, the independence of its statutory auditor and its compliance with relevant statutory and finance regulations, and advises the Directors of any relevant matters. The Audit Committee members are listed on page 16.

### **Creditor payment terms**

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

### **Directors and their interests**

The Directors of the Company who served during the year and to the date of this report are set out below:

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

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

## Directors' Report (continued)

For the year ended 30 September 2010

### Directors indemnity policy

There are no qualifying indemnity provisions (as defined in the Companies Act 2006) that benefit the Directors of the Company.

### Statement of Directors' responsibilities

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

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

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

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

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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

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

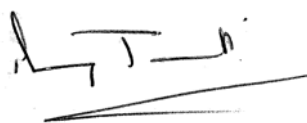
### Statement of disclosure of information to auditors

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

### Auditors

A resolution was passed by the Board of Directors on 14 December 2010 appointing PricewaterhouseCoopers LLP as auditor until such time as the Company decides otherwise.

This report was approved by the Board of Directors and signed on its behalf on 14 December 2010 by:



Mr Daniel Truell  
Director

# Independent Auditors' Report

For the year ended 30 September 2010

## Independent Auditors' Report to the members of Wellcome Trust Finance plc

We have audited the Financial Statements of Wellcome Trust Finance plc for the year ended 30 September 2010 which comprise the Profit and Loss Account, the Balance Sheet, the 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 Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements.

### Opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

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



Clare Thompson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 December 2010

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

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

## Profit and Loss Account

For the year ended 30 September 2010

	Note	Year ended 30 September 2010 £	Year ended 30 September 2009* £
Turnover	2	45,594,967	36,767,632
Cost of sales		(38,972,088)	(30,184,080)
<b>Gross profit</b>		<b>6,622,879</b>	<b>6,583,552</b>
Administrative expenses	3	(63,474)	(88,638)
<b>Operating profit</b>		<b>6,559,405</b>	<b>6,494,914</b>
Gift Aid donation		(6,559,405)	(6,494,914)
<b>Profit on ordinary activities before taxation</b>		<b>–</b>	<b>–</b>
Taxation on ordinary activities	6	–	–
<b>Profit on ordinary activities after taxation</b>		<b>–</b>	<b>–</b>

All income is derived from continuing activities.

The Company has no other gains or losses other than the results for the financial year as set out above, and therefore no separate statement of recognised gains and losses has been presented.

\* Interest payable was reclassified as cost of sales within the Profit and Loss Account to better reflect the operations of the Company.

The notes on pages 9 to 15 form part of these Financial Statements.

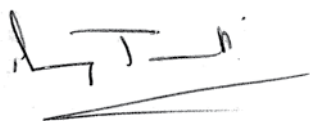


# Balance Sheet

As at 30 September 2010

	Note	As at 30 September 2010 £	As at 30 September 2009 £
<b>Fixed assets</b>			
Investment in subsidiaries	7	1	1
Loans to Group undertakings	8	270,780,921	270,400,000
<b>Current assets</b>			
Loans to Group undertakings	8	676,000,000	676,000,000
Amounts due from Group undertakings		1,351,821	1,646,734
Accrued interest on loans		9,387,671	9,483,625
Prepayments		37,929	36,704
Cash at bank and in hand		105,575	9,272
<b>Creditors: amounts falling due within one year</b>	9	(9,746,779)	(10,131,285)
<b>Net current assets</b>		<b>677,136,217</b>	<b>677,045,050</b>
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(810,417,139)</b>	<b>(809,945,051)</b>
<b>Net assets</b>		<b>137,500,000</b>	<b>137,500,000</b>
<b>Capital reserves</b>			
Called up share capital	11	137,500,000	137,500,000
Profit and loss account		–	–
<b>Total shareholders' funds</b>		<b>137,500,000</b>	<b>137,500,000</b>

The Financial Statements on pages 6 to 15 were approved by the Board of Directors on 14 December 2010 and signed on its behalf by:



