ANNUAL REPORT AND FINANCIAL STATEMENTS

2009

wellcome trust

A charity registered in England, no. 210183.

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CHAIRMAN'S STATEMENT

In February 2009 I had the great privilege of spending time with colleagues at our Major Overseas Programme in Vietnam. Based in the Hospital for Tropical Diseases, Ho Chi Minh City, researchers are improving our understanding of many of the world's deadliest diseases, including malaria, dengue, typhoid, tetanus and tuberculosis. It is a sobering experience to witness first hand the debilitating effects of diseases that we do not see in our day to day lives. In the clinical wards we visited, the important and integral role that research plays in improving patient care and quality of life for so many individuals and their families is abundantly clear.

Funding: people and partnerships

We are very proud of our overseas programmes, they exemplify key features of how the Wellcome Trust works – focusing on talented individuals and taking a very long-term view. Our investment in South-east Asia over the last 30 years has allowed a network of research units to flourish, improving diagnosis and treatment of infectious diseases and building vital capacity for research and training across the region. The world class excellence of the researchers whom we support in South-east Asia was confirmed by external peer review this year and we awarded the programme £49 million in core support for 2010–2015.

Partnership and collaboration are increasingly important to how we achieve our mission. We formed a particularly exciting partnership this year with Merck & Co., Inc. to create the MSD-Wellcome Trust Hilleman Laboratories, which will be based in India. This £90 million initiative, funded in equal measure by the Wellcome Trust and Merck & Co., Inc. will produce a new generation of affordable vaccines to reduce the burden of infectious diseases in low-income countries. It is the first time that a research charity and a pharmaceutical company have partnered to form a not-for-profit venture with equally shared funding and decision-making rights. By working in partnership, the Wellcome Trust and Merck & Co., Inc. seek to achieve what neither can do alone.

Another partnership that is starting to bear fruit is Project Enthuse. This partnership between the private sector, the Government and the Wellcome Trust aims, through making high quality professional development accessible for science teachers and technicians, to upgrade the content and quality of science teaching in UK primary and secondary schools. Project Enthuse was launched in 2008 and provides generous bursaries which support attendance at the in-depth residential courses run at the National Science Learning Centre in York. In its first year Project Enthuse has supported over 6,500 training days directly benefiting over 2,000 teachers. The vast majority of those attending the continuing professional development courses at the Centre have indicated the experience had a significant positive impact on themselves, their school or their pupils, and many say they have developed new skills in teaching methods.

Expenditure and investments

The many exciting projects outlined in our Trustee's Report would not be possible without the privilege of Henry Wellcome's endowment. Our investment asset base at the end of the year was £13.0 billion, enabling us to spend £720 million in support of our mission.

The objective of our investment portfolio strategy is to protect ourselves in difficult markets and to grow our real spending power in more conducive conditions. Broad global diversification, our timely use of economic hedges, our careful selection of external managers and our direct acquisition of distressed assets in troubled markets have enabled us to achieve these aims.

In 2008/09 we achieved a positive return of £580 million (4.7%). Over three years, we have returned £1.25 billion (9.2%) and, over five years, we have returned £5.5 billion (52%). Our liquidity position remains strong and we have enjoyed positive returns over five years in all asset classes discussed in the Trustee's Report, and positive returns in all, except Property and infrastructure, over three years.

Between September 2008 and April 2009, we invested over £1.2 billion into a directly-owned basket of 32 global stocks each with a market capitalisation above $50 billion. Through the year, we continued to increase our direct holdings in private companies. Direct ownership is expected to continue to increase in the year ahead.

The Wellcome Trust has the advantage of a very long investment horizon and the ability to withstand short-term volatility. We have also invested in an excellent Investment team and solid governance structure, both of which have served us well and will continue to evolve as we continue to take advantage of long-term investment opportunities created by economic and financial stress.

Governance

In September 2009 we were delighted to appoint Peter Davies as a new Governor. Peter is currently a senior partner at Lansdowne Partners and he has been a member of our Investment Committee since 2007.

Future challenges

Our agenda for the coming year is exciting and full of new possibilities. In March we will launch our next *Strategic Plan* outlining how we hope to make a difference over the next ten years. Our evolving agenda will increase our focus on supporting the best people with the brightest ideas across the diverse breadth of our activities. We will continue to increase our focus on global issues, clinical and translational research and catalyse and build partnerships wherever appropriate, to tackle the many important challenges that exist to improve health and prevent and treat disease.

Finally, I would like to congratulate Mark Walport, the Director of the Wellcome Trust, who was awarded a Knighthood this year for services to medical research and I will end by thanking the dedicated staff of the Wellcome Trust for their continuing commitment and hard work.

Bill Castell

Sir William Castell
15 December 2009

TRUSTEE'S REPORT
for the year ended 30 September 2009

Objects, Mission and Aims

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

- 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:
  - (a) research into any of the biosciences; and
  - (b) 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; and
- To advance and promote knowledge and education by engaging in, encouraging and supporting:
  - (a) research into the history of any of the biosciences; and
  - (b) the study and understanding of any of the biosciences or the history of any of the biosciences.

The Trust's *Strategic Plan* for 2005–2010, *Making a Difference*, sets out the context and direction for the Wellcome Trust to achieve its overall mission to "foster and promote research with the aim of improving human and animal health" during this period. The Trust has six aims:

- Advancing knowledge: To support research to increase understanding of health and disease, and its societal context.
- Using knowledge: To support the development and use of knowledge to create health benefit.
- Engaging society: To engage with society to foster an informed climate within which biomedical research can flourish.
- Developing people: To foster a research community and individual researchers who can contribute to the advancement and use of knowledge.
- Facilitating research: To promote the best conditions for research and the use of knowledge.
- Developing our organisation: To use our resources efficiently and effectively.

Financial Summary

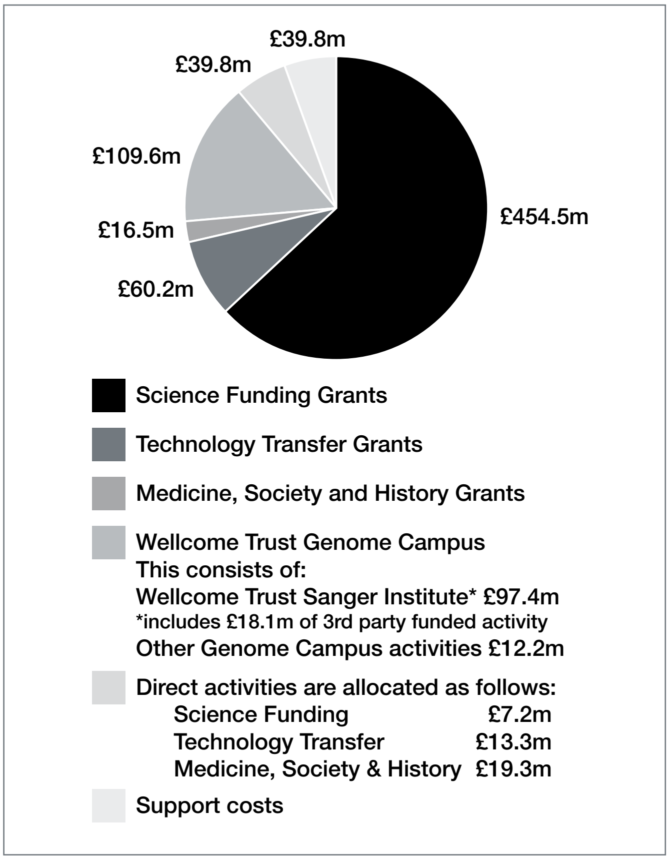
	2009 £m	2008 £m
Statement of Financial Activities		
Investment activities		
Total return/(loss) from investment activities	705	(1,539)
Costs of investment activities		
Management fees and other costs	(46)	(59)
Interest payable on Bond liabilities	(30)	(26)
Interest payable on finance leases	(1)	(2)
Net return/(loss) on investments	**628**	**(1,626)**
Charitable activities		
Charitable income	18	14
Other income	9	9
	27	**23**
Charitable resources expended		
Grants	(531)	(525)
Direct	(149)	(133)
Allocated support	(40)	(44)
	(720)	**(702)**
Net charitable activities	**(693)**	**(679)**
Other activities		
Governance	(2)	(2)
Gain on variation of finance leases	7	–
Actuarial loss on pension schemes	(23)	(26)
Net other activities	**(18)**	**(28)**
Net movement in fund	**(83)**	**(2,333)**
Summary of net assets		
Investment		
Investment assets	13,984	14,045
Investment liabilities	(110)	(467)
Bond liabilities	(819)	(544)
Net investment assets	**13,055**	**13,034**
Net investment portfolio assets per figure 6	13,031	13,074
Other items*	24	(40)
	13,055	**13,034**
Charitable		
Tangible fixed assets	414	424
Other assets	33	31
	447	**455**
Grant liability	(1,410)	(1,260)
Finance lease creditor	–	(86)
Other charitable liabilities	(48)	(43)
	(1,458)	**(1,389)**
Net charitable liabilities	**(1,011)**	**(934)**
Defined benefit pension scheme deficit	**(95)**	**(68)**
Net assets including pension deficit	**11,949**	**12,032**

*Other items above comprise £21 million relating to Programme related investments (2008: £17 million) which do not form part of the investments portfolio and a £3 million (2008: £57 million) adjustment to the Bond liabilities which is stated at amortised cost whereas the Bond liabilities are stated at market value in figure 6 on page 14.

Total charitable expenditure for the year increased to £720 million (2008: £702 million). This rise is principally due to a number of large Strategic Awards and new initiatives launched during the year such as medical engineering. In contrast, the number of awards made actually decreased slightly (2%) from 1,131 to 1,104 in 2008/09. However, the number of applications received was 3,138 (2008: 2,999), an increase of 139 (5%).

The increase in grants awarded over recent years is reflected in the increased cash out flows this year.

Charitable expenditure of £720.4 million comprises:



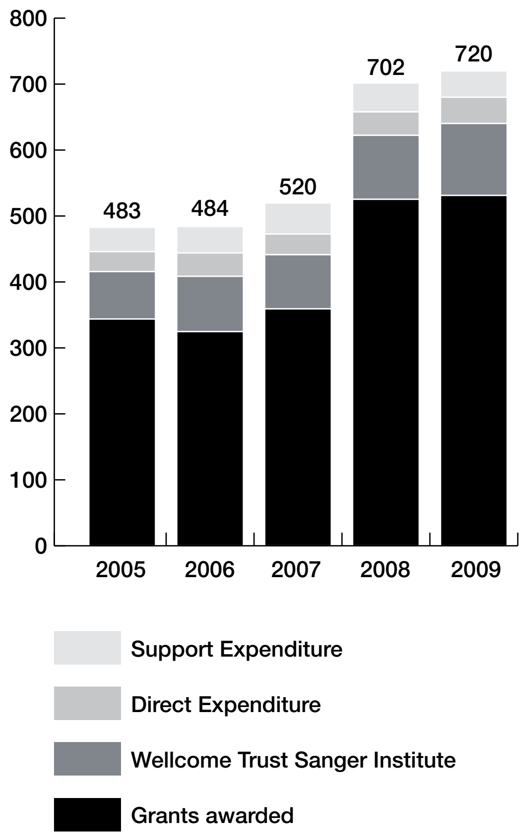
TRUSTEE'S REPORT
for the year ended 30 September 2009 (continued)

Financial Summary (continued)

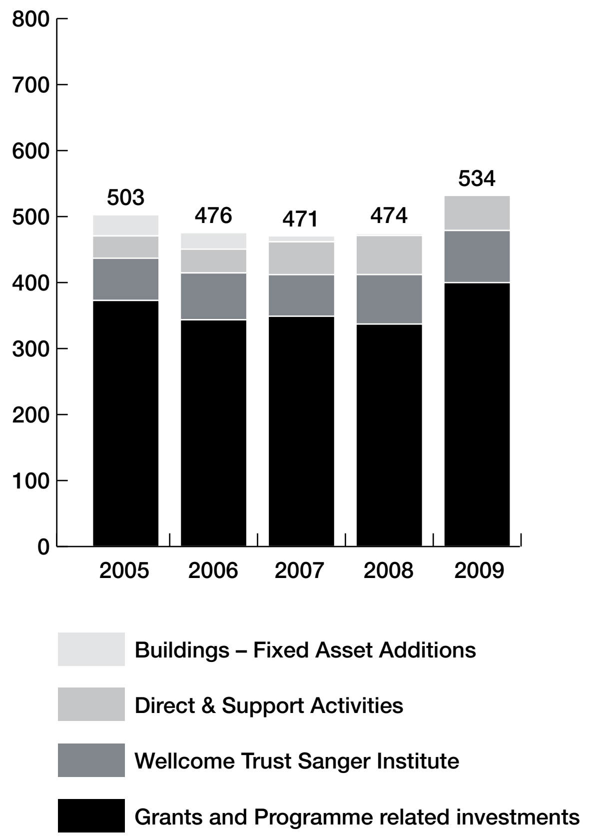
The total anticipated charitable expenditure over the life of a grant is recognised in the year in which the grant is awarded and included in the charitable expenditure for that year.

However, payments made over the life of the grant are included in charitable cash payments for the year in which they are made and consequently charitable cash payments in any year will include amounts relating to grants awarded in prior years.

Charitable expenditure included in the Statement of Financial Activities (2005-2009) (£m)



Charitable cash payments (2005–2009) (£m)



Review of past and future activities

During the year, the Trust delivered a wide range of activities to further its mission as it has continued to support the brightest scientists with the best ideas.

This review provides examples of funding and activities during the year within the context of the Trust's aims. Impacts are often only seen some time after the expenditure is committed – and the direct link to health outcomes may be seen generations later. Where achievements are reported, they often reflect only the final result of many years of research from previous funding.

The *Annual Review* for the period 1 October 2008–30 September 2009, which gives more detail of the achievements in the year, will be available on the Trust's website at www.wellcome.ac.uk or on request from the address on the inside back cover from January 2010. The Trust's *Strategic Plan* for 2010–2020 will be available at the end of March 2010.

Advancing knowledge

In 2008/09, £454 million of grants were awarded through the five Science Funding streams: Immunology and Infectious Diseases, Populations and Public Health, Neuroscience and Mental Health, Physiological Sciences, and Molecules, Genes and Cells.

As part of the streams noted above, Wellcome Trust Strategic Awards support ambitious, large-scale initiatives or research programmes. The awards are highly flexible, and have a wide-ranging remit: they can be used to address major research questions, to develop infrastructure, training, collaborations or new fields of research, or to build bridges between disciplines.

For 2008/09, 36 Strategic Awards were made across a variety of subject areas and geographical locations. Of these awards, 9 were through the Strategic Awards Committee and 27 through themed committees. In total, £74 million was granted through the Strategic Awards Committee and £76 million through the themed committees not including the Engineering and Physical Sciences Research Council (EPRSC) and the Medical Research Council (MRC) contributions. These amounts are included in the total of £454 million quoted above.

Key research funded through the themed committees includes nine genome-wide association studies, some of which are being carried out in collaboration with the Wellcome Trust Case Control Consortium, and some independently. Also supported through a themed Strategic Award was the £28 million African Institutions Initiative. This is funding seven African-led consortia, involving over 50 scientific institutions from 18 African countries to strengthen research capacity and scientific leadership in Africa.

Several Strategic Awards were made in partnership with other funding bodies. The Wellcome Trust and the MRC funded £17 million for three research programmes focusing on the neurodegenerative diseases: Alzheimer's disease, Parkinson's disease and motor neurone disease. In addition, the EPSRC and the Trust funded the formation of four UK centres of excellence in medical engineering, to stimulate the development of high-tech solutions to medical challenges, producing products with the potential to improve health. Research teams at Imperial College London, King's College London, the University of Leeds and the University of Oxford will receive a combined total of £40 million over the next five years; the EPSRC contributed a third.

The Trust also directs a substantial proportion of its funding to medical humanities, through its Medicine, Society and History activity. Across both grant funding and direct activities, this totalled £50 million of charitable expenditure.

In 2008/09, three Enhancement Awards in Biomedical Ethics were made through the Medicine, Society and History activity. These were awarded to researchers at the University of Oxford (to research the ethics of collaborative global health research), University of Cambridge (to research the ethics of new family forms), and to a collaboration between the Universities of Bradford, Exeter and Bath (to research the ethics of 'dual use' – the potential of research to be used to do good and harm).

In addition, in 2008/09, £97 million of total charitable expenditure was spent helping the Wellcome Trust Sanger Institute to ensure that it continues to produce high-quality, high-impact research from the cutting edge of genetic and genomic research. The Institute continues to lead the way in genome-wide association studies, in which researchers scan all human genes to identify links to diseases or characteristics. Findings published this year include those related to physical characteristics such as body mass and height, as well as heart attack risk and testicular cancer.

Dr Matt Berriman and colleagues at the Institute published the genome of a blood fluke that causes the disease schistosomiasis, providing the first steps to a better understanding of how the parasite functions, and to finding drugs to treat the disease.

TRUSTEE'S REPORT
for the year ended 30 September 2009 (continued)

Using knowledge

As well as supporting basic research that improves understanding of health and disease, the Trust funds projects and initiatives that develop and use knowledge to produce a tangible health benefit.

Research into treating and controlling infectious diseases is a major focus for Trust support. For example, work by Professor Marie-Louise Newell, Head of the Africa Centre for Health and Population Studies in KwaZulu-Natal, South Africa, and colleagues has highlighted deficiencies in timely access to care for HIV-infected children aged under one in rural South Africa. Their findings are being used to inform improvement in early diagnosis and referral of infants. The team is now working on the Africa Centre Schools Project, to evaluate a three-year school intervention to halve HIV incidence in school-going youth.

The Technology Transfer division provides funding to bridge the gap between fundamental research and commercial application. This year, Technology Transfer awarded grants totalling £60 million.

In 2007/08, a Translation Award was made to Mr John Stokes, a consultant ophthalmologist at Nottingham University Hospitals NHS Trust, to develop a disposable device with a standardised blade that should improve the reliability and safety of cataract operations – one of the most commonly performed types of surgery in the world. The team is continuing to develop the device, which has received a number of accolades, including winning the Medical Devices category of the National NHS Innovation Awards in December 2008.

Biopharmaceutical company Achaogen Inc. received Seeding Drug Discovery funding in 2007/08 to develop the next generation of aminoglycosides (a class of antibiotics) for the treatment of multi-drug resistant gram-negative bacteria. Its lead compound, ACHN-490, successfully completed a phase I clinical trial in 2009 in healthy volunteers, and a phase II study in patients with complicated urinary tract infection is scheduled to begin in early 2010.

