

**GW UK Services Limited**  
**(formerly GW Global Services Limited,**  
**formerly Cannabinoid Research Institute Limited)**

**Annual Report and Financial Statements**

**Year ended 31 December 2019**



**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of Directors' responsibilities</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Dr G W Guy  
Mr A D George

**SECRETARY**

Mr A D George

**REGISTERED OFFICE**

Sovereign House  
Vision Park  
Chivers Way  
Histon  
Cambridge  
CB24 9BZ

**PRINCIPAL BANKERS**

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

**SOLICITORS**

Mayer Brown LLP  
201 Bishopsgate  
London  
EC2M 3AF

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
CB1 2GA  
United Kingdom

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for year ended 31 December 2019.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Directors have similarly taken advantage of the exemption available to small companies from preparing a Strategic Report.

### **CHANGE OF NAME**

On 1 September 2019 Cannabinoid Research Institute Limited changed its name to GW Global Services Limited. Subsequently on 23 October 2019 the Company changed its name to GW UK Services Limited.

### **PRINCIPAL ACTIVITY**

During the year the Company's principal activity was changed to providing services for members of the GW Pharmaceuticals Group. The Company did not trade during the preceding period but commenced trading during the current year.

### **DIRECTORS**

The Directors who served throughout the year and to the date of signing these financial statements are as follows:

Dr G W Guy  
Mr A D George

### **RESULTS AND DIVIDEND**

The audited financial statements for the year ended 31 December 2019 are set out on pages 8 to 17. The profit for the year after taxation was £12,740 (15 months ended 31 December 2018: £nil).

The Directors do not propose a dividend (15 months ended 31 December 2018: £nil).

### **GOING CONCERN**

In March 2020, the World Health Organization categorised the coronavirus disease 2019 (COVID-19) as a pandemic. COVID-19 continues to spread across the world, and the duration and severity of its effects are currently unknown. The current COVID-19 pandemic has presented a substantial public health and economic challenge around the world and is affecting our employees, patients, communities and business operations, as well as the global economy and global financial markets. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19, the actions taken to contain or treat it, its impact and the economic impact on local, regional, national and international markets.

Having considered the impact of COVID-19, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements. The Directors of the ultimate parent company, having considered the financial position of GW Pharmaceuticals plc, have committed to continue to provide financial support to the Company for at least twelve months from the date of signing of these financial statements and have provided a letter of support.

### **AUDITOR**

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 of which the Company's auditor is 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 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 section 418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor during the year and have expressed their willingness to continue in office as auditor. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

**DIRECTORS' REPORT (CONTINUED)**

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

A handwritten signature in black ink, appearing to read 'A D George'.

A D George  
Director & Company Secretary  
17 December 2020

## **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), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent; and
- 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. 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 AUDITOR'S REPORT TO THE MEMBERS OF GW UK SERVICES LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of GW UK Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GW UK SERVICES LIMITED (CONTINUED)**

## **Other information (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

## **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; 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 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

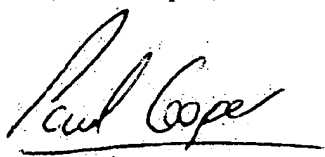
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GW UK SERVICES LIMITED (CONTINUED)**

### **Other matter**

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior period we have not audited the corresponding amounts for that period.

### **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.

A handwritten signature in black ink, appearing to read 'Paul Cooper', with a horizontal line underneath.

Paul Cooper (FCA Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom  
17 December 2020

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2019**

	Note	Year ended 31 December 2019 £	15 months to 31 December (unaudited) 2018 £
Turnover	2	149,269	—
Operating expenses		(136,529)	—
<b>OPERATING PROFIT</b>		<b>12,740</b>	<b>—</b>
<b>PROFIT BEFORE TAXATION</b>		<b>12,740</b>	<b>—</b>
Tax charge on profit	6	—	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>7</b>	<b>12,740</b>	<b>—</b>

All activities relate to continuing operations.

The Company has no other comprehensive income or expenses other than the profit above, and therefore no separate Statement of Comprehensive Income has been presented.

The accompanying notes on pages 11 to 17 are an integral part of this profit and loss account.

