

**Wellcome Trust Investments 2 Unlimited
Annual Report and Financial Statements
For the year ended 30 September 2021**

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Wellcome Trust Investments 2 Unlimited

Strategic Report

For the year ended 30 September 2021

The directors of Wellcome Trust Investments 2 Unlimited (the "Company" and the "Directors") present their strategic report for the year ended 30 September 2021 (the "Strategic Report").

Strategy and objectives

The principal activity of the Company is acquiring and holding investments denominated in US dollars and Hong Kong dollars so that the Company achieves sufficient returns on its investments over time to be profitable such that donations can be made to its ultimate parent undertaking, the Wellcome Trust, through its corporate trustee The Wellcome Trust Limited.

Review of the business and future developments

In the current year the Company made further investments of \$2,129,384 (2020: \$69,134,539). The Company expects to continue to make new and further investments and/or dispose of such investments for the foreseeable future. The Company issued additional share capital of \$834,613 to fund its activities (2020: \$74,687,789).

Results for the year

The Company made a profit of \$100,928,599 during the year ended 30 September 2021 (2020: a profit of \$39,708,052) driven by total gains of \$112,738,660, of which \$65,685,084 were realised gains (2020: total gains of \$35,261,385, which includes realised losses of \$10,040,686).

The Directors selected the US dollar as the functional and presentation currency of the Company because most of the Company's transactions are denominated in US dollars and Hong Kong dollars, which is closely linked to the value of the US dollar.

Key performance indicators

The Company's key performance indicator is that the Company achieves sufficient returns on its investments over time to be profitable such that donations can be made to its ultimate parent undertaking, the Wellcome Trust, through its corporate trustee The Wellcome Trust Limited.

Principal risks and uncertainties

The major risks to which the Company is exposed have been identified and reviewed by the Directors and are market price risk in relation to the investment assets held and credit risk in relation to amounts owed by group undertakings. The market price risk is reduced by careful selection of the investments and the credit risk exposure is mitigated by the counterparty being a group undertaking and the fact that the group is adequately funded. The Company's internal control and risk management is undertaken as part of the Wellcome Trust's processes which are detailed in the Wellcome Trust Annual Report and Financial Statements which are available at [wellcome.org/what-we-do/reports](https://www.wellcome.org/what-we-do/reports).

The directors have assessed the impact of the events in Russia and Ukraine and do not believe it materially impacts the operations of the company or its ability to continue to operate for the foreseeable future, being at least 12 months from the date of signing the financial statements.

The Company's internal control and risk management, which includes consideration of the impact of Covid-19, climate change and the risk associated with Brexit are considered at a group level and documented within the Wellcome Trust Annual Report and Financial Statements 2021 which are available from Wellcome's website at [wellcome.org/what-we-do/reports](https://www.wellcome.org/what-we-do/reports).

Corporate governance

The Company is a subsidiary undertaking of the Wellcome Trust through its corporate trustee The Wellcome Trust Limited. The Company's governing documents are its Memorandum of Association and its Articles of Association.

This report was approved by the Board of Directors on 16 September 2022 and signed on its behalf by:



Karen Chadwick
Director
20 September 2022

Wellcome Trust Investments 2 Unlimited Directors' Report For the year ended 30 September 2021

The Directors present their annual report and financial statements of the Company for the year ended 30 September 2021 (the "Financial Statements").

Future developments

These are discussed in the Strategic Report on page 1.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet any commitments as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements. The Directors have considered the impact of Covid-19 and the impact of the events in Russia and Ukraine on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

Employees

There are no employees of the Company (2020: none). The administration of the Company is undertaken by staff of The Wellcome Trust Limited (acting as trustee of the Wellcome Trust). The Wellcome Trust has not incurred any incremental costs due to the administration of the Company.

Dividends

The Directors do not propose the payment of a dividend on the ordinary shares (2020: nil).

Financial risk management objectives and policies

These are discussed in the Strategic Report on page 1.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

Karen Chadwick
Elaina Elzinga
Nicholas Moakes
Lisha Patel
Peter Pereira Gray

None of the Directors held any beneficial interest in the shares of the Company or any interest in its parent undertaking, the Wellcome Trust through its corporate trustee The Wellcome Trust Limited. Each of the Directors is an employee of The Wellcome Trust Limited (acting as trustee of the Wellcome Trust) and receives remuneration from The Wellcome Trust as an employee. No remuneration is paid to any Director for their services as a Director.