In September 2009, the Trust announced the launch of the MSD-Wellcome Trust Hilleman Laboratories. This not-for-profit venture with Merck & Co., Inc. aims to develop affordable vaccines for diseases that affect people in low-income countries. The Trust and Merck & Co., Inc. are jointly committing £90 million over seven years to the venture, which is named after Dr Maurice Hilleman, a pioneering vaccine scientist.

Engaging society

Through the Engaging Science programme, the Trust offers over £3 million per year to support projects that inform and inspire the public about biomedical science and its social contexts. Funded activities include directly commissioned work and partnerships with other organisations.

A number of Medicine, Society and History Capital Awards were made to support museum development. In London, the Trust is supporting a transformation of the Florence Nightingale Museum, which will reopen in early 2010, 100 years since her death, and is part-funding a redevelopment of the Museum of the Order of St John. The Trust has also made an award towards the new £35 million museum of the Mary Rose Trust, which is due to open in autumn 2011.

Across the world, people celebrated 2009 as Darwin year, marking 200 years since Charles Darwin's birth, and 150 years since the publication of *On the Origin of Species*. The Trust played a key role in Darwin 200 with a year-long series of activities to celebrate his work and legacy. The activities and outputs included a range of print and online resources, exhibitions, workshops and events. A particular success was the *Tree of Life*, an animated, interactive fly-through, narrated by Sir David Attenborough, showing 3000 million years of evolution in six minutes. As well as being available on-line, the animation was shown in a BBC documentary watched by 6 million people. Two major projects were created for schools: The Great Plant Hunt (in partnership with Kew Gardens) and Survival Rivals (for primary and secondary school audiences, respectively).

Also created for Darwin 200, *Routes* was an eight-week online adventure developed by Channel 4 Education in association with the Wellcome Trust. Through a documentary, murder mystery and a series of minigames, *Routes* took players into the world of genetics, evolution and the human genome. One of these minigames, *Sneeze*, was featured on the online gaming site *miniclip.com*, where it has been played 14 million times.

Wellcome Collection, home to a number of galleries, exhibition spaces, bookshop and café, as well as the Wellcome Library and Wellcome Collection Conference Centre, continues to excite and inform thousands of visitors.

The year's temporary exhibitions – including *Remembering War, Madness and Modernity; Bobby Baker's Diary Drawings,* and *Exquisite Bodies* – have explored a fascinating range of topics, from one woman's experience of mental illness to 19th-century anatomical models. Wellcome Collection also hosted a live audience for the television series *The Operation: Surgery Live*, which gave viewers the chance to interact with surgeons carrying out live operations at hospitals across the UK. Exhibitions for 2010 include *Skin, High Society* and *Identity: Eight rooms, nine lives*, which will examine objective attempts to identify us as well as our subjective experiences of who we actually are.

This year also saw the inaugural Wellcome Trust Book Prize, which was awarded to *Keeper* by Andrea Gilles, a book about the author's decision to take on the full-time care of a relative with Alzheimer's disease.

The Wellcome Library remains a major resource for the study of medical history. In late 2008, the Wellcome Library blog was launched. Written by Library staff, it has proved an effective way to engage online audiences, having received 20,000 visits in its first year from people in 139 countries. Wellcome Film, the Library's digitisation project continues to make thousands of items more accessible to users. Ultimately, over 450 titles will be made freely available online, including through a dedicated YouTube channel.

Developing people

The Wellcome Trust supports the development of researchers across a number of key career stages: from PhD studentships to the most prestigious personal awards offered, Principal Research Fellowships (PRFs).

A key focus of Trust funding remains on supporting researchers at the early stages of their careers. This year, the inaugural awards for a number of schemes have been made, including the Starter Grants for Clinical Lecturers scheme, administered jointly with the Academy of Medical Sciences. The scheme provides support for clinical lecturers, allowing them to pursue research interests and strengthen their applications for longer-term funding. The first round of competition proved popular, and 22 awards were made.

In 2008/09, two Postdoctoral Training Fellowships for MB/PhD graduates were awarded. There will be subsequent calls for proposals in the coming year for this scheme, which helps to develop independent research careers.

Introduced in 2008/09, the Wellcome Trust–Massachusetts Institute of Technology (MIT) Postdoctoral Fellowships will give postdoctoral scientists the chance to undertake research at the interfaces between biology/medicine and mathematics, engineering, computer, physical or chemical sciences, firstly at MIT and then at a UK institution. The first awards will be made in December 2009. The International Genetically Engineered Machine competition (iGEM), run by MIT, challenges student teams to build biological systems that can operate in living cells. The Trust's student stipends will enable up to five UK teams to compete in the 2010 competition.

Also introduced in 2008/09 are the Wellcome-Beit Prize Fellowships. These awards provide additional recognition for four outstanding biomedical researchers who have been awarded other Wellcome Trust fellowship funding. They replace the Beit Memorial Fellowships for Medical Research, the assets of which were transferred to the Trust in October 2009. The first awards will be made in 2009/10.

The Trust announced a major new scheme in November 2009. Wellcome Trust Investigator Awards will provide flexible support for researchers who are salaried by their universities or research institutes. Investigator Awards will support researchers at the start of their independent careers and Senior Investigator Awards will support those with fully established independent careers. It is anticipated that the first applications will be open from October 2010 onwards.

In addition, the Trust will be introducing Enhancement Awards, which will be available to Wellcome Trust Investigators, Research Fellows and Strategic Award holders. These will provide flexible additional funding to support evolving research programmes and could, for example, support equipment, collaborations and additional research costs.

Facilitating research

The Trust will continue to work with Medical Research Council, Cancer Research UK and University College London to develop the UK Centre for Medical Research and Innovation (UKCMRI) in London. During the year, the UKCMRI executive team was formed and designs for the building have been progressed. The Trust's contribution as at 30 September 2009 is £17 million comprising £14 million for the purchase of land and contributions to construction and other costs of £3 million. During the 2009/10 financial year, the parties expect to submit the application for planning permission and to sign joint venture documentation. Construction of the building is scheduled to begin in early 2011 and to be completed in 2014. The building will provide research facilities for up to 1,500 staff (1,200 researchers).

European legislation can significantly affect research in UK institutions. By working with partners with similar interests and by providing evidence on the likely impact of two EU directives – on medical imaging and the use of animals – the Trust has helped to ensure that the needs of medical research are taken into account.

TRUSTEE'S REPORT
for the year ended 30 September 2009 (continued)

Developing our organisation

During the year, the Trust has welcomed several key new members of staff. These include Professor Derek Bell, who was appointed Head of Education in February 2009. Professor Bell, former Chief Executive of the Association for Science Education (ASE), will lead the development of the Trust's education strategy, including increasing opportunities and strengthening the culture for continuing professional development for science teachers.

Simon Jeffreys, the Chief Operating Officer, joined the Trust in March 2009 from a previous role as Chief Administrative Officer for Fidelity International. He is responsible for a wide range of business services, including finance, human resources, information technology, facilities management and grants management.

Among the activities undertaken during the year to promote the work and mission of the Trust is an increased use of new technologies and online social networking tools. For example, Wellcome Trust and Wellcome Collection video content is available on dedicated YouTube channels. The Trust also has an active presence on Twitter, a micro-blogging site, and will continue to explore the latest media developments over the coming year to ensure that the ways it communicates are as effective, relevant and engaging as possible.

Investment Summary

Investment performance and activity

2008/09 was another challenging year for economies and financial markets. Governments and central banks around the world were forced to resort to unprecedented measures in response to deep-seated and self-imposed problems in the banking system.

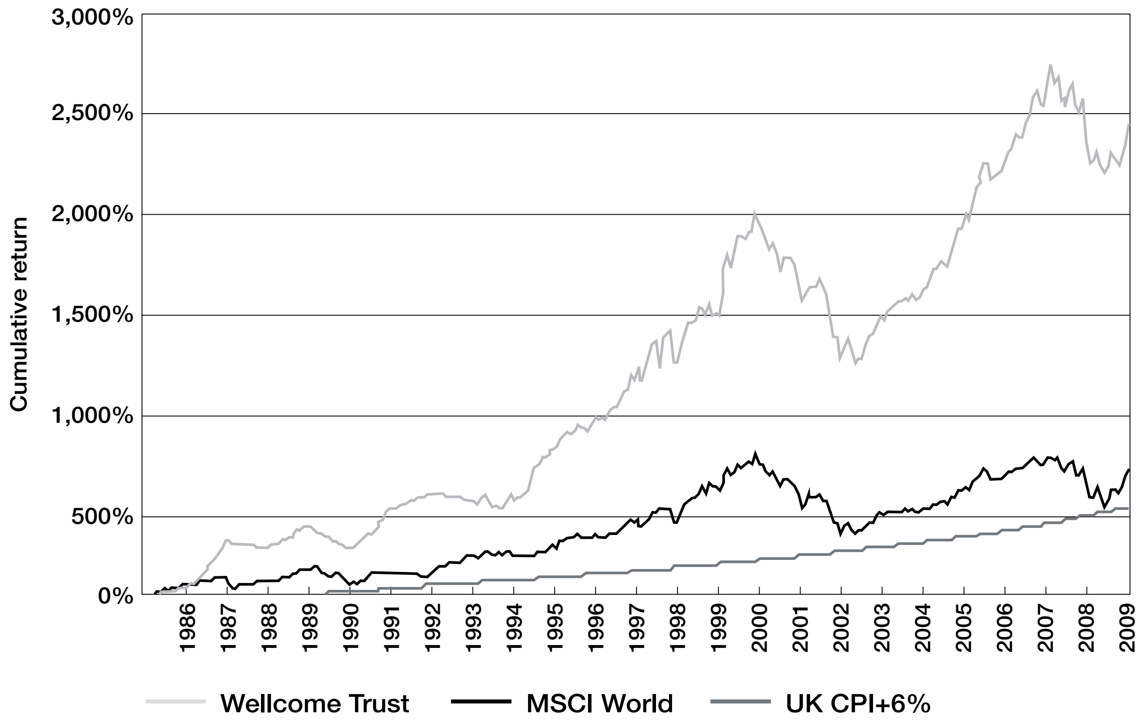
In these circumstances, it was positive that the Trust's investment portfolio recorded gains of £580 million (4.7%). Over three years, the portfolio has returned more than £1.25 billion (9.2%). Over five years, it has more than achieved its targeted annual post-inflation return of 6% a year, returning £5.5 billion. Since the inception of its investment portfolio in 1985, the portfolio has provided a total return averaging 14.5% a year.

Figure 1: Total portfolio returns (£) annualised and cumulative

	Annualised return %		
	Nominal	**UK CPI**	**Real**
Trailing 1 year	4.7	2.6	2.1
Trailing 3 years	3.0	2.8	0.2
Trailing 5 years	8.7	2.5	6.3
Trailing 10 years	5.2	1.8	3.4
Since Oct 1985	14.5	2.3	12.1

	Cumulative return %		
	Nominal	**UK CPI**	**Real**
Trailing 1 year	4.7	2.6	2.1
Trailing 3 years	9.2	8.5	0.7
Trailing 5 years	52.0	12.9	39.0
Trailing 10 years	66.1	19.8	46.4
Since Oct 1985	2,451.7	73.6	2,378.1

Figure 2: Total portfolio cumulative returns since 1986 (£)



TRUSTEE'S REPORT

for the year ended 30 September 2009 (continued)

Figure 3: Evolution of asset allocation

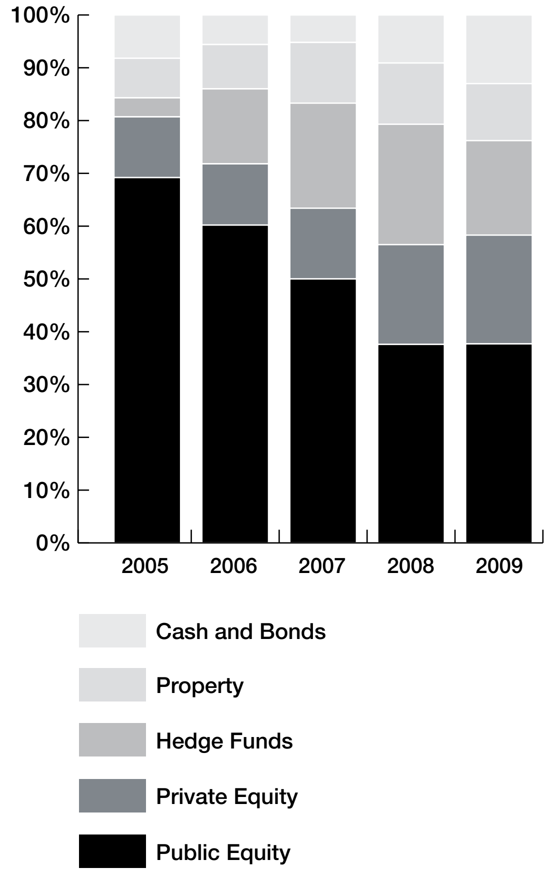
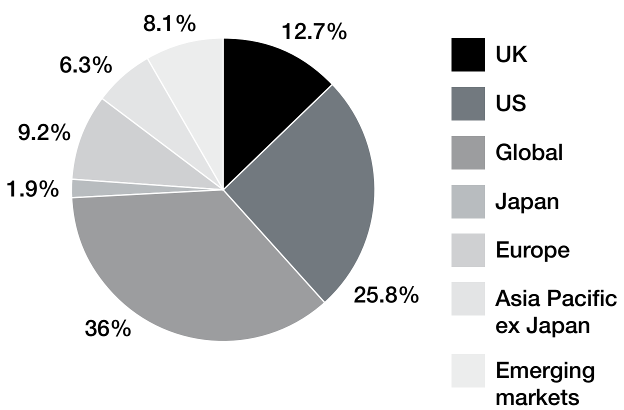


Figure 4: Regional asset allocation



While many challenges lie ahead, the restructuring of the portfolio over the past four years gives the Trust greater confidence that specific risks have been reduced. The Trust eliminated its domestic UK bias by selling, between March 2006 and May 2008, £4.5 billion of equities, principally in the UK. The Trust also sold down in 2007 and 2008 two tranches of mature buyout interests, largely UK and European funds, and reduced exposure to UK commercial property. These sales significantly reduced the Trust's exposure to the repricing of credit and to the impact of economic recession.

UK-based assets have declined to less than 13% of the total portfolio, the largest constituent being long-term holdings in £0.9 billion of residential property in Kensington, London and South East England.

14% of the portfolio is specifically invested in Asia (excluding Japan) and Emerging Markets, 26% is invested in the US, 9% is in Europe and just 2% in Japan. Explicitly global mandates and funds constitute 36% of the total portfolio.

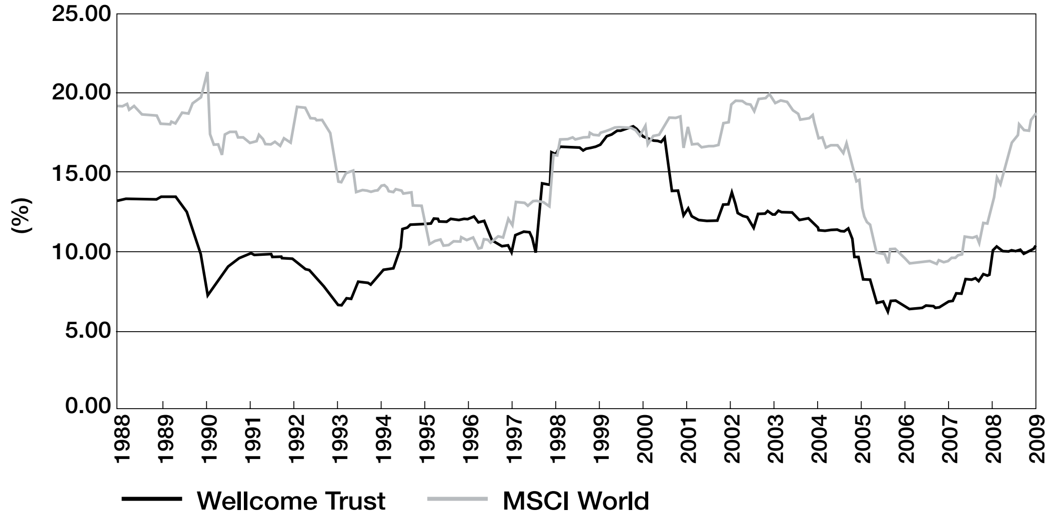
Over both three and five years, by careful selection of assets and partners, the Trust has achieved positive performance in all the asset classes discussed below.

In troubled markets, the Trust needs to maintain high levels of liquidity to meet future charitable cash payments of more than £600 million a year and also to meet commitments to invest in private equity and property funds. This obviates the need to sell high-quality assets at distressed prices. At 30 September 2009 there was £966 million in bonds and cash as shown in Figure 6. This includes the proceeds of a second Trust Aaa/AAA bond in May 2009 of £275 million 2021 4.75% debt. Interest income during the year was £16 million compared to £84 million in the previous year given a general fall in interest rates. During the year cash payments were made in relation to the forward currency contracts which comprise the currency and equity index futures hedges. These amounts are included in the "Net cash outflow upon settlement of derivative financial instruments" shown on the face of the Consolidated Cash Flow Statement.

The Trust also needs to own real assets with strong cash flow characteristics to protect the real value of the portfolio from potential inflationary pressures. The financial market crisis between the collapse of Lehman Brothers in September 2008 and March 2009 provided the Trust with an opportunity to buy direct holdings in 32 global mega-cap

Figure 5: Volatility (Standard Deviation) of £ returns

Trailing 3 years volatility



equities (companies with a market capitalisation in excess of $50 billion). In September 2009, this basket of stocks was valued at £1.6 billion, a 25% premium to its cost.

The market crisis also facilitated the acquisition, at favourable prices, of 3% of the shares of Marks & Spencer plc, which was announced in October 2008, and 24% of the shares of Invista Real Estate Investment Management, announced in February 2009. The Trust also increased its direct investments in private entities over the year, acquiring stakes in BankUnited, a failed bank in Florida, innovative healthcare companies, Vaxxinate and Pacific Biosciences, and further education companies in China.

Effective management of risk was a challenge in 2008/09. In a world where short-term interest rates are so low, volatility is expected to persist. Figure 5 shows the trailing three year experienced volatility of the Trust's returns over the past twenty years.