**BALANCE SHEET**  
As at 31 December 2019

		31 December 2019 £	31 December (unaudited) 2018 £
	Note		
<b>CURRENT ASSETS</b>			
Trade and other receivables	8	149,334	2
Cash and cash equivalents		498	—
		<b>149,832</b>	<b>2</b>
<b>LIABILITIES: amounts falling due within one year</b>			
Trade and other payables	9	(133,258)	—
		<b>(133,258)</b>	<b>—</b>
<b>NET CURRENT ASSETS</b>		<b>16,574</b>	<b>2</b>
<b>NET ASSETS</b>		<b>16,574</b>	<b>2</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account		16,572	—
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<b>16,572</b>	<b>2</b>

These financial statements of GW UK Services Limited, registered number 04383125, were approved and authorised for issue by the Board of Directors on 17 December 2020.

Signed on behalf of the Board of Directors.



Mr A D George  
Director

The accompanying notes on pages 11 to 17 are an integral part of this balance sheet.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	Note	Share capital £	Profit and loss account £	Total £
Balance at 1 October 2017 (unaudited)		2	–	2
Profit for the financial period		–	–	–
Total comprehensive income for the period		–	–	–
Balance at 31 December 2018 (unaudited)		2	–	2
Profit for the financial year		–	12,740	12,740
Total comprehensive income for the year		–	12,740	12,740
Share-based payment transactions	3	–	3,832	3,832
Balance at 31 December 2019		2	16,572	16,572

The accompanying notes on pages 11 to 17 are an integral part of this statement of changes in equity.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

### **1. ACCOUNTING POLICIES**

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

#### **Basis of accounting**

GW UK Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

In the prior period, the Company elected to modify its financial year end to 31 December. This was to align with the Group's external financial reporting calendar. Consequently, the amounts presented in these financial statements may not be entirely comparable.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the good and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. Details of the parent, GW Pharmaceuticals plc in whose consolidated financial statements the Company is included are shown in note 11 to the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, and related party transactions. Where required, equivalent disclosures are given in the group accounts of GW Pharmaceuticals plc. The group accounts of GW Pharmaceuticals plc are publicly available, and obtainable as shown in note 11.

#### **Prior year comparatives**

The comparatives for the year ended 31 December are unaudited as the company was exempt from audit under Section 480 of the Companies Act 2006.

#### **Going concern**

The Company is reliant upon the continuing financial support of its Ultimate Parent Company, GW Pharmaceuticals plc. Having assessed the principal risks and other matters, including the potential impact of the COVID-19 pandemic, the Directors are of the opinion that the current level of activity remains sustainable. In relation to the challenges that arise from the COVID-19 pandemic, the considerations have included the potential risks related to the activities of the Company. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of GW Pharmaceuticals Plc. The Directors have received confirmation that GW Pharmaceuticals Plc will continue to support the Company for at least twelve months after these financial statements are dated. On the basis of those considerations, the Directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Adoption of new and revised standards**

In the current year the following revised standards have been adopted in these financial statements. Adoption has not had a material impact on the amounts reported in these financial statements but may impact the accounting for future transactions.

*IFRS 9 Financial Instruments (July 2014)*

*IFRS 16 Leases (January 2016)*

*IFRS 11 Joint Arrangements Annual Improvements to IFRSs 2015 – 2017 Cycle (December 2017)*

*Amendments to IFRS 1: Annual Improvements to IFRS Standards 2014-16 (December 2016)*

*Amendments to IFRS 2: Classification and Measurement of Share-Based Payment Transactions (June 2016)*

*Amendments to IFRS 3: Annual Improvements to IFRSs 2015 – 2017 Cycle (December 2017)*

*Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Sept 2016)*

*Amendments to IFRS 9: Prepayment Features with Negative Compensation (October 2017)*

*Amendments to IAS 23: Annual Improvements to IFRSs 2015 – 2017 Cycle (December 2017)*

*Amendments to IAS 28: Annual Improvements to IFRSs 2014 – 2016 Cycle (December 2016)*

*Amendments to IAS 28: Long-Term Interests in Associates and Joint Ventures (October 2017)*

*Amendments to IAS 40: Transfer of Investment Property (December 2016)*

#### **Turnover**

##### *Staff support services*

The Company provides the services of its staff to other Group companies to support their research and commercial activities. Revenue is recognised as these services are performed.