Mr Daniel Truell  
Director

# Cash Flow Statement

For the year ended 30 September 2010

	Year ended 30 September 2010	Year ended 30 September 2009*
	£	£
<b>Net cash inflow from operating activities</b>	6,931,216	6,022,487
<b>Financial investments</b>		
Issue of loan to Group undertakings	–	(270,400,000)
<b>Financing</b>		
Issue of corporate Bonds	–	270,376,363
<b>Gift Aid donations paid</b>	(6,834,913)	(5,999,049)
<b>Net increase/(decrease) in cash</b>	<b>96,303</b>	<b>(200)</b>
<b>Cash at beginning of year</b>	<b>9,272</b>	<b>9,472</b>
<b>Cash at end of year</b>	<b>105,575</b>	<b>9,272</b>
<b>Reconciliation of operating profit to net cash flow from operating profit</b>		
Operating profit	6,559,405	6,494,914
(Increase) in loans to Group undertakings	(380,921)	–
Increase in Bond liabilities	472,088	4,746,580
Decrease/(increase) in prepayments and accrued income	94,729	(4,618,757)
(Decrease)/increase in accruals and deferred income	(21,867)	7,677
Increase/(decrease) in amounts owed to Group undertakings	207,782	(607,926)
<b>Net cash inflow from operating activities</b>	<b>6,931,216</b>	<b>6,022,487</b>
<b>Reconciliation to net debt</b>		
Net debt at 1 October	819,148,278	544,025,136
(Increase)/decrease in cash	(96,303)	200
Issue of corporate Bonds	–	270,376,363
Non cash changes – increase in accrued Bond interest	472,088	4,746,581
<b>Net debt at 30 September</b>	<b>819,524,064</b>	<b>819,148,278</b>

\* Interest payable was reclassified as cost of sales within the Profit and Loss Account to better reflect the operations of the Company.

# Notes to the Financial Statements

For the year ended 30 September 2010

## I. Accounting policies

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

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

- FRS 23: The effects of changes in foreign exchange rates;
- FRS 25: Financial instruments presentation;
- FRS 26: Financial instruments measurement; and
- FRS 29: Financial instruments disclosures, including the amendment issued by the Accounting Standards Board May 2009.

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

Accounting policies have been reviewed in accordance with FRS 18 Accounting Policies.

### (b) Turnover

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

### (c) Cost of sales

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

### (d) Gift Aid donation

Gift Aid donation recognised is equal to estimated taxable profits of the Company at the time of the approval of the Financial Statements. The Gift Aid paid within nine months of the balance sheet date is equal to the estimated taxable profits of the Company at time of payment.

Any difference between the Gift Aid donation accrued and the Gift Aid donation paid is recognised at the time of payment.

### (e) Loans to Group undertakings

The loans to Group undertakings are to Wellcome Trust Investment Limited Partnership and the Wellcome Trust, with fixed redemption value and fixed interest payments. The loans are not quoted in an active market. The loans were recognised initially at fair value and after initial recognition are measured at amortised cost using the effective interest method.

### (f) Bond liabilities

The Bond liabilities relate to the 30-year corporate bonds issued by the Company in July 2006 and the 12-year corporate bonds issued by the Company in May 2009, listed on the London Stock Exchange (the "Bonds"). The initial measurement of the liability is equal to the proceeds of issue less all transaction costs directly attributable to the issue for each Bond. After initial recognition the liability is measured at amortised cost using the effective interest method. The fair value of the Bond liabilities disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Company is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and Profit and Loss Account.

### (g) Foreign currencies

Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary assets and liabilities and balances carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All realised and unrealised profits and losses arising on exchange are included in net profit or loss for the period.

## Notes to the Financial Statements (continued)

For the year ended 30 September 2010

### 2. Turnover

	Year ended 30 September 2010	Year ended 30 September 2009
	£	£
Interest receivable on Loans to Group undertakings	45,594,967	36,726,501
Interest receivable on cash deposits	–	41,131
	<b>45,594,967</b>	<b>36,767,632</b>

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

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

### 3. Administrative expenses

	Year ended 30 September 2010	Year ended 30 September 2009
	£	£
Legal fees	(205)	15,709
Taxation advice	–	2,990
Auditors’ remuneration	7,873	9,545
UK Listing Authority fees	(2,900)	–
Rating agency fees	57,921	54,915
Other	785	5,479
	<b>63,474</b>	<b>88,638</b>

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

### 4. Employee information

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

### 5. Remuneration of Directors

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

### 6. Taxation

The profits of the Company for the year will be paid under Gift Aid to the Wellcome Trust, a charity registered in England and Wales under the UK Charities Act 1993 (as amended by the Charities Act 2006) (registered charity number 210183). There is no difference between accounting and taxable profits, so there is no provision required for deferred tax.