Over the past two years, although the Trust's experienced volatility has risen, it has not done so at the precipitate rate of global equity markets. The Trust has made successful use of macro-economic hedges, such as currency positions and equity index futures to manage down risk and to protect returns. Although equity market volatility has risen towards twenty-year highs, the Trust's portfolio's volatility has been below the average for the period.

Investment outlook

Concerted fiscal and monetary intervention averted the worst outcomes that were feared in October 2008 and, again, in March 2009. However, the long-term consequences of these interventions remain unclear. Strong global economic growth is unlikely in 2010. Some regions may struggle to grow as support packages are unwound and Governments attempt to restore fiscal stability. Both deflation and inflation remain higher than normal threats for different economies.

In the short-term, zero interest rates have engineered a recovery in risk asset prices; the longer-term backdrop is that equity markets have experienced their worst decade for over 300 years.

In an inherently unstable world, the Trust expects the valuation premium for high quality and highly liquid assets such as mega-Cap equities to increase. The Trust's basket now constitutes 31% of the Trust's equity portfolio and is likely to grow further. The Trust is likely to continue to in-source monies from external managers to invest directly.

However, as investors continue to reduce exposure to illiquid assets in general, expected returns for sound assets are likely to increase commensurately. Investments which take advantage of scarcer capital and disruptive economic conditions are likely to be best placed; hence, over 50% of

TRUSTEE'S REPORT

for the year ended 30 September 2009 (continued)

the Trust's private equity investments are in venture capital funds and directly held venture investments.

Hedge funds will continue to play an important role in providing diversified returns and dampening overall portfolio volatility.

The Trust has greatly reduced its exposure to UK commercial property over the past several years where the market over the longer term suffers from structural over-supply of property and an excess of debt. In contrast, the Trust remains positive on the Trust's residential property holdings.

Partnership with the best people underpins the Trust's success. The Trust shall continue to identify opportunities where it can add value proactively through these partnerships.

Over the longer-term, the Trust expects four key themes to help to frame its investment thinking: populations are ageing; there is global scarcity of food, water, energy and resources; in Europe and the US, there is a shift to a knowledge-based economy; and new emerging markets are realising their potential.

Figure 6: Investment asset allocation – September 2009

	Market Value £m	Allocation as at 30/09/09 %	Allocation as at 30/09/08 %	Change in Allocation %
Equity & Equity Long/Short	**6,400**	**46.2**	**48.1**	**(1.9)**
Long Only Equities	**5,169**	**37.3**	**37.1**	**0.2**
Global	2,774	20.0	7.1	12.9
Emerging Markets	906	6.5	5.8	0.7
US	884	6.4	6.6	(0.2)
Asia Pacific ex Japan	652	4.7	4.9	(0.2)
UK	368	2.7	5.5	(2.8)
Europe	210	1.5	3.2	(1.7)
Japan	207	1.5	3.2	(1.7)
Futures	(827)	(6.0)	0.0	(6.0)
Options	(5)	0.0	0.0	0.0
Passive Equity Index Exposure	0	0.0	0.8	(0.8)
Equity Long/Short Hedge Funds	**1,231**	**8.9**	**11.0**	**(2.1)**
Bonds and Cash	**1,798**	**13.0**	**9.3**	**3.7**
Bonds and Cash	966	7.0	9.3	(2.3)
Futures and Options Collateral Offset	832	6.0	0.0	6.0
Absolute Return & Buy-Outs	**2,812**	**20.3**	**23.6**	**(3.3)**
Buy-out Funds	1,404	10.1	10.4	(0.3)
Credit Funds – Drawdown	346	2.5	2.1	0.4
Credit Hedge Funds	308	2.2	1.9	0.3
Multi Strategy Hedge Funds	754	5.5	8.0	(2.5)
Active Currency	0	0.0	1.2	(1.2)
Healthcare & Venture	**1,349**	**9.7**	**9.3**	**0.4**
Equity Healthcare	60	0.4	1.3	(0.9)
Healthcare Hedge Funds	186	1.3	1.2	0.1
Venture Capital Funds	829	6.0	5.4	0.6
Venture IPOs	14	0.1	0.1	0.0
Direct Healthcare	171	1.2	0.9	0.3
Direct Technology	42	0.3	0.3	0.0
Direct Financial Services	47	0.4	0.1	0.2
Property & Infrastructure	**1,500**	**10.8**	**11.9**	**(1.1)**
Residential Property Composite	**1,101**	**7.9**	**8.7**	**(0.8)**
Ungeared Residential Property	879	6.3	6.6	(0.3)
Geared Residential Property	222	1.6	2.1	(0.5)
Commercial Property Composite	**399**	**2.9**	**3.2**	**(0.3)**
Ungeared Commercial Property	212	1.5	1.6	(0.1)
Geared Commercial Property	187	1.4	1.6	(0.2)
Currency Overlay	**(6)**	**0.0**	**(2.2)**	**2.2**
Total Investment Assets	**13,853**	**100.0**	**100.0**	**0.0**
Bond liability 4.625% 2036	**(541)**			
Bond liability 4.75% 2021	**(281)**			
Total Investment Assets including Bond liabilities	**13,031**			

The Wellcome Trust Bonds are stated at quoted offer price in Figure 6 above. The Bonds are carried at amortised cost in the Consolidated Balance Sheet. Investment assets exclude Programme related investments. The investment asset allocation presents net investment assets by investment strategy rather than the statutory asset and liabilities classification basis presented in the Financial Statements (for example the market value of Long Only Equities Global is the net market value of the equities, cash, investment debtors and investment creditors held within portfolios with a Global Equities investment strategy).

Investment risk management

The Trust continues to evolve its risk management framework in 2008/09 and now manages its portfolio having regard to:

1) Value at Risk (VAR). The VAR of the Trust's portfolio at the end of September 2009 was 14.2%. VAR did not exceed 17% even in the most stressed parts of the financial crisis. More detail is included in Note 23 (c).

2) Equity beta. The performance of most real assets contains an element of equity beta, a measure of the expected relationship between portfolio returns and that of global equity markets (Note 23(c)). Equity market beta outside a desired range of 0.4-0.8 are reviewed and appropriate decisions are made by management. In September 2009, overall equity beta was 0.65, having troughed at 0.5 in December 2008.

3) Base case cash forecasts. Cash levels will be gently reduced by charitable expenditure; it is forecast that the Trust's cash levels will not fall below £500 million over the next five years.

4) Base currency exposure. Historically, the Trust measured its returns completely in the Trust's reporting currency, Sterling. Going forward, the Trust shall measure returns in a 50/50 blend of Sterling and US Dollars in order to recognise the global nature of the Trust's portfolio and the need to maintain global purchasing power.

Investment Philosophy

A number of investment beliefs drive the Trust's asset allocation in the deliberate absence of any pre-determined strategic asset allocation, excepting very broad asset ranges:

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) The Trust seeks to use the advantages of its long-term investment horizon, its ability to tolerate high levels of short-term volatility, its AAA balance sheet and its proactive governance structure in its investment portfolio.

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) The Trust is generally flexible as to the nature of the vehicles in which it invests, whether public companies or private partnerships.

Investment Portfolio

Equities

Figure 7: Public equity annual returns (£ and US$) annualised

Period to 30 September 2009

	Annualised return in £%		
	Wellcome	**MSCI World**	**Relative**
1 year	17.9	9.6	8.3
3 years	3.1	1.3	1.8
5 years	8.7	6.7	2.0
10 years	4.5	1.7	2.8
Since Jan 1993	8.1	6.9	1.2

	Annualised return in US$ %		
	Wellcome	**MSCI World**	**Relative**
1 year	5.8	(1.6)	7.4
3 years	(2.1)	(3.8)	1.7
5 years	6.1	4.1	2.0
10 years	4.2	1.4	2.8
Since Jan 1993	8.4	7.2	1.2

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Figure 8: Equity allocation by manager strategies

As at 30 September

	2009		2008	
	Value £m	Number of external managers	Value £m	Number of external managers
Direct Public	1,856	–	133	–
Global	918	3	891	3
Emerging Markets	906	4	790	4
US	884	3	899	4
Asia Pacific ex Japan	652	2	670	3
UK	368	2	672	3
Japan	207	1	542	3
Europe	210	1	433	2
Healthcare	60	1	171	2
Venture IPOs	14	1	13	1
Futures	(827)	–	–	–
Options	(5)	–	–	–
Total	**5,243**	**18**	**5,214**	**25**

The Trust had an eventful year with its equity investments. In 2008 Q4, the Trust switched monies from the termination of seven external managers into its direct portfolio of 32 stocks, the mega-cap basket, a key component of Direct Public in Figure 8 above.

Each stock in the basket is global in its operations, is capitalised above $50 billion and is purchased on a 5-10 year time horizon. Over the year, no shares were sold in any stock except for outright sales of Volkswagen (on exceptional price movements) and Pfizer. Collectively, these companies represent 25% of global equity capitalisation with sales amounting to 4% of global GDP. Balance sheets and cash generation are strong.

In the market sell-off of early 2009, a further £600 million of cash was injected into buying shares in the basket. By September 2009, return on cost of the basket, valued at £1.6 billion, exceeded 25%.

In the second half of the year, to reduce portfolio risk, as markets rallied sharply, developed market index futures were sold such that the value of equities was maintained over the year as a whole. These hedges also deliberately created polarisation whereby 50% of equity investments are in global mandates and 30% are explicitly exposed to Asian and emerging markets.

Not only did this approach prove successful in nominal terms, but it proved to be defensive in the down phase of 2008/09 and it outperformed in the recovery phase. The Trust's equity investments outperformed world equity markets over the year by 8%, generating more than £400 million of added value. Performance is well ahead of world markets over three, five and ten years.

The Trust's developed market structure is now well balanced and the Trust is comfortable with the level of exposure to equities. Over the coming year, the Trust may examine means whereby it reforms its structure in emerging and Asian markets to benefit from the Trust's long-term horizon. Over 30% of equity investments are now managed directly, a proportion which will continue to rise.

Hedge funds

Figure 9: Hedge fund (net of fees) returns (£ and US$) annualised

Period to 30 September 2009

	Annualised Return in £%		
	1 year	3 years	5 years
Credit	26.4	10.2	10.4
Healthcare	19.2	13.2	–
Multi Strategy	12.8	6.9	7.8
Equity Long/Short	15.7	8.4	8.7
Total Hedge funds	**15.9**	**8.3**	**8.9**

	Annualised Return in US$%		
	1 year	3 years	5 years
Credit	13.5	4.7	7.7
Healthcare	6.9	8.5	–
Multi Strategy	1.2	1.5	5.2
Equity Long/Short	3.8	2.9	6.0
Total Hedge funds	**4.0**	**2.8**	**5.9**

Figure 10: Hedge fund allocation by funds

As at 30 September (number of funds with >£10m)

	2009		2008	
	Value £m	Number of funds	Value £m	Number of funds
Equity Long/Short	1,231	26	1,491	36
Multi Strategy	754	8	1,090	8
Credit	308	3	263	5
Healthcare	186	4	156	4
Total Hedge Funds	**2,479**	**41**	**3,000**	**53**

After a very difficult start to the financial year in October, the Trust's hedge funds maintained their discipline and, in all four classes, produced positive results in both Sterling and in US Dollars, the base currency for most of them, in the year. Credit and distressed debt funds produced the strongest results, although the Trust's four healthcare funds have been most resilient over the past three years.

The Trust is optimistic that longer-term results will continue to improve. The hedge funds also serve a very useful purpose in reducing portfolio volatility and in providing ample liquidity over the horizon of the Trust's charitable spending.

Some monies were withdrawn in 2008 Q4 to reinvest into equity markets and to take advantage of the overshooting of the US Dollars versus Sterling.

This opportunity was used to consolidate the number of relationships, especially among the equity long/short managers such that the average size of each hedge fund investment has risen to US$100 million (£60 million). These more meaningful investments both concentrate returns and stimulate mindshare with partners about broad economic and market conditions and individual stock situations.

Private equity

Figure 11: Private equity performance

Period to 30 September 2009

	US$%	£%
Net IRR (from 1994)*		
Buy-out Funds	9.8	9.4
Venture Capital Funds	63.7	65.2
Total private equity	14.9	15.1

* The internal rate of return (IRR) is the annualised compounded rate of return on invested capital and is the most widely used measure of performance for private equity.

Figure 12: Private equity investments by funds/companies

As at 30 September

	2009		2008	
	£m	Number of funds	£m	Number of funds
Buyout Funds	1,404	162	1,412	185
Credit Funds – Drawdown	346	17	287	17
Venture Capital Funds	829	245	731	242
Direct	260	31	169	27
Total Private Equity	**2,839**	**455**	**2,599**	**471**

The returns from the Trust's buyout funds were moderately negative in 2008/09 as partners wrote down values, especially in December 2008. Returns over three and five years have been positive, as have those for the other components of the Trust's private portfolio.

The shape of the Trust's private fund investments has deliberately been shifted over the past three years. Exposure to buyout funds has been reduced as monies have been increasingly committed to funds with a sector or regional focus in technology, healthcare, energy, financial services and Emerging Markets. Direct investments have risen from £40 million in 2006 to £260 million in 2009.

The number of buyout funds in which the Trust invests was further reduced by secondary sales of mature or discontinued interests at the start of the year. In the last two years, the number of buyout funds has been reduced from 245 to 179.

The value of the Trust's remaining buyout interests has however risen over the past two years despite the disappointingly low levels of draw-downs in the past twelve months. Buyout managers have too frequently failed to take advantage of attractive buying opportunities, especially in Europe.

Venture fund and direct investments continue to play a greater role. Many of these venture companies are developing well against a backdrop where disruptive opportunities have increased, competing capital has become scarcer and debt is not required. As stock markets recovered, exits through IPOs and M&A have

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for the year ended 30 September 2009 (continued)

risen, particularly as large cash-rich companies seek to enhance growth. The annual IRR of the Trust's venture interests has been 65% (in £) over the past 15 years.

Property and infrastructure

Figure 13: Property returns (£) annualised

Period to 30 September 2009

	Annualised return (%)				
	1 year	3 years	5 years	10 years	Since inception
Ungeared Commercial	(6.4)	(5.7)	3.6	7.8	8.4
Ungeared Residential	1.6	9.9	13.0	15.1	16.6
Geared Residential	(31.0)	(3.3)	n/a	n/a	(2.6)
Geared Commercial	(20.5)	(5.4)	3.8	n/a	5.5
Property Composite	(9.8)	(0.7)	6.9	10.9	11.0

Inception dates as follows: Ungeared Commercial (Jan 1994), Ungeared Residential (July 1997), Geared Residential (Jun 2006), Geared Commercial (Dec 2000)

Figure 14: Property allocation (£)

As at 30 September

	2009 Value £m	2008 Value £m
Residential Property	1,101	1,180
Commercial Property	399	439
Total Property	**1,500**	**1,619**

The Trust's property investments showed a negative return of 10% in 2008/09. Over three years, returns from property have been broadly flat, outperforming powerfully against the general property market. This reflects the fact that, despite its high UK bias, 73% of the Trust's investments are in residential property. Commercial property interests have been reduced and concentrated in robust specialist areas.

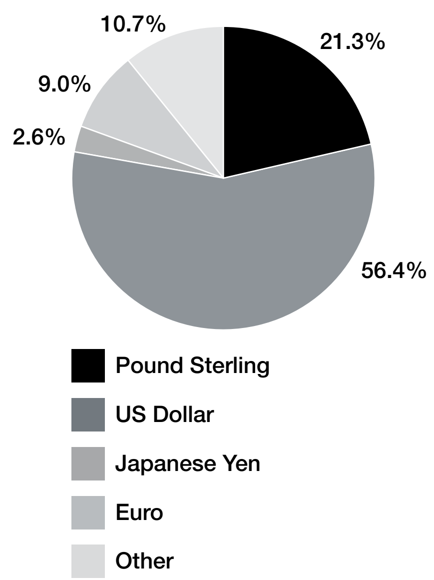
Ungeared residential property, the Trust's £900 million of interests in the Trust's Kensington Estate, London and South East England, actually delivered a positive 2% return in the year and has returned 30% over the past three years. Prices in super-prime property have been much less volatile than in the broader market, helped by the fact that the market has stayed liquid for those who wished or needed to transact, including those who have sold to us. The Trust continues to undertake works to maintain the highest quality of the Trust's properties. Active management means that the Trust's returns continue to exceed significantly house price movements.

The Trust retains in contrast a negative view on the long-term prospects for traditional UK, European and US commercial property. The Trust has not bought any of these assets directly since 2003. Despite the rise in yields, many other investments, including quasi-property investments such as secure data centres, have more favourable cash flow characteristics.

Figure 15: Currency Exposure (net of currency hedging)

As at September 2009

Asset Allocation by Currency



Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds. These risks are summarised in note 23 of the Financial Statements.

Remuneration Report

Although not required by the Charities Act 1993 (as updated by the Charities Act 2006), The Charities (Accounts and Reports) Regulations 2008 or the Statement of Recommended Practice 'Accounting and Reporting by Charities' published in 2005 and updated in 2008 (the "SORP"), the Trust has chosen to provide additional disclosures in this report which it considers valuable to the readers.

The Remuneration Committee is chaired by Sir William Castell and all of its members are Governors. No member of the Executive Board is involved in deciding their own remuneration.

In the current financial year the Committee met three times and details of attendance at these meetings are provided in the Committees of the Board of Governors section on page 24.

Responsibilities of the Remuneration Committee

- Agreeing a policy for the remuneration of all staff.
- Within the agreed policy, determining individual remuneration packages for the members of the Executive Board.
- Agreeing the terms and conditions to be included in service agreements for members of the Executive Board, including termination payments.
- Approving the reward strategy, including incentive and benefit plans and any performance conditions to be used for such schemes.
- Determining long term incentive plan performance targets.
- Approving all pension plan arrangements.

Remuneration Policy

The Trust aims to develop and maintain remuneration strategies and policies in line with the culture and objectives of the organisation, 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.

Salary bands are used as pay guidance for the majority of roles, which have fixed upper and lower limits, with some market supplements for professional roles. Salaries are usually reviewed once a year, in April. The underlying principles of the annual salary review are: performance, market-orientation and flexibility. In the year under review, the range of performance increases was 0.0% to 5.5%.

There have been no changes to this policy from the preceding year. The policy is reviewed annually to ensure it is aligned to and supports the aims and objectives of the organisation.