Directors' indemnity policy

The Company is party to a group-wide directors' and officers' liability insurance policy which includes all of the current directors within the Wellcome Trust group. There are no qualifying indemnity provisions (as defined in the Companies Act 2006) that benefit the Directors of the Company.

Statement of disclosure of information to auditor

Each Director in office at the date of approving this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Wellcome Trust Investments 2 Unlimited
Directors' Report
For the year ended 30 September 2021**

Independent auditor

The Board of Directors resolved on 16 September 2022 to approve the appointment of Deloitte LLP as auditor until such time as the Company decides otherwise.

Events after the end of the reporting period

There have been no subsequent events requiring disclosure.

This report was approved by the Board of Directors on 16 September 2022 and signed on its behalf by:



Karen Chadwick
Director
20 September 2022

Wellcome Trust Investments 2 Unlimited
Statement of Directors' Responsibilities
For the year ended 30 September 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Wellcome Trust Investments 2 Unlimited
Independent Auditor's Report to the members of Wellcome Trust Investments 2 Unlimited
For the years ended 30 September 2021 and 30 September 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wellcome Trust Investments 2 Unlimited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and 30 September 2020 and of its profit for the years then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 15

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Wellcome Trust Investments 2 Unlimited Independent Auditors' Report to the members of Wellcome Trust Investments 2 Unlimited (continued)
For the years ended 30 September 2021 and 30 September 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, the Companies Partnerships and Groups (Accounts and Reports) Regulations 2016 and the applicable tax laws; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty such as applicable health and safety regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Wellcome Trust Investments 2 Unlimited Independent Auditors' Report to the members of
Wellcome Trust Investments 2 Unlimited (continued)
For the years ended 30 September 2021 and 30 September 2020**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Hodges ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 September 2022

Wellcome Trust Investments 2 Unlimited
Profit and Loss Account
For the year ended 30 September 2021

	Note	Year ended 30 September 2021	Year ended 30 September 2020
		\$	\$
Investment income			
Quoted investments		13,054,856	15,711,399
Interest income		234,546	896,303
Operating income		13,289,402	16,607,702
Administrative expenses	3	(76,287)	(47,489)
Operating profit		13,213,115	16,560,213
Gain/(loss) on investment assets			
Quoted investments	7 (i)	(34,517,326)	(43,765,267)
Unquoted investments	7 (i)	147,255,986	78,981,162
Foreign exchange on monetary assets		-	45,490
Profit before taxation		125,951,775	51,821,598
Tax on profit	6	(25,023,176)	(12,113,546)
Profit for the year		100,928,599	39,708,052

All results are derived from continuing activities. There are no gains and losses other than as shown above. Consequently, no separate Statement of Comprehensive Income has been prepared.

The notes on pages 11 to 17 form part of these Financial Statements.

Wellcome Trust Investments 2 Unlimited
Balance Sheet
As at 30 September 2021

	Note	As at 30 September 2021	As at 30 September 2020
		\$	\$
Investment assets			
Unquoted investments	7	528,187,574	509,218,530
Quoted investments	7	507,038,191	541,555,517
Investment cash		1,421,044	5,358,195
		1,036,646,809	1,056,132,242
Current assets			
Amounts owed by group undertakings	8	474,930,278	341,630,026
Accrued Income		3,054,490	2,602,466
Creditors: amounts falling due within one year	9	(122,717,557)	(55,990)
Net current assets		355,267,211	344,176,502
Total assets less current liabilities		1,391,914,020	1,400,308,744
Provisions for liabilities			
Deferred tax liability	10	(67,012,484)	(41,989,308)
Net assets		1,324,901,536	1,358,319,436
Capital and reserves			
Called up share capital	12	1,111,785,736	1,110,951,123
Profit and loss account		213,115,800	247,368,313
Total shareholders' funds		1,324,901,536	1,358,319,436

The Financial Statements on pages 8 to 17 were approved by the Board of Directors and authorised for issue on 16 September 2022 and signed on its behalf by:

K. Chadwick

Karen Chadwick
Director
20 September 2022

Wellcome Trust Investments 2 Unlimited
Statement of Changes in Equity
As at 30 September 2021