## 7. Investments in subsidiaries

The Company has an investment in a subsidiary, Wellcome Trust Finance No. 2 Limited. The subsidiary has remained dormant during the year and has net assets of £1 (comprising the unpaid share capital debtor) as at 30 September 2010.

The Company has not prepared consolidated financial statements because the subsidiary is not material, and so meets the exemption requirements of FRS 2 Accounting for Subsidiary Undertakings.

## 8. Loans to Group undertakings

	Principal amount £	Interest rate per annum %	Loan anniversary date	Amortised cost year ended 30 September 2010 £	Amortised cost year ended 30 September 2009 £
Loan A	550,000,000	4.75	25 July	550,000,000	550,000,000
Loan B	126,000,000	4.75	25 September	126,000,000	126,000,000
Loan (new bond)	275,000,000	4.80	28 May	270,780,921	270,400,000
				<b>946,780,921</b>	<b>946,400,000</b>

Loans to Group undertakings are loans (the “Loans”) to Wellcome Trust Investment Limited Partnership (Loan A and Loan B) and the Wellcome Trust (Loan (new bond)). The principal under Loan A and Loan B is repayable on demand by the Company and the principal under Loan (new bond) is repayable on agreement between the Company and the Wellcome Trust, but the Loans are expected to be outstanding for 26 years (Loan A and Loan B) and 11 years (Loan (new bond)). Each Loan has a fixed redemption value equal to the principal amount and a fixed interest rate.

## 9. Creditors

	Year ended 30 September 2010 £	Year ended 30 September 2009 £
Accruals and deferred income	14,873	36,740
Amounts due to Group undertakings	1	87,132
Gift Aid due to the Wellcome Trust	519,405	794,913
Accrued interest on Bond liabilities	9,212,500	9,212,500
<b>Total creditors: amounts falling due within one year</b>	<b>9,746,779</b>	<b>10,131,285</b>
<b>Falling due between one and five years</b>	<b>–</b>	<b>–</b>
Bond liabilities	810,417,139	809,945,051
<b>Falling due after five years</b>	<b>810,417,139</b>	<b>809,945,051</b>
<b>Total creditors: amounts falling due after one year</b>	<b>810,417,139</b>	<b>809,945,051</b>

## Notes to the Financial Statements (continued)

For the year ended 30 September 2010

### 9. Creditors (continued)

The Bond liabilities are stated at the amortised cost using the effective interest method for the £550 million 4.625% Guaranteed Bonds due July 2036 (“£550 million Bonds”), issued by the Company on 25 July 2006, and the £275 million 4.750% Guaranteed Bonds due May 2021 (“£275 million Bonds”), issued by the Company on 28 May 2009. The Bond liabilities falling due within one year are the unpaid coupon interest accrued for the year to 30 September 2010 for each Bond. The interest payment to the Bond holders is at a fixed rate of 4.625% per annum (£550 million Bonds) and 4.750% per annum (£275 million Bonds), and is paid in arrears on 25 July or 28 May respectively each year until repayment of the Bond principals. No amounts fall due between one and five years because the remainder of the Bond liabilities at the balance sheet date is the amortised cost of the amount due to be repaid upon expiry of the 30-year term on 25 July 2036 (£550 million Bonds) or upon the expiry of the 12-year term on 28 May 2021 (£275 million Bonds) and therefore falls due after five years.

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

### 10. Reconciliation of movement in shareholders’ funds

	Year ended 30 September 2010 £	Year ended 30 September 2009 £
As at 1 October	137,500,000	137,500,000
As at 30 September	137,500,000	137,500,000

### 11. Share capital

	Number	Year ended 30 September 2010 £	Year ended 30 September 2009 £
Authorised ordinary shares of £1 each	137,500,000	137,500,000	137,500,000
Issued and fully paid ordinary shares of £1 each	137,500,000	137,500,000	137,500,000

## 12. Related party transactions

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

## 13. Financial instruments

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

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

The financial instruments issued by, or held by, the Company are at fixed interest rates and therefore do not have any related interest rate risk.