The Salary Review Committee, a sub-committee of the Executive Board, oversees the dissemination of 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 ("the Scheme"). Awards to employees are made annually based on investment returns and individual performance over the preceding three years. For the awards issued under plans ending after 30 September 2008, a portion of each award is deferred for two years and the deferred amount is adjusted in proportion to the performance of the fund.

First payments under these plans were made in the year ended 30 September 2009 based on performance over the three years to 30 September 2008. These payments, which amounted to £389,000, were provided for during the year ended 30 September 2008. No plan was in place for the three years ended 30 September 2009, and the plan for the period ending 30 September 2010 was modified to commence on 1 October 2006. No amounts have been provided for the Scheme commencing 1 October 2006 as, based on the performance of the investment portfolio to 30 September 2009, no amounts have been earned.

In addition to the Scheme, certain employees of the Investment division were granted conditional deferred awards in relation to which an amount of £159,250 was provided. Payments will be made and adjusted in line with the performance of the portfolio between 1 April 2009 and the payment dates between April 2011 and April 2014.

During the year ended 30 September 2009 an additional amount of £600,000 was provided in respect of separate payments to be made during the years ending 30 September 2010 and 2011. This amount may increase in line with the performance of the portfolio.

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Governors' Remuneration

The Governors are the directors of The Wellcome Trust Limited, the Trustee of the Wellcome Trust, and they receive remuneration from that company which is then charged to the Wellcome Trust, as follows:

	2009 £	2008 £
Current Governors (in office during the year)		
Sir William Castell *(Chairman)*	134,923	133,177
Professor Adrian Bird *(Deputy Chairman)*	101,192	99,883
Professor Dame Kay Davies	67,462	49,984
Mr Peter Davies *(from 1 September 2009)*	5,680	–
Professor Christopher Fairburn	67,462	49,984
Professor Richard Hynes	67,462	66,589
Mr Roderick Kent	67,462	44,450
Baroness Eliza Manningham-Buller	67,462	11,127
Professor Peter Rigby	67,462	49,984
Professor Peter Smith	67,462	66,589
Mr Edward Walker-Amott	67,462	66,589
Former Governors		
The late Mr Alastair Ross Goobey	–	22,139
Dame Patricia Hodgson	–	44,277
Total remuneration	**781,491**	**704,772**

In addition to the above, the Chairman received estimated benefits-in-kind relating to travel costs of £32,953 (2008: £38,202). 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 which amounted to £137,378 (2008: £89,255), of which £102,046 (2008: £46,382) was paid directly by the Trust and £35,332 (2008: £42,873) was paid by the Governors and directly reimbursed to them. The increase in travel costs was mainly due to the additional activities of the Trust in South-East Asia and India.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2009, which cost in total £42,000 (2008: £50,160).

All costs incurred by the Governors are reimbursed by the Trust and are included in the Trustee fees and expenses included in Governance costs (note 10).

Under the Constitution of the Trust, the Governors were 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 minima and maxima of the salary pay bands of the Senior Civil Service. The recommended percentage increase for the twelve months beginning 1 April 2009 was 2.1% (2008: 0.52%).

The levels of remuneration of the Chairman and Deputy Chairman are set by orders of the Charity Commission. By an Order of the Charity Commission, in March 2006, the remuneration of the current Chairman was set at two times the level of a Governor. By an Order of the Charity Commission in June 2007, the remuneration of the current Deputy Chairman was set at 1.5 times the level of a Governor.

The following table summarises the remuneration, excluding estimated benefits-in-kind, for the periods covered by the Financial Statements.

	12 months beginning 1 April 2009 £	12 months beginning 1 April 2008 £	12 months beginning 1 April 2007 £
Chairman	136,324	133,522	132,832
Deputy Chairman	102,243	100,141	99,624
Governor	68,162	66,761	66,416

Structure, Governance and Policy

The 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 amended on 9 January 2009 by a further scheme of the Charity Commission.

The Trust is a charity registered in England (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 pages 73 to 75.

The incumbent Governors make appointments to the Board of Governors, after advertisement and consultation. The Trust undertakes a comprehensive induction programme for all new Governors, which includes a detailed induction notebook and meetings with members of 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, law, 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 which 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 is a non-executive director of the General Electric Company of the USA and a non-executive director of BP plc.

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.

One Governor joined the Board during the financial year. Mr Peter Davies, who is a senior partner at Lansdowne Partners, has been an external member of the Board's Investment Committee for over two years. He joined the Board in September 2009.

During 2008/09 the Board of Governors met eight times, including a two-day residential strategic review meeting and one private meeting.

The Executive Board, chaired by the Director of the Trust, reports directly to the Board of Governors and is responsible for the day-to-day management of the Trust's operations and activities.

Policy

Grant-making policy

The Trust supports high-quality research across both the breadth of the biomedical sciences and the spectrum of proposals from "blue skies" to clinical to applied research, and encourages the translation of research findings into medical benefits.

Although the majority of grants are awarded to United Kingdom recipients, there are also a number of schemes designed specifically for overseas applicants.

For the most part grant funding is channeled through a university or similar institution in response to proposals submitted by individual academic researchers. Applications are peer reviewed using referees selected by Trust staff from the United Kingdom and international research communities. Expert committees, which also include members from outside the United Kingdom, make most funding decisions, with external experts also brought into Strategic Award Committee meetings to assist in the decision-making process.

Grant awards are made to the employing institution, which is then required to take responsibility for administering a grant in accordance with its purpose and with the terms and conditions attached to the award. Only a limited number of small-scale awards are made directly to individuals. Grant funding is available via a range of schemes including:

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for the year ended 30 September 2009 (continued)

- short-term awards for between a few months and three years, and longer-term project and programme grants for research, usually for up to five years.
- awards for research training and career development where support is provided for individuals at all stages of their careers.
- Strategic Awards to provide outstanding research groups with significant levels of support.

The Trust is aware of the profound impact biomedical research has on society and in its grant making also seeks to raise awareness of the medical, ethical and social implications of research and to promote dialogue between scientists, the public and policy makers.

The Trust also undertakes activities in and funds research into the history of medicine. The Wellcome Library, which forms part of Wellcome Collection, provides access to resources that support its activities, and the Trust also provides grant funding for improved access to and preservation of other medical history collections in the United Kingdom.

In addition to the above, the Trust funds its own research institute, the Wellcome Trust Sanger Institute, channeling support through a wholly-owned subsidiary, Genome Research Limited. Led by Dr Allan Bradley, the Director of the Sanger Institute, its researchers are engaged in research programmes using large-scale sequencing, informatics and analysis of genetic variation to further understanding of gene function in health and disease and to generate data and resources of lasting value to biomedical research.

Reserves policy

The Trust's spending policies are set at a level intended to maximise sustainable spend through time and preserve, at least, the real purchasing power of the investment base.

Expenditure policy

The annual expenditure budget is normally set by reference to a three-year weighted average of the historic value of the investment assets in order to smooth the effect of short-term volatility in investment values.

Expenditure budgets may be over- or under-spent in any individual year in a controlled manner reflecting anticipated demand from the larger long-term commitments. However, the Trust plans to match these cumulatively over the medium term.

Investment Policy

The Trust's assets are invested in accordance with the wide investment powers set out in its Constitution and within its Investment Policy. The Investment Policy was amended in September 2009. From 1 October 2009, the Trust has decided to use a blended 50/50 US/UK CPI measure to reflect the globally diversified nature of the Trust's assets, liabilities and commitments. The Trust's overall investment objective is to seek total return in inflation-adjusted terms over the long-term of at least 6% per annum. From 1 October 2009, the Trust has decided to evaluate returns using a 50/50 blend of £/US$ returns. The objective is to provide for real increases in annual expenditure while preserving at least the Trust's capital base in real terms.

Diversification is a key factor in managing the inherent risk of investments. The Trust invests globally and across a very broad range of assets and strategies.

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

The Trust currently allows its discretionary managers who invest on the Trust's behalf to use derivatives under certain prescribed conditions, which are specified in the investment management agreement. In line with the Constitution, the Trust and selected managers are permitted to use options, futures (including future foreign exchange contracts), swaps and contracts for differences, for portfolio and risk management. The Trust adopts a policy of hedging a part of its non-base currency exposures using a passive currency overlay although the actual percentage hedged varies from time to time.

It is the policy of the Trust not to allow investment in companies that derive material turnover or profit from tobacco or tobacco-related products. The Trust has a policy of actively fulfilling its responsibilities for UK long-only equity investments as a shareholder through exercising its voting rights.

Statement of Trustee's responsibilities

The Trustee is responsible for keeping proper accounting records which 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.
- 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.

Committees of the Board of Governors

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

- Audit Committee: for matters of internal control, compliance with financial reporting requirements and liaison with 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.
- The Strategic Awards Committee, of which all Governors and three senior executives are members, 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 four 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.

Details of the membership of these committees are given on pages 73 to 75. During the year, there were changes to the membership of the Audit Committee, the Investment 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 and the Nominations Committee met twice.

Details of the attendance by committee members are shown in the table on page 24.

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.

The Board of Governors is also assisted by a number of Strategy Committees, each of which has Governor representation, and which advise on strategy for the Trust's various charitable activities. These Committees make recommendations to the Board of Governors. Most of these Committees have an external chairman; all include experts from relevant fields.

TRUSTEE'S REPORT
for the year ended 30 September 2009 (continued)

	Board of Governors	Strategic Awards Committee	Audit Committee	Investment Committee	Remuneration Committee	Nominations Committee
Dr Ted Bianco	–	4/4	–	–	–	–
Professor Adrian Bird	7/8	4/4	–	–	3/3	2/2
Sir William Castell	8/8	4/4	–	6/6	3/3	2/2
Mr Tim Church	–	–	–	6/6	–	–
Professor Dame Kay Davies	8/8	4/4	–	–	–	–
Mr Peter Davies	1/1	–	–	6/6	–	–
Professor Christopher Fairburn	8/8	4/4	–	–	–	–
Ms Sarah Fromson	–	–	–	6/6	–	–
Professor Richard Hynes	8/8	4/4	–	–	–	2/2
Mr Simon Jeffreys	–	–	–	2/3	–	–
Mr Philip Johnson	–	–	3/3	–	–	–
Mr Roderick Kent	8/8	4/4	2/2	5/6	2/3	–
Mr Naguib Kheraj	–	–	–	6/6	–	–
Mr Simon Leathes	–	–	3/3	–	–	–
Baroness Eliza Manningham-Buller	8/8	4/4	2/2	–	–	–
Ms Clare Matterson	–	2/4	–	–	–	–
Mr Nicholas Moakes	–	–	–	6/6	–	–
Mr Stewart Newton	–	–	–	6/6	–	–
Mr Peter Pereira Gray	–	–	–	6/6	–	–
Mr David Phillipps	–	–	–	2/2	–	–
Professor Peter Rigby	6/8	3/4	–	–	–	–
Professor Peter Smith	8/8	4/4	1/1	–	–	–
Mr Hugh Stevenson	–	–	–	1/1	–	–
Mr Nicholas Temple	–	–	3/3	–	–	–
Mr Danny Truell	–	–	–	6/6	–	–
Mr Edward Walker-Arnott	8/8	4/4	3/3	–	3/3	2/2
Sir Mark Walport	–	4/4	–	5/6	–	–

Principles of governance

The Combined Code on Corporate Governance ("Combined Code"), revised in June 2008, 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"), published in June 2005, 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.

Whilst 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 2008/09 with the Combined 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 was considered at a private meeting of the Board and the Director during the year. The Director withdrew from the part of the meeting during which his own performance was discussed. The Chairman's performance was also considered during the year.

The Audit Committee conducted a performance review during the year. The Investment Committee, Nominations Committee and Remuneration Committee did not conduct a review, but a process for reviews will be implemented in 2010.

The Investment Committee's terms of reference were revised during the year as part of a general review of the Trust's Investment Policy.

Internal control including risk management

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the Trust's system is 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: there are processes in place for identifying, evaluating and managing significant risks faced by the Trust. The major 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, and systems are established to mitigate those risks. A risk management policy is in place, which states the Trust's approach to risk and documents the systems of internal control.
- Internal audit: an internal audit function reviews controls and the risk management process within the Trust.
- Review: the Audit Committee, which comprises three Governors (one of whom is the Chair) and three external members, reviews the Trust's position on internal control and its compliance with relevant statutory and finance regulations and advises the Board of Governors of any relevant matters.

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.

Where Governors also have paid appointments with institutions that are in receipt of grants from the Trust, these 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.

Health and safety

A total review of the Trust's health and safety management system was initiated in 2009 to align it with best practice. The Health and Safety Policy was revised to reflect the responsibilities of staff at all levels of the organisation and to define more formally the arrangements in place to attain policy compliance. In particular, managers are now required to undertake a departmental work-based risk assessment to ensure that risks arising from work activities within their control are reduced as low as reasonably practicable and adequately controlled.

The Health and Safety Committee comprises representatives from both operational buildings and meets quarterly. Its remit includes: the review of all health and safety legislation as applicable to the Trust; monitoring of the Trust's health and safety performance; acting as a conduit to and from staff of all information relevant to health and safety matters.

The Health and Safety Manager is responsible for the delivery of all associated training, for example with respect to manual handling, display screen equipment, first aid and fire safety. All new members of staff, whether permanent or temporary, receive induction training within the first few days of their employment.

The Health and Safety Strategy Group at the Wellcome Trust Genome Campus site meets regularly to cover issues specific to the scientific community within the Wellcome Trust Sanger Institute. The Genetic Modification (GM) Safety Committee provides a forum for discussion and approval of GM risk assessments and GM advice.

TRUSTEE'S REPORT
for the year ended 30 September 2009 (continued)

The Occupational Health department advises on all matters relating to health at work. The aim of the department is to assist in the prevention of ill health and to advise on the promotion of health in the workplace. The Trust has access to an Occupational Health Physician who is available through the Occupational Health Adviser for advice and consultations as required.

Periodically, the Trust commissions an independent audit of its health and safety management system. The next audit will be undertaken by the British Safety Council in December 2009.

Environment

It is the policy of the Trust to conduct its business in an environmentally accountable manner. It is committed to complying with all relevant environmental legislation and, where practicable, to minimising any adverse environmental impacts which may result from its operations.

The Trust strives continually to improve its environmental performance through a wide range of measures. In the last year, these have included:

- increasing the recycling rate and diverting non-recyclable waste from landfill;
- implementing a catering waste reduction system;
- site-wide energy reduction measures such as:
  – fine tuning of the building management systems;
  – relamping with low energy fittings;
  – intelligent lighting controls.
- the development of video conferencing facilities as an alternative to travel.

The Trust monitors the environmental credentials of its contractors. Its three principal service partners – for building maintenance, catering and cleaning – are all committed to meet the requirements of ISO 14001, the international standard which specifies the process for controlling and improving an organisation's environmental performance.

The Trust has also agreed the environmental policy in place at the Wellcome Trust Genome Campus.

Employment

The Trust's employees are key to achieving its mission. Recruiting, developing, motivating and retaining a diverse and capable group of people, and providing an environment in which they can excel is critical to the Trust's success. The Trust is committed to providing a positive employment experience for its staff.

The Wellcome Trust Sanger Institute has a Consultation Committee to facilitate employee communication with staff at the Genome Campus.

Working environment and practices

The Trust provides an excellent working environment in both its modern and well equipped offices based in Central London and the Wellcome Trust Genome Campus in Hinxton, Cambridgeshire. It regularly reviews its employment policies and practices to ensure that it is well placed to deliver its objectives and to enhance the overall working environment for the staff. The Trust is committed to staff well being, offering a high quality staff restaurant, on-site gym and in-house occupational health service. The Trust also provides an attractive benefit package for staff, including a final salary pension scheme.

Staff development

The Trust is committed to developing its staff to enable people to reach their potential. The Trust runs a comprehensive induction programme for all new staff to ensure their employment at the Trust has a positive start. Thereafter all staff have regular personal development reviews and feedback to provide clear objectives and appropriate training and development opportunities. Each year the Trust runs a comprehensive programme of internal training and development courses and events supplemented by external events and initiatives.

Equal Opportunities and Diversity

The Trust recognises the importance of a diverse and inclusive working environment. As such the Trust is committed to being an equal opportunities employer and aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, sexual orientation, race, colour, ethnic origin, or nationality, religion or belief, disability or age. New staff are briefed on equal opportunities matters as part of their overall induction programme and recruitment and staffing matters are monitored on an ongoing basis. A report and any appropriate action plans are presented on an annual basis to the Executive Board and the Board of Governors.

Staff engagement and communication

The Trust has an active Staff Association to foster discussion and enable consultation on Trust wide issues of relevance to staff. The Trust also conducts periodic staff surveys in order to elicit feedback directly from its staff and help it target areas for improvement. The most recent it in July 2009 indicated continued high levels of staff engagement.

Corporate social responsibility

The Trust seeks to support local organisations whose work is felt to be beneficial to the area in which the Trust does business, and to foster and maintain positive relationships with local businesses and residents. Apart from being a good thing in itself, supporting the local community helps the Trust to engage with its local stakeholders and develops awareness of the Trust within the local community. During the year, the Trust formally adopted a local community relations policy that states: "The Wellcome Trust seeks to foster and maintain good relations with local residents, workers, businesses and other stakeholders, and will seek to be a good neighbour in Camden and the local community."

Over the past year the Trust has supported local organisations and groups through its local community support fund. The fund was used to support a number of projects, including the St. Pancras and Somers Town Arts Festival of Cultures, DIY Regeneration (an arts based-project for the local community in King's Cross), a careers support website, Future First, offering an alumni-based mentoring service to local state school pupils, and a playwriting course for young people in the Somers Town area (Scene & Heard).

The Trust has also held a number of events and activities in Wellcome Collection and within the local community to engage local residents, workers, stakeholders and opinion formers, and will be launching a staff volunteering scheme in 2009/10 to provide opportunities for staff to become engaged in the local community.

Auditors

The Trust's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The Board of Governors confirmed their reappointment on 15 December 2009.