	Called-up share capital \$	Profit and loss account \$	Total \$
At 1 October 2019	1,036,263,334	207,660,261	1,243,923,595
Gain for the financial year		39,708,052	39,708,052
Total gain		39,708,052	39,708,052
Share Capital issued during the year	74,687,789		74,687,789
At 30 September 2020	1,110,951,123	247,368,313	1,358,319,436
At 1 October 2020	1,110,951,123	247,368,313	1,358,319,436
Gain for the financial year		100,928,599	100,928,599
Total gain		100,928,599	100,928,599
Share Capital issued during the year	834,613		834,613
Gift Aid		(135,181,112)	(135,181,112)
At 30 September 2021	1,111,785,736	213,115,800	1,324,901,536

The notes on pages 11 to 17 form part of these Financial Statements.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements
For the year ended 30 September 2021

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with applicable United Kingdom law and United Kingdom accounting standards. The accounting policies which have been adopted consistently in the current and prior year are described below.

(a) Statement of compliance

The Company, a private company, is incorporated in England and Wales, under the Companies Act. The address of the registered office is given on page 18. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The Company is a wholly owned subsidiary of the Wellcome Trust through its corporate trustee, The Wellcome Trust Limited, and its results are included in the consolidated financial statements of the Wellcome Trust, which are publicly available.

The Financial Statements have been prepared on a going concern basis as well as in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 102. For further information refer to the Directors' Report.

The functional and presentational currency of the Company is US dollars. The majority of transactions undertaken by the Company are denominated in US dollars and Hong Kong dollars, which is closely linked to the value of the US dollar.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments and presentation of a statement of cash flows. The equivalent disclosures relating to the exemptions have been included in the consolidated financial statements of the Wellcome Trust.

(b) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The Financial Statements have been prepared under the historical cost convention except for certain financial assets measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving more judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

(i) Income

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable. Interest income is recognised on an accruals basis using the effective rate of interest.

(ii) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Company to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All resources expended are recognised on an accruals basis in the profit and loss account.

(iii) Gift Aid

Gift Aid donation recognised is equal to estimated taxable profits of the company at the time of the approval of the financial statements (unless restricted due to an insufficient amount of cash or distributable reserves). If a restriction does not apply, the Gift Aid paid within nine months of the balance sheet date is equal to the actual taxable profits of the company at time of payment. Any difference between the Gift Aid donation accrued and the Gift Aid donation paid is recognised at the time of payment.

(iv) Financial assets and liabilities

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual arrangement which gives rise to the relevant asset or liability.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

(iv) Financial assets and liabilities (continued)

All financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, are initially measured at fair value (normally the transaction price excluding transaction costs) and subsequently measured at amortised cost and assessed for impairment at the end of each reporting period.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs),

Investment assets including unquoted investments, are initially measured at fair value (normally the transaction price excluding transaction costs), and subsequently re-measured at fair value through profit or loss. Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuation decisions. Investments assets are valued at the Director's best estimate of fair value.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(v) Functional and presentation currency

The Directors selected the US dollar as the functional and presentation currency of the Company because the majority of the Company's transactions are denominated in US dollars and Hong Kong dollars, which is closely linked to the value of the US dollar. All transactions which are not denominated in US dollars are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate ruling at the balance sheet date. All gains and losses on exchange are recognised in the profit and loss account.

(vi) Amounts owed by group undertakings

The intercompany loans are repayable on demand. Interest is charged at average ruling money market rates quoted by HSBC Bank plc.

(vii) Taxation

The Company is subject to UK Corporation Tax. However, because its policy is to make a qualifying charitable donation ("Gift Aid") to the Wellcome Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to insufficient cash or distributable reserves.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the financial statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Significant judgements in applying the accounting policies

There is one significant judgement that has been made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in financial statements.

Investment assets are measured at fair value for financial reporting purposes. The Company applies judgement in selecting the appropriate valuation techniques for calculating the fair value for reporting purposes.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

(ii) Significant accounting estimates and assumptions

The fair value of the unquoted investments held are estimated. Valuations are provided by third parties and disclosed in further detail in note 7. The Valuers used the following estimates in determining the fair value of investments:

- Level 2 assets include hedge funds which are valued by reference to valuation techniques using observable inputs other than quoted prices. Valuations are provided by the hedge funds themselves.
- Level 3 assets include unquoted equity investments which are valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data. Valuations are provided by the asset managers who perform valuations on the unquoted equity investments.

3. ADMINISTRATIVE EXPENSES

	2021	2020
	\$	\$
Taxation fees	40,849	39,451
Custody fees	35,297	8,185
Bank charges	140	7
Investment Sundry Costs	1	(154)
	76,287	47,489

The expenses associated with the statutory audit of the Company are being borne by the Company's parent company, Wellcome Trust through its corporate trustee The Wellcome Trust Limited.

