

**G-Pharm Limited**

**Report and Financial Statements**

**Year ended 30 September 2008**

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**REPORT AND FINANCIAL STATEMENTS 2008**

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**REPORT AND FINANCIAL STATEMENTS 2008**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Dr G W Guy  
Mr J D Gover  
Mr D F Kirk  
Mr A D George – appointed 30 January 2008

**SECRETARY**

Mr J M Laughton – resigned 30 January 2008  
Mr A D George – appointed 30 January 2008

**REGISTERED OFFICE**

Porton Down Science Park  
Salisbury  
Wiltshire  
SP4 0JQ

**AUDITORS**

Deloitte & Touche LLP  
Reading, United Kingdom

## DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company together with the financial statements and independent auditors' report for the year ended 30 September 2008. The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) (a) of the Companies Act 1985.

## PRINCIPAL ACTIVITIES

The principal activity of the Company was the research and supply of horticultural and pharmaceutical products and services. The activities and employees of G-Pharm Limited were transferred to another group company, GW Pharma Limited in 2001. The Company has retained the right to receive royalties on sales of horticultural and pharmaceutical products that it has developed.

## RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 September 2008 are set out on pages 6 to 9. The profit for the year after taxation was £77,815 (2007: £75,481).

The Directors do not recommend the payment of a dividend (2007: £nil).

## DIRECTORS

The Directors who served during the year were as follows:

Dr G W Guy  
Mr J D Gover  
Mr D F Kirk  
Mr A D George – appointed 30 January 2008

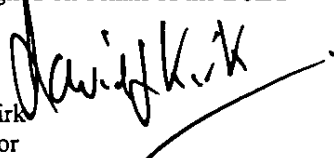
## AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
D F Kirk  
Director  
17 November 2008

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent; 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 proper accounting records that 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 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G-PHARM LIMITED**

We have audited the financial statements of G-Pharm Limited for the year ended 30 September 2008, which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of Directors and auditors**

The Directors' responsibilities for preparing 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 Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

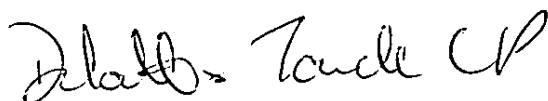
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company'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 Company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom  
17 November 2008

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 September 2008**

	Notes	2008 £	2007 £
<b>TURNOVER</b>	2	77,815	75,373
Administrative expenses		-	(63)
<b>OPERATING PROFIT</b>		77,815	75,310
Interest receivable - bank interest		-	171
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	77,815	75,481
Tax on profit on ordinary activities	5	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED</b>			
<b>PROFIT FOR THE YEAR</b>	11	77,815	75,481

All activities relate to continuing operations.

The Company has no recognised gains and losses other than the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of this profit and loss account.

**BALANCE SHEET**  
**30 September 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	6	<u>1</u>	<u>1</u>
		1	1
<b>CURRENT ASSETS</b>			
Debtors	7	<u>262,415</u>	<u>184,600</u>
		262,415	184,600
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(1,000)</u>	<u>(1,000)</u>
<b>NET CURRENT ASSETS</b>		<u>261,415</u>	<u>183,600</u>
<b>NET ASSETS</b>		<u>261,416</u>	<u>183,601</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	130,852	130,852
Share premium account	10	77,700	77,700
Profit and loss account	10	<u>52,864</u>	<u>(24,951)</u>
<b>SHAREHOLDER'S FUNDS</b>	11	<u>261,416</u>	<u>183,601</u>

These financial statements were approved by the Board of Directors on 17 November 2008.

Signed on behalf of the Board of Directors



Mr D F Kirk

Director

The accompanying notes are an integral part of this balance sheet.



## NOTES TO THE ACCOUNTS

### Year ended 30 September 2008

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of GW Pharmaceuticals plc which prepares consolidated financial statements which are publicly available. The Company is also, on this basis, exempt from the requirements of FRS 1 to present a cashflow. The financial statements contain information about G-Pharm Limited as an individual undertaking and do not contain consolidated financial information as the parent of a group.

##### **Investments**

Fixed asset investments are shown at cost less any provision for impairment.

##### **Taxation**

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 substantially 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 where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

##### **Turnover**

Turnover represents amounts receivable for royalties upon sales of horticultural and pharmaceutical products to customers. It is recognised as sales are made to customers by a fellow Group company.

#### 2. TURNOVER

Turnover arose from the company's principal activity which was carried out wholly within the UK. All Turnover is derived from a fellow Group company.

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The current years auditors' remuneration of £500 (2007: £500) has been borne by another group company.

#### 4. DIRECTORS' EMOLUMENTS AND EMPLOYEES

The four (2007: three) Directors are employed by other group companies and are remunerated £968,563 for their services to the group (2007: £1,060,105). It is not practical to allocate this between their services to G-Pharm Limited and to other group companies. There are no employees of the Company (2007: £nil).

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**Year ended 30 September 2008**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2008 £	2007 £
<b>UK corporation tax</b>		
UK corporation tax on profit for the year	-	-
<b>Factors affecting the tax charge for the year</b>		
The differences are explained below:		
	2008 £	2007 £
Company profit on ordinary activities before tax	77,815	75,481
Tax credit on Company profit at standard UK corporation tax rate of 28% (2007: 30%)	21,788	22,644
Effects of:		
Group relief	(21,788)	(22,644)
Taxation charge for the year	-	-

**6. FIXED ASSET INVESTMENTS**

	Unlisted subsidiary undertakings £
At 1 October 2007 and 30 September 2008	1

Company	Country of incorporation	Description and proportion of shares held	Principal activity
G-Pharm Trustee Limited	England and Wales	100% of ordinary shares	Dormant

**7. DEBTORS**

Amounts falling due within one year

	2008 £	2007 £
Intercompany debtors	262,415	184,600

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**Year ended 30 September 2008**

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Accruals	1,000	1,000

**9. SHARE CAPITAL**

	2008 £	2007 £
<b>Authorised</b> 250,002 ordinary shares of £1 each	250,002	250,002
<b>Allotted, called up and fully paid</b> 130,852 ordinary shares of £1 each	130,852	130,852

**10. RESERVES**

	Share premium account £	Profit and loss account £
As at 1 October 2007	77,700	(24,951)
Profit for the year	-	77,815
As at 30 September 2008	77,700	52,864

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2008 £	2007 £
Shareholder's funds at beginning of year	183,601	108,120
Retained profit for the year	77,815	75,481
Shareholder's funds at end of year	261,416	183,601

**12. ULTIMATE CONTROLLING PARTY**

The Directors regard GW Pharmaceuticals plc, a company incorporated in England and Wales, as the ultimate parent company and the controlling party.

GW Pharmaceuticals plc is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies are available from Porton Down Science Park, Salisbury, Wiltshire, SP4 0JQ.

**13. RELATED PARTY TRANSACTIONS**

As a subsidiary undertaking of GW Pharmaceuticals plc, the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by GW Pharmaceuticals plc.