The *Annual Report* was approved by The Wellcome Trust Limited, as Trustee, on 15 December 2009 and signed on its behalf by

Bill Castell

Sir William Castell
Chairman

INDEPENDENT AUDITORS' REPORT

To the Trustee of the Wellcome Trust

We have audited the financial statements of the Wellcome Trust for the year ended 30 September 2009 which comprises the Consolidated and Trust Statement of Financial Activities and Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes. The Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Trustee and auditors

The Trustee's responsibilities for preparing the *Annual Report* and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charity's Trustee in accordance with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustee's Report is not consistent with those Financial Statements, if the charity has not kept sufficient accounting records, if the charity's Financial Statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the *Annual Report*, and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Trustee's Report and the Chairman's Statement and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Trustee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Trust's affairs as at 30 September 2009 and of the Group's and the Trust's incoming resources and application of resources, including the Group's cash flows, for the year then ended; and
- the Financial Statements have been prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 December 2009

The Financial Statements are published on the Wellcome Trust website, www.wellcome.ac.uk. The maintenance and integrity of the Wellcome Trust website is the responsibility of the 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 2009

	Note	2009 £m	2008 £m
INCOMING RESOURCES			
Investment income			
Dividends and interest	2	166.1	255.1
Rental income	3	24.3	26.6
		190.4	**281.7**
Other incoming resources			
Grants receivable	4(a)	18.1	14.3
Other income	4(b)	8.6	9.0
Total incoming resources		**217.1**	**305.0**
RESOURCES EXPENDED			
Costs of generating funds			
Management fees and other costs	5	45.8	59.3
Interest payable on Bond liabilities	17	30.2	25.7
Interest payable on finance leases	22	1.3	2.3
Charitable activities	6	720.4	701.6
Governance costs	10	2.1	1.8
Total resources expended		**799.8**	**790.7**
Net outgoing resources before gains/(losses) on investments		**(582.7)**	**(485.7)**
Gain on variation of finance leases	17	**6.8**	**–**
Realised and unrealised gains/(losses) on investments	15(e)	**516.4**	**(1,821.5)**
Actuarial losses on defined benefit pension schemes	11(d)(i)	**(23.2)**	**(25.9)**
Net movement in fund		**(82.7)**	**(2,333.1)**
Fund at start of year		12,031.7	14,364.8
Fund at end of year		**11,949.0**	**12,031.7**

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 34 to 72 form part of the Financial Statements

CONSOLIDATED BALANCE SHEET
as at 30 September 2009

	Note	2009 £m	2008 £m
Tangible fixed assets	14(a)	**413.7**	**424.3**
Investment assets			
Quoted investments	15(a)	7,882.1	7,349.6
Unquoted investments	15(a)	4,124.3	4,334.2
Investment properties	15(a)	799.3	810.3
Derivative financial instruments	15(b)	2.3	11.2
Investment cash and certificates of deposit	15(c)	1,037.6	1,369.4
Other investment assets	15(c)	117.5	153.4
Programme related investments	15(d)	21.0	17.1
		13,984.1	**14,045.2**
Current assets			
Stock		2.0	1.1
Debtors	16	21.9	15.1
Cash at bank and in hand		8.8	15.1
		32.7	**31.3**
Creditors falling due within one year	17	**(745.2)**	**(1,070.5)**
Net current liabilities		**(712.5)**	**(1,039.2)**
Total assets less current liabilities		**13,685.3**	**13,430.5**
Creditors falling due after one year	17	**(1,631.3)**	**(1,321.7)**
Provision for liabilities and charges	18	**(9.8)**	**(8.7)**
Net assets representing unrestricted funds excluding pension deficit		**12,044.2**	**12,099.9**
Defined benefit pension scheme deficit	11(d)(ii)	**(95.2)**	**(68.2)**
Net assets representing unrestricted funds including pension deficit		**11,949.0**	**12,031.7**

The Consolidated Financial Statements were approved by The Wellcome Trust Limited, as Trustee, on 15 December 2009 and signed on its behalf by

Sir William Castell

Professor Adrian Bird

The notes on pages 34 to 72 form part of the Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES OF THE TRUST

(excluding subsidiary undertakings) for the year ended 30 September 2009

	Note	2009 £m	2008 £m
INCOMING RESOURCES			
Investment income			
Dividends and interest	2	144.7	212.3
Rental income	3	23.5	25.9
		168.2	**238.2**
Other incoming resources			
Other income	4(b)	22.8	19.9
Total incoming resources		**191.0**	**258.1**
RESOURCES EXPENDED			
Costs of generating funds			
Management fees and other costs	5	44.1	57.6
Interest payable on finance leases	22	1.3	2.3
Interest payable to Group undertakings		4.9	–
Charitable activities	6	692.8	680.7
Governance costs	10	1.9	1.7
Total resources expended		**745.0**	**742.3**
Net outgoing resources before gains/(losses) on investments		**(554.0)**	**(484.2)**
Gain on variation of finance leases	17	**6.8**	–
Realised and unrealised gains/(losses) on investments	15(e)	**495.3**	**(1,817.5)**
Actuarial losses on defined benefit pension schemes	11(d)(i)	**(12.2)**	**(16.7)**
Net movement in fund		**(64.1)**	**(2,318.4)**
Fund at start of year		11,925.1	14,243.5
Fund at end of year		**11,861.0**	**11,925.1**

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 34 to 72 form part of the Financial Statements

BALANCE SHEET OF THE TRUST

(excluding subsidiary undertakings) as at 30 September 2009

	Note	2009 £m	2008 £m
Tangible fixed assets	14(b)	**279.8**	**287.8**
Investment assets			
Quoted investments	15(a)	7,054.9	6,861.5
Unquoted investments	15(a)	3,690.6	3,898.1
Investment properties	15(a)	773.8	790.3
Derivative financial instruments	15(b)	2.3	7.1
Investment cash and certificates of deposit	15(c)	1,003.2	1,103.4
Other investment assets	15(c)	89.2	142.5
Subsidiary and other undertakings	20(b)	822.6	695.9
Programme related investments	15(d)	21.0	17.1
		13,457.6	**13,515.9**
Current assets			
Debtors	16	13.5	6.6
Cash at bank and in hand		3.7	7.6
		17.2	**14.2**
Creditors falling due within one year	17	**(1,010.4)**	**(1,062.6)**
Net current liabilities		**(993.2)**	**(1,048.4)**
Total assets less current liabilities		**12,744.2**	**12,755.3**
Creditors falling due after one year	17	**(818.4)**	**(779.4)**
Provision for liabilities and charges	18	**(9.8)**	**(8.7)**
Net assets representing unrestricted funds excluding pension deficit		**11,916.0**	**11,967.2**
Defined benefit pension scheme deficit	11(d)(ii)	**(55.0)**	**(42.1)**
Net assets representing unrestricted funds including pension deficit		**11,861.0**	**11,925.1**

The Trust Financial Statements were approved by The Wellcome Trust Limited, as Trustee, on 15 December 2009 and signed on its behalf by

Sir William Castell

Professor Adrian Bird

The notes on pages 34 to 72 form part of the Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2009

	Note	2009 £m	2008 £m
Net cash outflow from operating activities	21(a)	(539.5)	(403.2)
Returns on investments and servicing of finance			
Dividends and interest received		166.1	255.1
Interest payable and interest on finance leases		(24.7)	(28.0)
Net cash inflow from returns on investments and servicing of finance		141.4	227.1
Capital expenditure and financial investment			
Proceeds from sales of investment assets	21(b)	4,673.1	8,395.1
Purchase of investments	21(b)	(3,978.7)	(8,118.4)
Net cash outflow upon settlement of derivative financial instruments	21(b)	(810.5)	(296.7)
Purchase of tangible fixed assets		(14.9)	(17.8)
Net cash outflow for capital		(131.0)	(37.8)
Net cash outflow before use of liquid resources and financing		(529.1)	(213.9)
Management of liquid resources			
Decrease in investment cash and certificates of deposit		331.8	221.5
Increase in term deposits		(0.2)	(1.0)
Net inflow from management of liquid resources		331.6	220.5
Financing			
Issue of corporate bonds		270.4	–
Capital element of finance lease payments	17	(79.2)	–
Net cash inflow from financing		191.2	–
(Decrease)/increase in net cash		**(6.3)**	**6.6**
Reconciliation to net cash			
Net cash at 1 October		15.1	8.5
(Decrease)/increase in cash		(6.3)	6.6
Movement of liquid resources		331.6	220.5
Other non-cash changes		(331.6)	(220.5)
Net cash at 30 September		**8.8**	**15.1**

The notes on pages 34 to 72 form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2009

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 Trust's subsidiary undertakings are considered to be wholly-owned by virtue of control by the Trust, and their assets, liabilities and results have therefore been consolidated with those of the Trust.

The financial year ends of the subsidiary undertakings coincide with that of the Trust with the exception of one investment holding company, which, for commercial considerations, has a different year end. This entity ceased operations during the year and final audited financial statements to 30 April 2009 have been used for consolidation purposes.

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 subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust;

(iii) a non-charitable subsidiary undertaking formed to issue listed debt to finance Group activities; and

(iv) trading subsidiary undertakings to conduct non-primary purpose trading.

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

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

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 of the Group using the gross equity method if the impact is material. Joint ventures undertaken in pursuit of investment returns are accounted for within the main investment portfolio as investments.

Accounting policies

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

Incoming resources

Incoming resources are recognised in the Statement of Financial Activities 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. Dividends including any recoverable tax are credited to the Statement of Financial Activities, from the ex-dividend date when it becomes receivable.

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 costs relating to this activity.

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 costs. 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.

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.

Governance costs include the costs of governance arrangements which 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.

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 acquired prior to October 2005, comprising substantial collections of books, artefacts of scientific and historical interest and other museum pieces are not capitalised as, in the view of the Trustee, 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. Significant purchases of heritage assets since that date are capitalised.

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.

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

Investment assets

Investment assets comprises quoted and unquoted investments, investment properties, derivative financial instruments and other investment assets. Realised and unrealised gains and losses on investment assets are recognised in the Statement of Financial Activities which is equivalent to fair value through profit and loss under FRS 26 'Financial Instruments: Measurement".

Quoted investments

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.

Unquoted investments

Unquoted investments are valued at the Trustee'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.

Where the managers do not provide a fair value of a fund, the Trust is unable to obtain a reliable fair value, and therefore these investments are held at cost less any known impairment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

The majority of valuations are at the balance sheet date. In a 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.

Direct investments

Unquoted direct investments generally are held at cost, less any provision for diminution in value. A fair value is not obtained for these investments as, in the view of the Trustee, the cost of valuing these assets would be onerous compared with the additional benefit of such a valuation to users of the Financial Statements. However some direct investments are held at the valuation provided by the third party direct investment manager.

Programme related investments

Programme related investments are held at cost, less any provision for diminution in value. A fair value is not obtained for these investments as, in the view of the Trustee, the cost of valuing these assets would be onerous compared with the additional benefit of such a valuation to users of the Financial Statements.

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 the Trustee considers to be a reasonable estimate of fair value at the balance sheet date. Property transactions are recognised on the date of completion.

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 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.

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.

Stock

Stock consists of raw materials and consumables 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.

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 Wellcome 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

During the period 1 October to 22 October 2008 the Group undertook securities lending arrangements whereby securities were loaned to external counterparties for a set period of time ("the loan period"). The securities lending programme was suspended on the 22 October 2008. The Group received cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and the Group received a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retained substantially all the risks and rewards of ownership of the loaned securities, and also retained contractual rights to any cash flows relating to the securities. Therefore at prior reporting date and for the duration of the securities lending programme in the current year, the loaned securities were not derecognised on the Group's and Trust's Balance Sheet. The Group retained substantially all the risks and rewards of ownership of the cash collateral held. Therefore, the cash collateral held was recognised in the Group's and Trust's Balance Sheet, within other investment assets and the obligation to return the cash collateral to the lender as a liability in the Group's and Trust's Balance Sheet, within creditors.

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 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' 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 Wellcome Trust and Wellcome Trust GP Limited, in the proportions specified in the partnerships' 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

2. DIVIDENDS AND INTEREST

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Dividends from quoted UK equities	45.7	42.2	44.4	41.8
Dividends from quoted overseas equities	90.0	97.2	83.3	91.9
Interest from UK fixed interest securities	8.3	52.8	5.5	35.9
Interest from overseas fixed interest securities	4.6	25.2	1.8	17.0
Income from unquoted investments	14.2	25.3	6.7	15.0
Interest on cash and cash deposits	3.3	6.0	3.0	4.3
Securities lending income	–	6.4	–	6.4
	166.1	**255.1**	**144.7**	**212.3**

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 grants receivable by the Trust's subsidiary undertaking Genome Research Limited from 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	
	2009 £m	2008 £m	2009 £m	2008 £m
Grants receivable	**18.1**	**14.3**	**–**	**–**

(b) Other income

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Other income	**8.6**	**9.0**	**22.8**	**19.9**

Included in other income above for the Trust are Gift Aid donations totalling £18.8 million (2008: £16.9 million) from the following Trust subsidiary undertakings. During the year the Trust recognised a reversal of an accrued Gift Aid donation of £0.3 million relating to the year ending 30 September 2008 which was no longer receivable. The accrual was based on the estimated taxable profits of Wellcome Trust Investments 1 Unlimited:

	2009 £m	2008 £m
W.T. Construction Limited	–	–
Wellcome Trust Trading Limited	1.0	0.8
Wellcome Trust Finance plc	6.5	6.2
Wellcome Trust GP Limited	–	–
Wellcome Trust Investments 1 Unlimited	(0.3)	0.3
Wellcome Trust Investments 2 Unlimited	–	–
Wellcome Trust Investments 3 Unlimited	2.5	0.2
Wellcome Trust Residential 1 Unlimited	9.0	9.3
Wellcome Trust Residential 2 Unlimited	0.1	0.1
	18.8	**16.9**

5. MANAGEMENT FEES AND OTHER COSTS

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

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
External investment management fees	33.3	47.6	31.6	46.1
Internal investment administration costs	8.1	7.3	8.1	7.1
Other investment costs	0.9	1.1	0.9	1.1
Investment support cost allocation	3.5	3.3	3.5	3.3
	45.8	**59.3**	**44.1**	**57.6**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2009 (continued)

6. CHARITABLE ACTIVITIES

Group

	Grant funding £m	Direct £m	Allocated support £m	Total 2009 £m	Total 2008 £m
Science Funding	454.5	7.2	15.2	476.9	486.1
Medicine, Society and History	16.5	19.3	14.2	50.0	69.3
Technology Transfer	60.2	13.3	5.0	78.5	44.7
Wellcome Trust Genome Campus	–	109.6	5.4	115.0	101.5
	531.2	**149.4**	**39.8**	**720.4**	**701.6**

Trust

	Grant funding £m	Direct £m	Allocated support £m	Total 2009 £m	Total 2008 £m
Science Funding	454.5	7.2	15.2	476.9	485.8
Medicine, Society and History	16.5	19.1	14.2	49.8	69.2
Technology Transfer	60.2	13.3	5.0	78.5	40.8
Wellcome Trust Genome Campus	78.6	7.3	1.7	87.6	84.9
	609.8	**46.9**	**36.1**	**692.8**	**680.7**

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 Institution as follows. The grants included within ‘Grants to other institutions’ for 2008/09 totalled less than £3.0 million (2007/08: £3.5 million) in value for each Institution.

Group	Science Funding £m	Medicine, Society and History £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2009 £m	Total 2008 £m
University of Oxford	93.5	1.3	5.3		100.1	78.2
University College London	81.3	0.5	2.6		84.4	34.1
University of Cambridge	41.7	1.6	–		43.3	46.9
Imperial College London	23.1	0.2	9.9		33.2	46.9
King's College London	10.5	0.5	8.6		19.6	25.6
University of Edinburgh	18.0	0.1	–		18.1	24.8
University of Manchester	12.4	1.5	0.9		14.8	10.0
London School of Hygeine and Tropical Medicine	13.4	0.5	–		13.9	20.1
University of Bristol	8.2	–	1.6		9.8	9.8
University of Leeds	2.2	–	7.5		9.7	4.0
Cardiff University	7.2	–	1.2		8.4	4.0
University of Birmingham	7.3	0.1	–		7.4	4.8
University of Newcastle Upon Tyne	6.7	0.4	–		7.1	14.6
University of Glasgow	6.8	0.1	–		6.9	12.7
University of Dundee	6.2	–	–		6.2	17.5
Diamond Light Source Ltd	6.1	–	–		6.1	3.6
Sokoine University of Agriculture	5.8	–	–		5.8	–
University of Liverpool	5.4	–	–		5.4	3.8
St George's University of London	3.1	–	2.1		5.2	0.6
University of Malawi	5.2	–	–		5.2	0.1
Department for International Development	5.0	–	–		5.0	–
Centre Suisse de Recherches Scientifiques, Cote D'Ivoire	5.0	–	–		5.0	–
University of Leicester	4.3	–	0.5		4.8	8.1
Makerere University	4.8	–	–		4.8	–
Novartis Vaccines Institute for Global Health	–	–	4.8		4.8	–
Wellcome Trust / DBT India Alliance	4.7	–	–		4.7	–
University of Sussex	3.9	0.1	–		4.0	1.2
Liverpool School of Tropical Medicine	2.5	–	1.1		3.6	13.3
Institute for Cancer Research	2.5	–	1.1		3.6	1.5
University of Southampton	3.4	–	–		3.4	0.7
African Population & Health Research Centre, Kenya	3.4	–	–		3.4	0.1
Total grants (excluding supplementations and grants no longer required)	**446.6**	**16.5**	**60.2**		**523.3**	**552.2**
Grant supplementations	15.8	–	–		15.8	4.7
Less: grants awarded in previous years no longer required	(7.9)	–	–		(7.9)	(31.6)
Grants awarded by the Group	**454.5**	**16.5**	**60.2**		**531.2**	**525.3**
of which						
United Kingdom	413.7	15.5	47.8		477.0	470.7
Directly funded international	40.8	1.0	12.4		54.2	54.6
Grants awarded by the Group	**454.5**	**16.5**	**60.2**		**531.2**	**525.3**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

7. GRANTS AWARDED (continued)

Trust	Science Funding £m	Medicine, Society and History £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2009 £m	Total 2008 £m
Grants awarded by the Group	**454.5**	**16.5**	**60.2**	**–**	**531.2**	**525.3**
Plus: Grants awarded to subsidiary undertakings	–	–	–	78.6	78.6	77.2
Less: Grants awarded by subsidiary undertakings	–	–	–	–	–	(4.0)
Grants awarded by the Trust	**454.5**	**16.5**	**60.2**	**78.6**	**609.8**	**598.5**

The following Governors had paid appointments with institutions which were in receipt of grants:

Professor Adrian Bird – *University of Edinburgh*

Professor Dame Kay Davies – *University of Oxford*

Professor Christopher Fairburn – *University of Oxford*

Professor Peter Rigby – *Institute of Cancer Research*

Professor Peter Smith – *London School of Hygiene and Tropical Medicine*

8. GRANTS AWARDED BUT NOT YET PAID

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Liability at 1 October	1,259.6	1,040.2	1,255.6	1,040.2
Grants awarded during the year	531.2	525.3	609.8	598.5
Grants paid during the year	(381.4)	(305.9)	(459.0)	(383.1)
Liability as at 30 September	**1,409.4**	**1,259.6**	**1,406.4**	**1,255.6**
Of which				
Falling due within one year (note 17)	591.0	566.1	591.0	565.1
Falling due after one year (note 17)	818.4	693.5	815.4	690.5
Liability as at 30 September	**1,409.4**	**1,259.6**	**1,406.4**	**1,255.6**

9. SUPPORT COSTS

Support costs are those costs that, whilst 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.