4. EMPLOYEE INFORMATION

The Company has no employees (2020: nil). Employees of The Wellcome Trust Limited (acting as trustee of the Wellcome Trust) undertake the management and administration of the Company at no incremental cost to the Wellcome Trust.

5. REMUNERATION OF DIRECTORS

The Directors of the Company received no remuneration from the Company for their services (2020: £nil). There were no Directors for whom retirement benefits provided by the Company are accruing under a money purchase or defined benefit scheme. The Company does not issue share options or offer any long-term incentive schemes, so there were no Directors who exercised share options during the year or became entitled to shares under a long-term incentive scheme.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

6. TAX ON PROFIT

Analysis of charge in the year:

	Year ended 30 September 2021	Year ended 30 September 2020
	\$	\$
(i) Current Tax:		
UK Corporation Tax on profits for the year at 19% (2020: 19%)	-	-
Total current tax	-	-
(ii) Deferred Tax		
Origination and reversal of timing differences	11,763,395	10,408,416
Adjustments in respect of prior periods	-	(1,619,174)
Effect of tax rate change on opening balance	13,259,781	3,324,304
Total deferred tax charge	25,023,176	12,113,546
Tax on profit on ordinary activities	25,023,176	12,113,546
(iii) Reconciliation of tax charge		
Profit on ordinary activities before tax	125,951,775	51,821,598
Tax on profit on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	23,930,837	9,846,104
Effects of:		
Expenses not deductible for tax purposes	6,558,292	1,645,877
Income not taxable for tax purposes	(30,459,060)	(11,322,063)
Tax relief on gift aid donations	(33,774,760)	-
Other permanent differences	5,424,484	(2,908,529)
Chargeable gains	37,318,254	10,662,845
Adjustments to tax charge in respect of previous periods - deferred tax	-	(1,619,174)
Remeasurement of deferred tax for changes in tax rates	15,591,866	3,215,734
Deferred tax not recognised	433,263	2,592,752
Tax charge for the year	25,023,176	12,113,546

The standard rate of tax applied to reported profit is 19 per cent (2020: 19 per cent). The applicable future tax rate has changed following the substantive enactment of the Finance Act 2021 which will increase the UK corporation tax rate from 19% to 25%, effective from 1 April 2023. The 25% tax rate is applied when calculating the deferred tax position, as it is expected that the deferred tax assets and liabilities will reverse after 1 April 2023.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

7. INVESTMENT ASSETS

i) Fair value

	Fair Value 30 September 2020 \$	Purchases \$	Sales proceeds \$	Total gains / (losses) \$	Fair Value 30 September 2021 \$
Direct equity	197,645,933	834,614	(68,816,382)	9,970,864	139,635,029
Hedge funds	311,572,597	1,294,770	(61,599,944)	137,285,122	388,552,545
Total Unquoted	509,218,530	2,129,384	(130,416,326)	147,255,986	528,187,574
Public equity	541,555,517	-	-	(34,517,326)	507,038,191
Total Quoted	541,555,517	-	-	(34,517,326)	507,038,191
Total	1,050,774,047	2,129,384	(130,416,326)	112,738,660	1,035,225,765

Direct equity

Unquoted direct investments are held at the valuation determined by management, with valuations, when provided by a third-party investment manager, as a key input subject to appropriate review by management. The cost of direct equity held is \$102,542,692 (2020: \$165,584,379).

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. The cost of unquoted hedge funds held is \$107,191,926 (2020: \$106,752,095).

Public equity

Public equities are held at fair value. The cost of public equities is \$557,441,213 (2020: \$557,441,213).

ii) Fair value of financial assets

The following table categorises the fair values of financial assets that fall within the scope of Section 11 of FRS102 based on the inputs to the fair value:

2021

	Level 1 \$	Level 2 \$	Level 3 \$	Total 30 September 2021 \$
Direct equity	-	-	139,635,029	139,635,029
Hedge funds	-	388,552,545	-	388,552,545
Total Unquoted	-	388,552,545	139,635,029	528,187,574
Quoted equity	507,038,191	-	-	507,038,191
Total Quoted	507,038,191	-	-	507,038,191
Total	507,038,191	388,552,545	139,635,029	1,035,225,765

2020

	Level 1 \$	Level 2 \$	Level 3 \$	Total 30 September 2020 \$
Direct equity	-	-	197,645,933	197,645,933
Hedge funds	-	311,572,597	-	311,572,597
Total Unquoted	-	311,572,597	197,645,933	509,218,530
Quoted equity	541,555,517	-	-	541,555,517
Total Quoted	541,555,517	-	-	541,555,517
Total	541,555,517	311,572,597	197,645,933	1,050,774,047

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

ii) Fair value (continued)

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1 - valued using quoted prices in active markets for identical assets.
- Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.
- Level 3 - valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

There have been no transfers between levels of fair value measurement of the assets during the year.