The key risks relating to the financial instruments held by the Company are the credit risk and liquidity risk of the counter parties Wellcome Trust Investment Limited Partnership and the Wellcome Trust in relation to the Loans to Group undertakings. These risks are in respect of the Wellcome Trust Investment Limited Partnership's and the Wellcome Trust's ability to meet the interest and principal payments as they fall due. The total value exposed to credit risk as at 30 September 2010 is £957.6 million (2009: £957.5 million), which comprises the value of the Loans to Group undertakings, amounts due from Group undertakings, accrued interest on loans and cash at bank and in hand.

## Notes to the Financial Statements (continued)

For the year ended 30 September 2010

### 13. Financial instruments (continued)

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

#### Contractual payments falling due within one year

	Year ended 30 September 2010			Year ended 30 September 2009		
	Three months or less	Between three months and one year	Total	Three months or less	Between three months and one year	Total
	£	£	£	£	£	£
Accruals and deferred income	14,873	–	14,873	36,740	–	36,740
Amounts due to Group undertakings	1	–	1	87,132	–	87,132
Gift Aid due to the Wellcome Trust	–	519,405	519,405	–	794,913	794,913
Accrued interest on Bond liabilities	–	9,212,500	9,212,500	–	9,212,500	9,212,500
<b>Contractual payments falling due within one year</b>	<b>14,874</b>	<b>9,731,905</b>	<b>9,746,779</b>	<b>123,872</b>	<b>10,007,413</b>	<b>10,131,285</b>

#### Contractual payments falling due after one year

	Year ended 30 September 2010			Year ended 30 September 2009		
	Between two and five years	After five years	Total	Between two and five years	After five years	Total
	£	£	£	£	£	£
Bond liabilities	–	810,417,139	810,417,139	–	809,945,051	809,945,051
<b>Contractual payments falling due after one year</b>	<b>–</b>	<b>810,417,139</b>	<b>810,417,139</b>	<b>–</b>	<b>809,945,051</b>	<b>809,945,051</b>



### Fair value of financial assets and financial liabilities

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

	Fair value year ended 30 September 2010 £	Book value year ended 30 September 2010 £
<b>Financial assets</b>		
Loans to Group undertakings	976,609,630	946,780,921
Amounts due from Group undertakings	1,351,821	1,351,821
Accrued interest	9,387,671	9,387,671
Investment in subsidiaries	1	1
Cash at bank and in hand	105,575	105,575
<b>Financial liabilities</b>		
Accrued interest on Bond liabilities	(9,212,500)	(9,212,500)
Bond liabilities	(850,286,500)	(810,417,139)

The fair value of the Bond liabilities as at 30 September 2010 was £850.3 million (2009: £813.2 million) and is based on the market value of the Bonds at that date. The fair value of the Loans to Group undertakings as at 30 September 2010 was £976.6 million (2009: £924.7 million); this is calculated using a valuation model for which the key input is the market value of the Bonds, instruments that are substantially the same as the Loans in term, interest rate and magnitude. The book value of cash at bank and in hand represents its fair value.

## 14. Commitments

The Company has no outstanding commitments at 30 September 2010.

## 15. Ultimate parent undertaking and controlling party

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

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

Copies of the Wellcome Trust *Annual Report and Financial Statements 2010* are available from the Trust's website ([www.wellcome.ac.uk](http://www.wellcome.ac.uk)) or, without charge, from:

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

# Administrative Details

For the year ended 30 September 2010

## Directors

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

## Company Secretary

Mr John Stewart

## Audit Committee

Mr Edward Walker-Arnott (*Chairman to 30 September 2010*)  
Mr Roderick Kent (*Chairman from 1 October 2010*)  
Mr Philip Johnson  
Mr Simon Leathes (*resigned 31 December 2009*)  
Baroness Manningham-Buller  
Professor Peter Smith  
Mr Nicholas Temple (*resigned 31 December 2009*)

## Registered company number

5857955

## Registered office

215 Euston Road  
London  
NW1 2BE

## Auditors

PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hays Lane  
London  
SE1 2RD

## Bankers

HSBC Bank plc  
31 Holborn Circus  
Holborn  
London  
EC1N 2HR