Resources comprise building costs and costs associated with the human resources department and information technology.

Group	Costs of generating funds £m	Science Funding £m	Medicine, Society and History £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2009 £m	Total 2008 £m	Allocation method used
Funding administration	–	6.8	1.1	2.4	0.1	10.4	10.4	Directly attributed
Support of scientific research	–	–	–	–	3.7	3.7	3.0	Directly attributed
Resources	3.0	3.0	12.7	1.7	0.6	21.0	26.3	Headcount/building usage
Other	0.5	5.4	0.4	0.9	1.0	8.2	7.4	Expenditure
	3.5	**15.2**	**14.2**	**5.0**	**5.4**	**43.3**	**47.1**	

Trust	Costs of generating funds £m	Science Funding £m	Medicine, Society and History £m	Technology Transfer £m	Wellcome Trust Genome Campus £m	Total 2009 £m	Total 2008 £m	Allocation method used
Funding administration	–	6.8	1.1	2.4	0.1	10.4	10.4	Directly attributed
Resources	3.0	3.0	12.7	1.7	0.6	21.0	26.3	Headcount/building usage
Other	0.5	5.4	0.4	0.9	1.0	8.2	7.4	Expenditure
	3.5	**15.2**	**14.2**	**5.0**	**1.7**	**39.6**	**44.1**	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

10. GOVERNANCE COSTS

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Trustee fees and expenses	0.9	0.8	0.9	0.8
Auditors' remuneration:				
Parent company and consolidation	0.2	0.2	0.2	0.2
Audits of subsidiary undertakings	0.1	0.1	–	–
Internal audit	0.4	0.3	0.3	0.3
Other costs	0.5	0.4	0.5	0.4
	2.1	**1.8**	**1.9**	**1.7**

In addition to the above, in 2009 total fees of £0.3 million (2008: £0.2 million) excluding VAT were payable to the Group's auditors PricewaterhouseCoopers LLP or associated firms in respect of taxation and consultancy services. In addition, there were audit fees payable to PricewaterhouseCoopers LLP in respect of the Wellcome Trust Pension Plan of £11,400 (2008: £11,300), excluding VAT, which were borne by the Plan and audit fees relating to Genome Research Limited Pension Plan of £6,000 (2008: £6,000), excluding VAT, which were borne by the Company.

11. EMPLOYEE INFORMATION

(a) Staff costs

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Salaries and benefits in kind	53.4	47.8	26.0	23.4
Social Security costs	4.4	3.9	2.3	2.1
Pension costs and other benefits	12.4	13.8	6.4	6.7
	70.2	**65.5**	**34.7**	**32.2**

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

	Average	
	2009	2008
Trust	517	497
Subsidiary undertakings	822	801
Total for the Group	**1,339**	**1,298**
Analysed by		
Investments	31	28
Direct activities	953	897
Support	354	372
Governance	1	1
Total for the Group	**1,339**	**1,298**
Analysed by		
Investments	31	28
Direct activities	154	145
Support	331	323
Governance	1	1
Total for the Trust	**517**	**497**

(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	
			2009	**2008 Restated***
£60,000	–	£69,999	37	24
£70,000	–	£79,999	14	13
£80,000	–	£89,999	11	9
£90,000	–	£99,999	8	7
£100,000	–	£109,999	9	5
£110,000	–	£119,999	8	9
£120,000	–	£129,999	4	3
£130,000	–	£139,999	6	2
£140,000	–	£149,999	2	4
£150,000	–	£159,999	3	1
£160,000	–	£169,999	3	2
£170,000	–	£179,999	2	1
£180,000	–	£189,999	1	2
£190,000	–	£199,999	1	1
£200,000	–	£209,999	–	3
£210,000	–	£219,999	1	–
£240,000	–	£249,999	1	–
£260,000	–	£269,999	1	–
£320,000	–	£329,999	–	1
£340,000	–	£349,999	1	–
£460,000	–	£469,999	1	–
£550,000	–	£559,999	1	–
£580,000	–	£589,999	–	2

* Restated to reflect a bonus earned in 2008 but not included in the bandings in the 2008 Financial Statements.

The remuneration of the Director included in the table above totalled £346,403 (2008: £328,991). Pension benefits have been accruing under the defined benefit schemes for all 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 19 to 20, which forms part of the audited Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2009 (continued)

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. In addition, the Trust provides unfunded defined benefit pensions to 20 (2008: 19) employees and former employees as well as post retirement medical benefits to 39 former employees (2008: 40). Together these are the Total Group Retirement Benefits.

The unfunded defined benefit pension and the post retirement medical benefits are included in provisions for liabilities and charges (see note 18). Operating and finance charges are split across the charitable activities within the Statement of Financial Activities, with the actuarial loss for the year separately identified. To produce these statements, the most recent actuarial valuation has been updated by an independent qualified actuary, with assumptions disclosed below.

The Wellcome Trust Pension Plan was last assessed by independent consulting actuaries, Jardine Lloyd Thompson, as at 1 January 2008 using the projected unit credit method. The valuation identified a £10 million shortfall in funding which the Trustees of the Plan agreed to make good over five years as detailed below. The Trust's funding arrangements for normal contributions have however, remained unchanged to that adopted on 1 October 2007 at 22.4% of pensionable pay for members who joined prior to 1 April 2005 or for those joining after that date who elect to accrue benefits on 1/80ths. For members who joined on or after 1 April 2005 and elect to accrue benefits on 1/60ths the funding rate is 22.4% less 5% normal employee contributions. In addition, insurance premiums for death-in-service benefits are also paid. The next actuarial assessment is due as at 1 January 2011.

The Genome Research Limited Pension Plan was last assessed by independent consulting actuaries, Jardine Lloyd Thompson, as at 1 January 2007 using the projected unit credit method. The valuation showed a surplus of £5.8 million. On the basis of the actuarial report, the funding rate is 16% of pensionable pay (less ordinary employee contributions for those members that joined the Plan after 1 April 2005 and elect to accrue benefits on 1/60ths) plus insurance premiums for death-in-service benefits and the expenses of running the scheme. The next actuarial assessment is due as at 1 January 2010.

The FRS 17 'Retirement benefit' actuarial valuation of Wellcome Trust's and Genome Research Limited's Pension Plans at 30 September 2009, showed a combined deficit of £95.2 million (2008: £68.2 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 £4.8 million (2008: £6.6 million). Contributions made by the employer into the Genome Research Limited Pension Plan were £3.6 million (2008: £3.4 million).

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:

	30 September 2009	30 September 2008
Inflation	3.3% p.a	3.7% p.a
Salary increases	5.3% p.a	5.7% p.a
Rate of discount	5.5% p.a	6.3% p.a
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.3% p.a	3.7% p.a
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.3% p.a	3.7% p.a
Allowance for commutation of pension for cash at retirement	Nil	Nil
Rate of increase of healthcare costs	6.0% p.a	6.0% p.a

The mortality assumptions adopted at 30 September imply the following life expectancies from age 60:

	2009	2008
Male currently age 40	29.4 years	29.4 years
Female currently age 40	31.7 years	31.7 years
Male currently age 60	28.2 years	28.1 years
Female currently age 60	30.7 years	30.6 years

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 PNA00 series standard mortality tables (year of birth) with allowance for future mortality improvement rates in line with the long cohort projections. Members are not assumed to take cash at retirement. These are the same assumptions as the prior year.

(i) Charge to the Statement of Financial Activities

	Group		Trust			
	Pension and other retirement benefits		Pension Fund		Other retirement benefits	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Operating charge						
Current service cost	10.6	13.5	4.3	5.8	0.5	0.5
Past service cost	–	–	–	–	–	–
	10.6	**13.5**	**4.3**	**5.8**	**0.5**	**0.5**
Other finance income						
Expected return on pension schemes' assets	(8.8)	(9.7)	(5.7)	(6.3)	–	–
Interest on pension schemes' liabilities	11.3	10.1	6.9	6.2	0.4	0.4
	2.5	**0.4**	**1.2**	**(0.1)**	**0.4**	**0.4**
Actuarial losses	**23.2**	**25.9**	**12.0**	**16.5**	**0.2**	**0.2**
Total charge to the Statement of Financial Activities	**36.3**	**39.8**	**17.5**	**22.2**	**1.1**	**1.1**

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

	Assets		Liabilities		Deficit	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Wellcome Trust Pension Plan	79.1	65.9	(134.1)	(108.0)	(55.0)	(42.1)
Genome Research Limited Pension Plan	41.7	35.1	(81.9)	(61.2)	(40.2)	(26.1)
Total pension funds	**120.8**	**101.0**	**(216.0)**	**(169.2)**	**(95.2)**	**(68.2)**
Unfunded liabilities	–	–	(6.0)	(5.0)	(6.0)	(5.0)
Post retirement medical benefits	–	–	(1.5)	(1.6)	(1.5)	(1.6)
Total other retirement benefits	**–**	**–**	**(7.5)**	**(6.6)**	**(7.5)**	**(6.6)**
Total Group benefits	**120.8**	**101.0**	**(223.5)**	**(175.8)**	**(102.7)**	**(74.8)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

11. EMPLOYEE INFORMATION (continued)

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

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Scheme liabilities at start of period	**175.8**	**164.7**	**114.6**	**108.8**
Current service cost	10.6	13.5	4.8	6.3
Interest cost	11.3	10.1	7.3	6.6
Contributions by scheme participants	0.6	0.4	0.3	0.2
Actuarial losses/(gains)	28.8	(10.2)	17.6	(5.4)
Net benefits paid, death in service insurance premiums and expenses	(3.6)	(2.7)	(3.0)	(1.9)
Past service costs	–	–	–	–
Scheme liabilities at end of period	**223.5**	**175.8**	**141.6**	**114.6**

Sensitivity analysis of scheme liabilities

Assumption	**Change in assumption**	**Impact on liabilities**
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by 15.5%
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by 7.0%
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by 4.1%
Rate of mortality	1 year increase in life expectancy	Increase by 2.1%

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

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Fair value of scheme assets at start of period	**101.0**	**118.6**	**65.9**	**76.5**
Expected return on scheme assets	8.8	9.7	5.7	6.3
Actuarial gains	5.6	(36.1)	5.4	(22.1)
Contributions by employer	8.4	11.1	4.8	6.9
Contributions by scheme participants	0.6	0.4	0.3	0.2
Net benefits paid, death in service insurance premiums and expenses	(3.6)	(2.7)	(3.0)	(1.9)
Fair value of scheme assets at end of year	**120.8**	**101.0**	**79.1**	**65.9**

The actual return on the scheme assets over the period ending 30 September 2009 for the Group was a loss of £14.4 million (2008: loss of £26.4 million).

(v) Split of assets and expected returns

	2009 £m	Expected return (%)	2008 £m	Expected return (%)	2007 £m	Expected return (%)
Wellcome Trust Pension Plan						
Equity	78.8	8.0%	65.4	8.5%	76.2	8.5%
Other	0.3	0.5%	0.5	5.0%	0.3	5.8%
Total	**79.1**	8.0%	**65.9**	8.5%	**76.5**	8.5%

	2009 £m	Expected return (%)	2008 £m	Expected return (%)	2007 £m	Expected return (%)
Genome Research Limited Pension Plan						
Equity	41.7	8.0%	35.1	8.5%	40.3	8.0%
Bond	0.0	–	–	–	1.4	5.5%
Other	0.0	–	–	–	0.4	5.8%
Total	**41.7**	8.0%	**35.1**	8.5%	**42.1**	7.9%

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 return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

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

Group	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of assets	120.8	101.0	118.6	100.3	83.8
Present value of scheme liabilities	(223.5)	(175.8)	(164.7)	(156.5)	(127.9)
Deficit in scheme	**(102.7)**	**(74.8)**	**(46.1)**	**(56.2)**	**(44.1)**
Experience adjustment on scheme liabilities	0.9	2.2	(1.0)	(0.9)	(3.3)
Experience adjustment on scheme assets	5.6	(36.1)	3.2	3.3	9.3
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(29.7)	8.0	13.7	(11.6)	(8.9)

Trust	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of assets	79.1	65.9	76.5	66.4	57.3
Present value of scheme liabilities	(141.6)	(114.6)	(108.8)	(104.9)	(89.2)
Deficit in total scheme	**(62.5)**	**(48.7)**	**(32.3)**	**(38.5)**	**(31.9)**
Experience adjustment on scheme liabilities	0.1	3.4	(1.0)	(0.9)	(2.8)
Experience adjustment on scheme assets	5.4	(22.1)	2.4	2.0	6.1
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(17.7)	2.0	8.0	(5.9)	(6.0)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

11. EMPLOYEE INFORMATION (continued)

(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 2009 is £7.0 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 2009 is £3.8 million.

Other retirement benefits

Post retirement medical benefits and the unfunded pension arrangement provisions are also calculated by Jardine Lloyd Thompson, an independent actuary.

The unfunded arrangement provides pension benefits for those employees as if they were not affected by the earnings cap. This is provided by enhancing benefits through the Wellcome Trust Pension Plan and through additional unapproved pension payments. The assumptions used for the unfunded pension are the same as for the defined benefit schemes.

12. REMUNERATION OF GOVERNORS

This information is included in the Remuneration Report on pages 19 to 20 which is incorporated in the Trustee's Report.

In addition, Mr Peter Davies, who is a senior partner at Lansdowne Partners, has been an external member of the Board's Investment Committee for over two years and joined the Board of Governors on 1 September 2009. Lansdowne Partners act as one of the fund managers on behalf of the Trust and received Management Fees of £0.8 million (£0.7 million relating to the period prior to 1 September 2009). Lansdowne Partners 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. No amounts are payable in respect of performance fees for the year ended 30 September 2009.

13. TAXATION

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £7.1 million (2008: £7.1 million). The Trust claims exemption from income and capital gains taxes, however the exemption does not extend to underwriting commission on which a tax charge of £0.1 million arises (2008: £nil).

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 2008	340.9	1.5	20.8	64.0	141.0	3.6	571.8
Additions	1.6	–	–	–	11.5	1.0	14.1
Transfers from assets in course of construction	2.8	–	–	–	0.6	(3.4)	–
Disposals	–	–	–	–	(6.7)	–	(6.7)
Cost as at 30 September 2009	**345.3**	**1.5**	**20.8**	**64.0**	**146.4**	**1.2**	**579.2**
Depreciation as at 1 October 2008	45.0	1.5	1.6	11.8	87.6	–	147.5
Charge for the year	6.4	–	0.4	3.1	14.6	–	24.5
Disposals	–	–	–	–	(6.5)	–	(6.5)
Depreciation as at 30 September 2009	51.4	1.5	2.0	14.9	95.7	–	165.5
Net Book Value as at 30 September 2009	**293.9**	**–**	**18.8**	**49.1**	**50.7**	**1.2**	**413.7**
Net Book Value as at 30 September 2008	295.9	–	19.2	52.2	53.4	3.6	424.3

(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 2008	210.6	1.5	20.8	64.0	43.2	340.1
Additions	0.4	–	–	–	1.7	2.1
Disposals	–	–	–	–	–	–
Cost as at 30 September 2009	**211.0**	**1.5**	**20.8**	**64.0**	**44.9**	**342.2**
Depreciation as at 1 October 2008	24.4	1.5	1.6	11.8	13.0	52.3
Charge for the year	3.3	–	0.4	3.1	3.3	10.1
Disposals	–	–	–	–	–	–
Depreciation as at 30 September 2009	**27.7**	**1.5**	**2.0**	**14.9**	**16.3**	**62.4**
Net Book Value as at 30 September 2009	**183.3**	**–**	**18.8**	**49.1**	**28.6**	**279.8**
Net Book Value as at 30 September 2008	186.2	–	19.2	52.2	30.2	287.8

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

15. INVESTMENTS

(a) Investment assets

Group

	Fair value 1 October 2008 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2009 £m
UK	1,375.0	713.0	659.3	211.5	1,640.2
Overseas	5,974.6	2,722.1	3,365.9	911.1	6,241.9
Total quoted	**7,349.6**	**3,435.1**	**4,025.2**	**1,122.6**	**7,882.1**
UK	328.7	6.8	120.2	(32.3)	183.0
Overseas	4,005.5	501.0	528.8	(36.4)	3,941.3
Total unquoted	**4,334.2**	**507.8**	**649.0**	**(68.7)**	**4,124.3**
UK	810.3	11.0	24.9	2.9	799.3
Total property	**810.3**	**11.0**	**24.9**	**2.9**	**799.3**
Total	**12,494.1**	**3,953.9**	**4,699.1**	**1,056.8**	**12,805.7**

The Group suspended the securities lending programme on 22 October 2008. The investments at fair value in the Trust and the Group include securities on loan at year end with fair value of £nil (2008: £68.5 million), the Trust and the Group held £nil (2008: £74.4 million) as collateral 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 £62.2 million (2008: £192.6 million) and the Trust held £66.6 million (2008: £200.9 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 re-called but not obtained during the year and therefore no collateral was retained.

Trust

	Fair value 1 October 2008 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2009 £m
UK	969.6	713.0	659.3	211.5	1,234.8
Overseas	5,891.9	2,719.4	3,588.2	797.0	5,820.1
Total quoted	**6,861.5**	**3,432.4**	**4,247.5**	**1,008.5**	**7,054.9**
UK	328.7	6.8	120.2	(32.3)	183.0
Overseas	3,569.4	444.7	515.5	9.0	3,507.6
Total unquoted	**3,898.1**	**451.5**	**635.7**	**(23.3)**	**3,690.6**
UK	790.3	7.9	24.9	0.5	773.8
Total property	**790.3**	**7.9**	**24.9**	**0.5**	**773.8**
Total	**11,549.9**	**3,891.8**	**4,908.1**	**985.7**	**11,519.3**

The unquoted valuation in the Trust and the Group above includes direct investments of £206.3 million (2008: £147.3 million) and other investments of £249.8 million (2008: £279.4 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 Valuation and Appraisal 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.