The key valuation inputs used by the management of the two direct equity investments in determining the fair value of level 3 assets are:

- Acquisition price
- Nature of investment
- Valuations for comparable companies
- Current and projected operating performance

The following estimates and judgements are used by the management of the two direct equity investments in determining the fair value of level 3 assets:

- Discount rate applied to projected future cash flows

The following assumptions are by the management of the two direct equity investments made in determining the fair value of level 3 assets:

- Unobservable inputs under discounting of future income approach (turnover, operating profit, depreciation and amortisation, capital expenditure, tax, working capital and terminal value of investments).

8. CURRENT ASSETS

	2021 \$	2020 \$
Amounts owed by group undertakings	474,930,278	341,630,026
	474,930,278	341,630,026

Amounts due from group undertakings are repayable on demand and charged interest at the overnight bank deposit rate 0.07% (2020: 0.07%).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 \$	2020 \$
Gift Aid payable to the Wellcome Trust	122,650,000	-
Accruals and deferred income	67,557	55,990
	122,717,557	55,990

Accruals and deferred income are due within three months following the financial year end. The Gift Aid payable to the Wellcome Trust is due for payment within nine months following the financial year end.

Wellcome Trust Investments 2 Unlimited
Notes to the Financial Statements (continued)
For the year ended 30 September 2021

10. PROVISION FOR DEFERRED TAX

	2021 \$	2020 \$
Arising on unrealised fair value adjustments to investments	67,012,484	41,989,308
	67,012,484	41,989,308

Deferred tax is provided for at the tax rate which is expected to apply to the reversal of the timing difference, which is 25.0% (2020: 19.0%). The movement in the liability is detailed in Note 6.

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in Section 33 paragraph 33.1A3 Related Party Disclosures of FRS 102, which exempts it from disclosing details of transactions with the Wellcome Trust through its corporate trustee The Wellcome Trust Limited and its subsidiary undertakings, as the Company and related undertakings with whom it may have transactions are wholly owned subsidiaries of the Wellcome Trust. There are no other related party transactions requiring disclosure.

12. CALLED UP SHARE CAPITAL

	2021 Number	2021 \$	2020 Number	2020 \$
Ordinary \$1 shares called up, allotted and fully paid	1,111,785,736	1,111,785,736	1,110,951,123	1,110,951,123
Shares called up, allotted and fully paid	1,111,785,736	1,111,785,736	1,110,951,123	1,110,951,123

13. COMMITMENTS

The Company has entered into commitments to invest in private equity and direct investments in private companies. At the balance sheet date, the outstanding commitments amounted to \$120,036,986 (2020: \$123,207,129). These will be funded by the issue of additional ordinary share capital. The Company had no other off-balance sheet arrangements.

14. ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY

The company is an unlimited company and a subsidiary of the Wellcome Trust through its corporate trustee The Wellcome Trust Limited, whose place of business and registered office is Gibbs Building, 215 Euston Road, London, United Kingdom, for accounting purposes and its assets and liabilities have been consolidated with those of the Wellcome Trust as required by section 9 of FRS 102.

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

Copies of the Wellcome Trust Annual Report and Financial Statements 2021 are available from Wellcome's website ([wellcome.org/what-we-do/reports](https://www.wellcome.org/what-we-do/reports)) or from the Company Secretary.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no subsequent events requiring disclosure.

Wellcome Trust Investments 2 Unlimited Administrative Details

Directors

Karen Chadwick
Elaina Elzinga
Nicholas Moakes
Lisha Patel
Peter Pereira Gray

Company Secretary

Carolyn Kloet (resigned on 17 September 2021)

Registered Company Number

6576220

Registered Office

Gibbs Building
215 Euston Road
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Banker

HSBC Bank plc
31 Holborn
Holborn Circus
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