(b) Derivative financial instruments

Fair value

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Derivative financial instrument asset positions	**2.3**	**11.2**	**2.3**	**7.1**

Derivative financial instrument liabilities for the Group and Trust of £32.6 million (2008: £309.9 million for the Group and £303.3 million for the Trust) are included within creditors falling due within one year, disclosed in note 17.

The Trust's use of derivative financial instruments comprises:

Forward currency contracts

Forward currency contracts are used to translate 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 2009, the notional value of open forward contracts amounted to £365.0 million (2008: £3,947.4 million).

Financial futures and options

The use of futures and options 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,
- Adjusting asset exposures within the parameters set in the Trust's Investment Policy.

As at 30 September 2009, there were no long futures positions (2008: notional value amounted to £210.9 million). Purchased futures positions are covered by cash as reflected in note 15(c).

During the year the Trust has sold exchange traded futures and as at 30 September 2009, the notional value of sold futures positions amounted to £828.3 million (2008: £nil). Sold futures are covered by quoted equity positions as reflected in note 15(a).

As at 30 September 2009, the notional value of long options positions amounted to £64.8 million (2008: £64.8 million).

During the year the Trust has sold options and as at 30 September 2009, the notional value of short options positions amounted to £63.4 million (2008: £nil). 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).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

15. INVESTMENTS (continued)

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

	Group		Trust	
	2009 £m	2008 £m	2009 £m	2008 £m
Investment cash and certificates of deposit	**1,037.6**	**1,369.4**	**1,003.2**	**1,103.4**
Cash collateral held	–	74.4	–	74.4
Accrued income from investments	9.9	16.6	9.0	11.6
Proceeds receivable on sale of investments	76.7	50.8	67.9	45.4
Other investment debtors	30.9	11.6	12.3	11.1
Other investment assets	**117.5**	**153.4**	**89.2**	**142.5**

(d) Programme related investments

Group and Trust

	Fair value 1 October 2008 £m	Purchases £m	Transfers on conversion £m	Total losses £m	Fair value 30 September 2009 £m
Freehold land	14.0	–	–	–	14.0
Loans – UKCMRI	0.5	2.6	–	–	3.1
Loans – PRIs	2.3	12.1	(0.3)	(10.9)	3.2
Loans	**2.8**	**14.7**	**(0.3)**	**(10.9)**	**6.3**
Equities – Diamond	–	3.9	–	(3.9)	–
Equities – PRIs	0.3	1.4	0.3	(1.3)	0.7
Equities	0.3	5.3	0.3	(5.2)	0.7
Total	**17.1**	**20.0**	**–**	**(16.1)**	**21.0**

As part of its Technology Transfer activities, the Trust has provided funding to 37 (2008: 28) 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 £12.2 million loss 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 reflected in the Technology Transfer direct expenditure in note 6. In view of the immateriality of the value of these investments as at 30 September 2009, further details of individual companies have not been disclosed.

Equities includes a 14% equity interest in Diamond Light Source Limited, a company established to construct and operate a synchrotron in Oxfordshire. Under the share holding agreement there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within Science Funding direct expenditure in note 6. Outstanding commitments are disclosed in note 19(b).

(i) Programme Related Joint Venture

The Trust and each of the three other UK Centre for Research and Innovation (UKCMRI) funders hold a 25% equity interest in UKCMRI Construction Limited, which is undertaking the design and build of the UKCMRI build project. The equity interest gives each UKCMRI partner equal voting rights, the right to veto and the ability to appoint one director. Therefore, UKCMRI Construction Limited is a joint venture entity, jointly controlled by the Trust and the other UKCMRI funders.

In addition, the Trust has provided loan funding to UKCMRI Construction Limited to finance the Trust's share of the expenditure of the joint venture, this amounted to £3.8 million (2008: £0.5 million). The Trust is committed to providing loan financing to UKCMRI Construction Limited equal to 18.5% of the joint venture's cash flow requirements. The Trust is entitled to receive a charitable donation under gift aid equal to 18.5% of joint venture's taxable profits.

The Trust's 18.5% share of the results of the activities of this joint venture are not considered to be material to the consolidated Financial Statements of the Group and therefore the gross equity method of accounting has not been applied to this joint venture (see the disclosure in the table below). The joint venture's accounting reference date is 31 March. Management accounts of the joint venture have been used to prepare these disclosures.

(ii) Share of joint venture undertakings

Balance Sheet

	As at 30 September 2009 £m	**As at 30 September 2008 £m**
Share of current assets	4.4	1.2
Share of gross assets	**4.4**	**1.2**
Share of creditors falling due within one year	(4.4)	(1.2)
Share of gross liabilities	**(4.4)**	**(1.2)**
Share of net assets	**–**	**–**

Profit and loss account	**Year to 30 September 2009 £m**	**Period to 30 September 2008**
Share of turnover	2.5	0.5
Share of operating profit	–	–

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

15. INVESTMENTS (continued)

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

		Group		Trust	
	Note	2009 £m	2008 £m	2009 £m	2008 £m
Quoted investments	15(a)	1,122.6	(1,235.7)	1,008.5	(1,202.9)
Unquoted investments	15(a)	(68.7)	16.9	(23.3)	58.6
Investment properties	15(a)	2.9	(63.1)	0.5	(67.1)
Derivative financial instruments:					
Passive currency overlay	15(b)	(270.1)	(366.7)	(270.1)	(366.7)
Other derivative financial instruments	15(b)	(272.1)	(218.6)	(257.3)	(132.4)
Shares in subsidiary undertakings		–	–	41.2	(121.3)
Foreign exchange		1.8	45.7	(4.2)	14.3
		516.4	**(1,821.5)**	**495.3**	**(1,817.5)**

Losses relating to derivative financial instruments include £270.1 million (2008: £366.7 million) relating to the passive currency overlay, which comprises forward currency contracts to hedge the Group and Trust's exposure to foreign currency assets. The remaining losses of £272.1 million (2008: £218.6 million) relate to losses on other forward currency contracts, financial futures and options. The Trust adopts a policy of hedging a part of its non-base currency exposures using a passive currency overlay although the actual percentage hedged varies from time to time. The gains and losses relating to the passive currency overlay are therefore offsetting foreign exchange gains and losses on the foreign currency assets within quoted and unquoted investments. The Group and Trust's exposure to foreign currency is detailed in note 23 (c) (ii).

(f) Reconciliation to Trustee's Report

The presentation of investment balances in notes 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. 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.

	Note	Fair value 30 September 2009 £m	Fair value 30 September 2008 £m
Equity & Equity Long/Short		**6,400.7**	**6,522.4**
Long Only Equities		**5,169.2**	**5,031.1**
Global		2,774.3	751.4
Emerging Markets		905.6	433.3
US		884.4	946.2
Asia Pacific ex Japan		651.6	898.5
UK		367.8	436.2
Europe		210.3	670.1
Japan		207.1	789.8
Futures		(827.3)	–
Options		(4.6)	–
Passive Equity index Exposure		–	105.6
Equity Long/Short Hedge Funds		**1,231.5**	**1,491.3**
Bonds and Cash		**1,798.4**	**1,263.5**
Bonds and Cash		966.6	–
Futures and Options Collateral Offset		831.8	–
Absolute Return & Buy-outs		**2,811.7**	**3,208.1**
Buy-out Funds		1,403.8	1,412.0
Credit Funds – Drawdown		346.2	286.9
Credit Hedge Funds		307.6	1,090.3
Multi Strategy Hedge Funds		754.1	262.8
Active Currency		–	156.1
Healthcare & Venture		**1,349.0**	**1,241.5**
Equity Healthcare		60.4	171.1
Healthcare Hedge Funds		186.5	13.2
Venture Capital Funds		828.7	731.4
Venture IPOs		14.3	156.5
Direct Healthcare		170.5	117.2
Direct Technology		42.1	36.6
Direct Financial Services		46.5	15.5
Residential Property Composite		**1,101.2**	**1,180.0**
Ungeared Residential Property		879.3	899.7
Geared Residential Property		221.9	280.3
Commercial Property Composite		**398.7**	**438.3**
Ungeared Commercial Property		212.1	211.2
Geared Commercial Property		186.6	227.1
Currency overlay		**(6.4)**	**(292.7)**
Total Assets		**13,853.3**	**13,561.1**
Represented by			
Quoted and unquoted investments and investment property	15(a)	12,805.7	12,494.1
Derivative financial instrument asset positions	15(b)	2.3	11.2
Investment cash and certificates of deposit	15(c)	1,037.6	1,369.4
Other investment assets	15(c)	117.5	153.4
Derivative financial instrument liabilities	17	(32.6)	(309.9)
Other investment liabilities	17	(77.2)	(157.1)
		13,853.3	**13,561.1**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2009 (continued)

15. INVESTMENTS (continued)

(g) Foreign exchange

In the financial year to 30 September 2009 there were foreign exchange losses on monetary transactions of £4.2 million in the Trust (2008: gains of £14.3 million) and foreign exchange gains on monetary transactions of £1.9 million in the Group (2008: £45.7 million).

16. DEBTORS

	Group		Trust	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**
Amounts due from subsidiary undertakings	–	–	4.8	1.9
Other debtors	15.0	9.1	6.2	2.4
Prepayments	6.9	6.0	2.5	2.3
	21.9	**15.1**	**13.5**	**6.6**

17. CREDITORS

	Group		Trust	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**
Falling due within one year				
Amounts due to subsidiary undertakings	–	–	301.7	31.3
Grant liability (note 8)	591.0	566.1	591.0	565.1
Bond liabilities	9.2	4.7	–	–
Finance lease creditor	–	0.6	–	0.6
Amount payable on acquisition of investments	53.1	59.4	48.3	58.3
Cash collateral creditor	–	74.4	–	74.4
Deferred Income from investments	5.7	5.6	5.4	5.2
Other investment liabilities	18.4	17.7	17.6	17.3
Derivative financial instrument liabilities	32.6	309.9	32.6	303.3
Trade creditors	7.0	10.8	2.1	1.0
Other creditors	8.5	5.1	4.4	1.0
Accruals and deferred income	19.7	16.2	7.3	5.1
Total falling due within one year	**745.2**	**1,070.5**	**1,010.4**	**1,062.6**
Falling due between one and five years				
Grant liability (note 8)	769.1	672.4	766.1	669.4
Finance lease creditor	0.1	0.7	0.1	0.7
Other creditors	1.8	1.9	1.8	1.9
	771.0	**675.0**	**768.0**	**672.0**
Falling due after five years				
Grant liability (note 8)	49.3	21.1	49.3	21.1
Bond liabilities	809.9	539.3	–	–
Finance lease creditor	–	84.7	–	84.7
Other creditors	1.1	1.6	1.1	1.6
	860.3	**646.7**	**50.4**	**107.4**
Total falling due after one year	**1,631.3**	**1,321.7**	**818.4**	**779.4**

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

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 Wellcome Trust Finance plc (a subsidiary undertaking) on 25 July 2006 and the £275 million 4.750% Guaranteed Bonds due May 2021 ("£275 million bonds"), issued by Wellcome Trust Finance plc on 28 May 2009. The Bond liabilities falling due within one year are the unpaid coupon interest accrued for the year to 30 September 2009 for each bond. The interest payment to the Bondholders 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 are 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 fall due after five years. The obligation of Wellcome Trust Finance plc on the Bonds is governed by a Trust Deed dated 25 July 2006 (£550 million bonds) or 28 May 2009 (£275 million bonds) between Wellcome Trust Finance plc, 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.

The Trust has a finance arrangement with Assetfinance December (P) Limited, a subsidiary of HSBC Bank plc, which involves the lease and leaseback of the office building at 215 Euston Road, London and part of the research facility at the Wellcome Trust Genome Campus in Hinxton, Cambridgeshire. During the year the Trust made variation payments amounting to £79.2 million to Assetfinance December (P) Limited to vary the future payments under these arrangements. The finance lease creditors outstanding after the variation payments were re-measured to the present value of the future lease payments and amount to £0.2 million. The gain of £6.8 million arising due to the re-measurement has been recognised in the Statement of Financial Activities.

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Trust

	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2008	6.9	1.8	8.7
Charge for the year	1.7	–	1.7
Utilised in year	(0.6)	–	(0.6)
As at 30 September 2009	**8.0**	**1.8**	**9.8**

Employment provisions relate to the unfunded defined benefit pension, post retirement medical benefits and amounts payable in respect of the long term incentive schemes. The other provisions of £1.8 million relate to the Trust's share of the decommissioning costs for Diamond Light Source Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

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 £2,167.7 million (2008: £2,203.8 million). The Trust models its expected cash flows based on the year of the original commitment and historic trends. In a normal economic environment, the Trust would expect to invest £792.7 million (37%) of its outstanding commitments in one year, £1,279.0 million (59%) in between one to five years, and £96.0 million (4%) after five years.

(b) Programme related investments

The Trust has an outstanding commitment of £4.9 million as part of the second construction phase of the Diamond Light Source Limited synchrotron project (2008: £8.6 million).

Programme related convertible loans have been made over a series of years, of which £15.2 million remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has continued its involvement in the UKCMRI during the year. The Trust has committed to £5 million (2008: £2.2 million) of which £1.9 million (2008: £1.7 million) is still outstanding.

(c) Grant funding activities

During the current and prior years, the Technology Transfer Division has made Seeding Drug Discovery awards of £63.2 million, of which £23.2 million is contingent upon specific funding related milestones being met and has therefore not been included within grant liabilities.

During the year, the Trust and Merck & Co., Inc. agreed to set up an entity in India (MSD-Wellcome Trust Hilleman Laboratories) which will focus on developing affordable vaccines to prevent diseases that commonly affect low- and middle-income countries. The Trust will contribute up to £45 million over the next 5 years but no amounts were payable at the year end.

During the year, the Trust incurred £5 million in expenditure relating to a not-for-profit entity established in India (Wellcome Trust/DBT India Alliance). The Trust will contribute up to £35 million over the next 4 years, and if deemed appropriate will continue funding an additional £40 million for a further 5 year period.

(d) Direct activities

At 30 September 2009, Genome Research Limited had capital commitments of £0.4 million (2008: £1.1 million) relating to purchases of scientific equipment.

20. GROUP UNDERTAKINGS

(a) Summary of activities of subsidiary undertakings

The shares or memberships of these subsidiary undertakings are held by The Wellcome Trust Limited, as Trustee of the Wellcome Trust, and, in the cases indicated, also by Wellcome Trust Nominees Limited, a nominee company for the Wellcome Trust. The companies are considered to be wholly-owned subsidiary undertakings of the Wellcome Trust for accounting purposes, and their assets, liabilities and results are consolidated with those of the Wellcome Trust as required under FRS 2.

Summarised financial information is provided below, with the exception of Mkono Ya Bahari Limited and Wellcome Trust Director Limited, which are not considered material for this additional disclosure.

Both Genome Research Limited and Hinxton Hall Limited are charities registered under the Charities Act 1993 (as amended by the Charities Act 2006) and are companies limited by guarantee. The liability of Wellcome Trust Investment Limited Partnership and Wellcome Trust Scottish Limited Partnerships is limited to the amount of their capital commitment. All other subsidiary undertakings are non-charitable and either limited by shares or unlimited by shares.

Trident Holdings Limited ceased operations during the year, final audited financial statements to 30 April 2009 have been used for consolidation purposes. The Company submitted an application to be struck from the register and this is expected to be effective from 31 December 2009.

Subsidiary undertakings that are dormant have been excluded from the table 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
Catalyst BioMedica Limited	England	Holding programme related investments	The Wellcome Trust Limited is the sole shareholder
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
Mkono Ya Bahari Limited	Kenya	Property holding company	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal shareholders
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 Finance plc	England	To issue and invest in financial instruments	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Wellcome Trust Investments 1 Unlimited	England	Investment holding company (Sterling investments)	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Wellcome Trust Investments 2 Unlimited	England	Investment holding company (US Dollar investments)	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Wellcome Trust Investments 3 Unlimited (Formerly WT European Investments Limited)	England	Investment holding company (Euro investments)	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Wellcome Trust Residential 1 Unlimited	England	Investment holding company	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Wellcome Trust Residential 2 Unlimited	England	Investment holding company	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are the shareholders
Trident Holdings Limited	Cayman Islands	Investment holding company	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investment Limited Partnership	England[1]	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[1]	Investment holding partnership	The Wellcome Trust Limited is the limited partner and Wellcome Trust GP Limited is the general partner

[1] Country of registration

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

20. GROUP UNDERTAKINGS (continued)

(b) Summary financial information

(i) Charitable subsidiary undertakings

	Genome Research Limited		Hinxton Hall Limited	
	2009 £m	2008 £m	2009 £m	2008 £m
Incoming resources	96.2	90.8	15.5	15.8
Resources expended	(101.8)	(93.5)	(15.6)	(15.4)
Actuarial losses on defined benefit pension scheme	(11.0)	(9.2)	–	–
Net movements in funds	**(16.6)**	**(11.9)**	**(0.1)**	**0.4**
Assets	131.1	135.4	26.5	27.2
Liabilities	(17.5)	(22.3)	(2.2)	(2.8)
Defined benefit pension scheme deficit	(40.2)	(26.1)	–	–
Net assets	**73.4**	**87.0**	**24.3**	**24.4**

(ii) Non-charitable operating subsidiary undertakings

	W.T. Construction Limited		Catalyst BioMedica Limited		Wellcome Trust Trading Limited	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
Turnover	1.3	3.4	–	–	1.9	1.6
Expenditure	(1.3)	(3.4)	–	–	(1.9)	(1.6)
	–	**–**	**–**	**–**	**–**	**–**
Tangible fixed assets	–	–	–	–	0.1	0.1
Current assets	2.5	3.8	0.8	0.8	1.7	1.4
Total assets	2.5	3.8	0.8	0.8	1.8	1.5
Liabilities	(2.5)	(3.8)	–	–	(1.6)	(1.3)
Net assets	**–**	**–**	**0.8**	**0.8**	**0.2**	**0.2**

(iii) Non-charitable investment subsidiary undertakings

	Wellcome Trust Investment Limited Partnership 2009 £m	Wellcome Trust Investment Limited Partnership 2008 £m	Wellcome Trust Scottish Limited Partnership 2009 £m	Wellcome Trust Scottish Limited Partnership 2008 £m	Wellcome Trust GP Limited 2009 £m	Wellcome Trust GP Limited 2008 £m
Turnover	15.0	31.6	0.4	1.4	–	–
Expenditure	(33.5)	(33.1)	–	–	–	–
Gains/(losses)	87.2	(91.6)	–	3.0	–	–
	68.7	**(93.1)**	**0.4**	**4.4**	**–**	**–**
Investment assets	842.8	545.8	22.2	22.4	–	–
Current assets	44.6	276.4	9.2	8.6	0.4	0.3
Total assets	887.4	822.2	31.4	31.0	0.4	0.3
Liabilities	(686.9)	(690.5)	–	–	(0.4)	(0.3)
Net assets	**200.5**	**131.7**	**31.4**	**31.0**	**–**	**–**

	Wellcome Trust Investments 1 Unlimited 2009 £m	Wellcome Trust Investments 1 Unlimited 2008 £m	Wellcome Trust Investments 2 Unlimited 2009 £m	Wellcome Trust Investments 2 Unlimited 2008 £m	Wellcome Trust Investments 3 Unlimited 2009 £m	Wellcome Trust Investments 3 Unlimited 2008 £m
Turnover	–	–	–	–	2.6	0.4
Expenditure	0.3	(0.3)	–	–	(2.8)	(0.6)
(Losses)/gains	(2.6)	(4.4)	6.2	–	(15.0)	1.7
	(2.3)	**(4.7)**	**6.2**	**–**	**(15.2)**	**1.5**
Investment assets	17.7	20.3	89.7	21.8	41.2	41.9
Current assets	0.3	–	18.0	–	14.8	10.1
Total assets	18.0	20.3	107.7	21.8	56.0	52.0
Liabilities	–	–	(0.2)	(0.2)	(2.8)	(0.1)
Net assets	**18.0**	**20.3**	**107.5**	**21.6**	**53.2**	**51.9**

	Wellcome Trust Residential 1 Unlimited 2009 £m	Wellcome Trust Residential 1 Unlimited 2008 £m	Wellcome Trust Residential 2 Unlimited 2009 £m	Wellcome Trust Residential 2 Unlimited 2008 £m	Trident Holdings Limited 2009 £m	Trident Holdings Limited 2008 £m
Turnover	5.0	9.5	0.1	0.1	0.1	1.3
Expenditure	(9.0)	(9.4)	(0.1)	(0.1)	–	–
(Losses)/gains	(23.0)	(34.0)	(0.2)	(0.3)	–	–
	(27.0)	**(33.9)**	**(0.2)**	**(0.3)**	**0.1**	**1.3**
Investment assets	270.9	294.7	2.7	3.0	–	–
Current assets	8.2	12.3	0.1	0.1	–	0.1
Total assets	279.1	307.0	2.8	3.1	–	0.1
Liabilities	(8.4)	(9.3)	(0.1)	(0.1)	–	(0.1)
Net assets	**270.7**	**297.7**	**2.7**	**3.0**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

20. GROUP UNDERTAKINGS (continued)

(iv) Non-charitable financing subsidiary undertakings	Wellcome Trust Finance plc 2009 £m	Wellcome Trust Finance plc 2008 £m
Turnover	36.8	32.1
Expenditure	(36.8)	(32.1)
	–	–
Current assets	957.5	681.9
Total assets	957.5	681.9
Liabilities	(820.0)	(544.4)
Net assets	**137.5**	**137.5**

The fair value of shares in subsidiary and other undertakings of £822.6 million (2008: £695.9 million) is equal to the sum of the net assets of the entities shown in tables (ii)–(iv). The net gain in subsidiary undertakings, (including foreign exchange gains and losses on translation) in the books of the Trust amount to £41.2 million (2008: net loss of £121.3 million).

21. CONSOLIDATED CASH FLOW

(a) Reconciliation of Statement of Financial Activities to operating cash flows

	2009 £m	2008 £m
Incoming resources	217.1	305.0
Less: Dividends and interest received	(166.1)	(255.1)
Add: Interest payable	24.7	28.0
Decrease in accrued income	6.7	2.6
Increase/(decrease) in deferred income	0.1	(0.8)
(Increase)/decrease in debtors	(27.5)	2.0
Exchange gains	1.8	45.7
Income received	**56.8**	**127.4**
Grants awarded	(531.2)	(525.3)
Increase in commitments	149.8	219.4
Grants paid	**(381.4)**	**(305.9)**
Other resources expended	(260.3)	(263.1)
Increase in creditors and provisions	31.3	29.6
Provision for Programme related investments	16.1	14.6
Loss on disposal of fixed assets	–	0.3
Depreciation	24.5	22.4
Other operating costs	**(188.4)**	**(196.2)**
Interest payable and gain on variation of finance leases	(24.7)	(28.0)
Decrease in creditors and provisions	(1.8)	(0.5)
Servicing of finance	**(26.5)**	**(28.5)**
Net cash outflow from operating activities	**(539.5)**	**(403.2)**

(b) Reconciliation of investment sales and purchases

	2009 £m	2008 £m
Proceeds on sale of quoted investments	4,025.2	7,475.6
Proceeds on sale of unquoted investments	649.0	708.3
Proceeds on sale of investment property	24.9	110.5
Decrease in proceeds receivable on sale of investments	(26.0)	100.7
Proceeds from sales of investments	**4,673.1**	**8,395.1**
Purchase of quoted investments	3,435.1	7,021.2
Purchase of unquoted investments	507.8	1,062.7
Purchase of investment property	11.0	10.9
Decrease/(increase) in amounts payable on acquisition of investments	6.3	(7.6)
Purchase of Programme related investments	18.5	31.2
Purchases of investments	**3,978.7**	**8,118.4**
Loss on derivative financial instruments	(542.1)	(585.3)
Decrease in derivative financial asset positions	8.9	23.5
(Decrease)/increase in derivative financial liabilities	(277.3)	265.1
Payment in relation to derivative financial instruments	**(810.5)**	**(296.7)**

(c) Issue of corporate bonds

During the year Wellcome Trust Finance plc (a subsidiary of the Wellcome Trust) issued £275 million 4.75 per cent, Guaranteed Bonds due 2021. In July 2006 Wellcome Trust Finance plc issued £550 million 4.625 per cent, Guaranteed Bonds due 2036. During the year Wellcome Trust Finance plc paid interest on the Bonds amounting to £25.4 million (2008: £25.4 million). These bonds were issued to maintain high levels of liquidity in volatile conditions in order to meet charitable expenditure and obviate the need to sell high-quality assets at distressed prices.

22. MAJOR NON-CASH TRANSACTIONS

The Trust has finance lease arrangements with a total capital value of £0.2 million as at 30 September 2009 (2008: £85.9 million). During the year the Trust amended these arrangements (refer note 17), this resulted in a gain of £6.8 million which has been recognised in the Statement of Financial Activities. Interest charges of £1.3 million (2008: £2.3 million) were added to the financing balance.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

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:

	2009 £m	**2008 £m**
Interest bearing securities	23.4	152.9
Derivative financial instrument asset positions	2.3	11.2
Investment cash balances and certificates of deposit	1,037.6	1,369.4
Cash collateral held	–	74.4
Accrued income from investments	9.9	16.6
Proceeds receivable on sale of investments	76.7	50.8
Other investment debtor balances	30.9	11.6
Other debtors	15.0	10.2
Term deposits and cash	8.8	15.1
	1,204.7	**1,712.2**

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;
- 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;

- 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, none of the Group's financial assets are secured by collateral or other credit enhancements (see note 15 (a)).

(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.

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 £640.0 million as at 30 September 2009 (2008: £1,100.3 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 £6,099.1 million (2008: £5,524.4 million) that are readily realisable.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2009 (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

	2009				2008			
	3 months or less £m	Not more than 1 year £m	More than 1 year £m	Total £m	3 months or less £m	Not more than 1 year £m	More than 1 year £m	Total £m
Contractual payments falling due within one year								
Bond liabilities	–	9.2	–	9.2	–	4.7	–	4.7
Finance lease creditor	–	–	–	–	0.5	0.2	–	0.7
Derivative financial instrument liabilities	32.6	–	–	32.6	309.9	–	–	309.9
Collateral liability	–	–	–	–	74.4	–	–	74.4
Amount payable on acquisition of investments	53.1	–	–	53.1	59.4	–	–	59.4
Other investment liabilities	18.4	–	–	18.4	17.7	–	–	17.7
Trade creditors	7.0	–	–	7.0	10.8	–	–	10.8
Other creditors	8.4	–	–	8.4	5.1	–	–	5.1
Accruals and deferred income	19.7	–	–	19.7	16.2	–	–	16.2
	139.2	**9.2**	**–**	**148.4**	**494.0**	**4.9**	**–**	**498.9**
Grant liability	220.5	370.5	–	591.0	216.2	349.9	–	566.1
	359.7	**379.7**	**–**	**739.4**	**710.2**	**354.8**	**–**	**1,065.0**
Contractual payments falling due between one and five years								
Finance lease creditor			0.1	0.1			0.7	0.7
Other creditors			1.8	1.8			1.9	1.9
			1.9	**1.9**			**2.6**	**2.6**
Grant liability			769.1	769.1			672.4	672.4
			771.0	**771.0**			**675.0**	**675.0**
Contractual payments falling due after five years								
Bond liabilities			809.9	809.9			539.3	539.3
Finance lease creditor			–	–			84.7	84.7
Other creditors			1.1	1.1			1.6	1.6
			811.0	**811.0**			**625.6**	**625.6**
Grant liability			49.3	49.3			21.1	21.1
			860.3	**860.3**			**646.7**	**646.7**
Total	**359.7**	**379.7**	**1,631.3**	**2,370.7**	**710.2**	**354.8**	**1,321.7**	**2,386.7**

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

(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, interest rate risk and currency risk.

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 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 14.2% as at 30 September 2009 (2008: 11.3%). 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 2009, overall equity beta was 0.65. 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 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 100% Sterling.

VAR levels above a threshold of 15% and/or equity market betas outside a desired range and/or Sterling 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.

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

(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:

	2009 £m	2008 £m
Quoted investments	7,882.1	7,349.6
Unquoted investments	4,124.3	4,334.2
Investment properties	799.3	810.3
Derivative financial instrument asset positions	0.8	2.2
Assets exposed to risk	**12,806.5**	**12,496.3**
Derivative financial instrument liability positions	22.9	13.0
Liabilities exposed to risk	**22.9**	**13.0**

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2009 (continued)

23. FINANCIAL RISK MANAGEMENT (continued)

Risk management policies and procedures

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.

(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 $1,468.6 million, £50.9 million, and €648.1 million as at 30 September 2009 (2008: $1,507.1 million, £96.6 million, and €490.0 million) .

Currency risk exposure

As at 30 September 2009, 79% (2008: 49%) of the Group's investment assets were non Sterling denominated, after including the impact of passive currency overlay.

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

		2009			2008	
	Value (Currency, m)	Value £m	Percentage £%	Value (Currency, m)	Value £m	Percentage £%
Traded investments assets						
US $	$11,360.6	7,103.2	54.6%	$12,302.9	6,902.2	52.8%
Euro	€1,473.5	1,346.7	10.4%	€1,592.2	1,254.7	9.6%
Japanese Yen	¥47,625.1	332.6	2.6%	¥81,500.5	430.7	3.3%
Other		1,289.1	9.9%		1,162.2	8.9%
Investment cash and certificates of deposit, and other investment assets						
US $	$484.0	302.6	2.3%	$318.2	178.5	1.4%
Euro	€60.3	55.1	0.4%	€290.2	228.7	1.7%
Japanese Yen	¥1,994.1	13.9	0.1%	¥5,057.2	26.7	0.2%
Other		187.5	1.4%		17.1	0.1%
Other investment creditors						
US $	($33.0)	(20.6)	-0.2%	($42.4)	(23.8)	-0.2%
Euro	(€8.5)	(7.8)	-0.1%	(€4.7)	(3.7)	0.0%
Japanese Yen	(¥739.9)	(5.2)	0.0%	(¥5,073.2)	(26.8)	-0.2%
Other		(14.8)	-0.1%		(10.4)	-0.1%
Forward currency contracts						
US $	($60.2)	(37.6)	-0.3%	($5,305.3)	(2,969.0)	-22.6%
Euro	(€241.6)	(220.8)	-1.7%	(€1,009.4)	(796.0)	-6.1%
Japanese Yen	¥203.5	1.4	0.0%	¥8,066.5	42.7	0.3%
Other		(72.4)	-0.6%		2.9	0.0%
Total exposed to currency risk		**10,252.9**	**78.7%**		**6,416.7**	**49.1%**
Total not exposed to currency risk			**21.3%**			**50.9%**
			100.0%			**100.0%**

Risk management policies and procedures

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 etc.

From 1 October 2009 the Group will measure returns and monitor 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. It may also alter the nature and extent of the currency hedging overlay which the Group employs.

(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:

Interest bearing financial assets and liabilities	**Weighted average interest rate**	**Value as at 30 September 2009 £m**	**Weighted average interest rate**	**Value as at 30 September 2008 £m**
Interest bearing assets				
Maturing within one year				
Fixed rate	n/a	–	4.250%	1.3
Floating rate	n/a	9.1	n/a	5.0
Maturing between two and five years				
Fixed rate	6.000%	2.9	5.025%	87.0
Floating rate	n/a	–	n/a	23.3
Maturing after five years				
Fixed rate	n/a	–	6.375%	3.2
Floating rate	n/a	11.4	n/a	33.1
Total interest bearing securities		**23.4**		**152.9**
Interest bearing liabilities				
Maturing after five years				
Fixed rate – Bond liabilities	4.668%	(819.2)	4.625%	(544.0)
Floating rate – finance lease creditor	n/a	(0.2)	n/a	(85.9)
Total interest bearing liabilities		**(819.4)**		**(629.9)**

23. FINANCIAL RISK MANAGEMENT (continued)

In addition to the interest bearing securities detailed in the table above, the Group holds investment cash and certificates of deposit of £1,037.6 million (2008: £1,369.4 million) and term deposits and cash of £8.8 million (2008: £15.1 million). These assets are interest bearing and the future cash flows from these assets will fluctuate with changes in market interest rates.

The maturity dates of the Group's interest bearing liabilities are detailed in note 17. The Bond liabilities value detailed in the table above is the book value; the fair value of these liabilities is detailed in note 23(d) below.

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 £12.9 million variance in the fair value of investment assets. This dependency is based on the stress test result of using a Monte Carlo simulation model. 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 liabilities and the related finance costs regularly.

(d) 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.

Quoted investments, unquoted investments, investment properties, derivative financial instruments and Programme related investments are held at fair value. The book value of other investment balances (which comprises investment cash and other current investments debtors and creditors), other debtors, term deposits and cash, trade creditors and other creditors is equal to the fair value of these balances.

The fair value of the Bond liabilities as at 30 September 2009 was £813.2 million (2008: £482.5 million) and is based on the offer price of the Bonds at that date. The fair value of the Bond liabilities presented in the Trustee's Report Figure 6 is the sum of the fair value of the Bond liabilities of £813.2 million (2008: £482.5 million) and the accrued interest payable on these Bond liabilities of £9.2 million (2008: £4.7 million) as in note 17.

REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

Sir William Castell, LVO, FCA *(Chairman)*

Professor Adrian Bird, CBE, FRS, FMedSci *(Deputy Chairman)*

Professor Dame Kay Davies, CBE, FMedSci, FRS

Mr Peter Davies *(from 1 September 2009)*

Professor Christopher Fairburn, DM, FRCPsych, FMedSci

Professor Richard Hynes, PhD, FRS

Mr Roderick Kent, MA, MBA

Baroness Manningham-Buller, DCB

Professor Peter Rigby, PhD, FMedSci

Professor Peter Smith, CBE, DSc, HonMFPH, FMedSci

Mr Edward Walker-Arnott

Company Secretary

Mr John Stewart

Executive Board

Sir Mark Walport, PhD, FRCP, FMedSci *(Director)*

Dr Ted Bianco, PhD *(Director of Technology Transfer)*

Mr John Cooper *(Chief Operating Officer and Interim Chief Executive, UK Centre for Medical Research and Innovation from 3 August 2009) (Director of Resources to 2 August 2009*)

Mr Simon Jeffreys *(Chief Operating Officer from 3 August 2009) (Chief Financial Officer from 2 March 2009)*

Dr David Lynn, PhD *(Head of Strategic Planning and Policy Unit)*

Ms Clare Matterson *(Director of Medicine, Society and History)*

Mr David Phillipps, FCA *(Director of Finance to 1 March 2009)*

Dr Alan Schafer, PhD *(Head of Molecular and Physiological Sciences)*

Mr John Stewart *(Head of Legal)*

Mr Danny Truell *(Chief Investment Officer)*

All of the above have been in office throughout the year unless otherwise stated.

REFERENCE AND ADMINISTRATIVE DETAILS
(continued)

Audit Committee

Mr Edward Walker-Arnott *(Chairman)*

Mr Philip Johnson

Mr Roderick Kent *(from 1 January 2009)*

Mr Simon Leathes

Baroness Manningham-Buller *(from 1 January 2009)*

Professor Peter Smith *(to 31 December 2008)*

Mr Nicholas Temple

Remuneration Committee

Sir William Castell *(Chairman)*

Professor Adrian Bird

Mr Roderick Kent

Mr Edward Walker-Arnott

Investment Committee

Sir William Castell *(Chairman)*

Mr Tim Church

Mr Peter Davies

Mrs Sarah Fromson

Mr Simon Jeffreys *(from 2 March 2009)*

Mr Roderick Kent

Mr Naguib Kheraj

Mr Nicholas Moakes

Mr Stewart Newton

Mr Peter Pereira *Gray*

Mr David Phillipps *(to 1 March 2009)*

Mr Danny Truell

Sir Mark Walport

Nominations Committee

Sir William Castell *(Chairman)*

Professor Adrian Bird

Professor Richard Hynes

Mr Edward Walker-Arnott

Strategic Awards Committee

Professor Adrian Bird *(Chairman)*

Sir William Castell

Professor Kay Davies

Mr Peter Davies *(from 1 September 2009)*

Professor Christopher Fairburn

Professor Richard Hynes

Mr Roderick Kent

Baroness Manningham-Buller

Professor Peter Rigby

Professor Peter Smith

Mr Edward Walker-Arnott

Dr Ted Bianco

Ms Clare Matterson

Sir Mark Walport

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Bankers

HSBC Bank plc

Solicitors

CMS Cameron McKenna LLP

Proskauer Rose LLP

Global custodian bank

JP Morgan Chase Bank NA

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ISBN 978 1 84129 085 0

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FI–4620/12-2009

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