#### **Taxation**

The tax expense represents the sum of the tax currently payable or recoverable and deferred tax. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Profit and Loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Financial instruments**

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

##### Financial assets

Under IFRS 9 financial assets are classified into "amortised cost", "at fair value through other comprehensive income", and "at fair value through profit or loss". The adoption of IFRS 9 did not result in any changes to the financial asset balances previously recognised under IAS 39.

##### Trade and other receivables

Trade and other receivables have fixed or determinable payments and are not quoted in an active market. They are measured at amortised cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. Appropriate allowances for expected credit losses are recognised in the Profit and Loss Account. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-call deposits held with banks and other short-term highly liquid investments with a maturity of three months or less.

##### Financial liabilities

Under IFRS 9 financial liabilities are classified into “amortised cost”, and “at fair value through profit or loss”. The adoption of IFRS 9 did not result in any changes to the financial liability balances previously recognised under IAS 39.

Trade payables are initially recognised at fair value and then held at amortised cost which equates to fair value. Long-term payables are discounted where the effect is material.

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, using the effective interest method. The difference between the proceeds, net of transaction costs, and the amount due on redemption is recognised as a charge to the profit and loss account over the period of the relevant borrowing.

#### Retirement benefit costs

The Company does not operate any pension plans, but makes contributions to personal pension arrangements of its Directors and employees where applicable. The amounts charged to the Profit and Loss account in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the Balance Sheet.

#### Share-based payment

The Group operates a number of equity-settled share-based compensation plans under which the Company receives services from employees as consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted (excluding the effect of any non-market-based performance and service vesting conditions) at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of shares that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based performance and service vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date of grant.

#### Critical judgements in applying the Company’s accounting policies

The Directors do not consider there to be any critical judgements, estimates and assumptions about the carrying amounts of assets and liabilities made by the Directors in the application of the Company’s accounting policies.

### 2. TURNOVER

Turnover consists of recharges for employees and activities carried out on behalf of other members of the GW Pharmaceuticals Group. All turnover and activity arose wholly within the UK.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 3. SHARE-BASED PAYMENT

	Year ended 31 December	15 months to 31 December (unaudited)
	2019	2018
	£	£
Share based payment	3,832	—
	3,832	—

The Company participates in a share option scheme for all employees. Options are exercisable on the shares of the parent Company at a price equal to the estimated fair value of the parent Company's shares on the date of grant. The vesting periods range from one to four years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Employees of the Company did not exercise share options during the year ended 31 December 2019 and the Company did not have employees during the 15 months ended 31 December 2018. The options outstanding at 31 December 2019 had exercise prices of £0.001 (2018: no options outstanding) and a weighted average remaining contractual life of 8.99 years (2018: no options outstanding). During the year ended 31 December 2019 and 15-months ended 31 December 2018 no options were granted to the Company's employees.

### 4. DIRECTORS' REMUNERATION

The two (15 months ended 31 December 2018: two) Directors who served during the period are employed by other Group companies and are remunerated £916,150 for their services to the Group (15 months ended 31 December 2018: £1,313,125). The Directors' emoluments allocated to this Company are £nil (15 months ended 31 December 2018: £nil).

### 5. STAFF COSTS

The monthly average number of employees was:

	Year ended 31 December	15 months to 31 December (unaudited)
	2019	2018
	No.	No.
Sales, general and administration	1	—
	1	—

Aggregate employee remuneration comprised:

	Year ended 31 December	15 months to 31 December (unaudited)
	2019	2018
	£	£
Wages and salaries	103,807	—
Social security costs	12,985	—
Other pension costs	5,395	—
	122,187	—

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**6. TAX ON PROFIT**

	Year ended 31 December 2019 £	15 months to 31 December (unaudited) 2018 £
<b>UK Corporation tax</b>		
Current tax		
UK corporation tax on profit for the year/period	–	–
Total current tax	–	–
Deferred tax		
Origination and reversal of timing differences	–	–
Total deferred tax	–	–
<b>Total tax on profit</b>	<b>–</b>	<b>–</b>

**Factors affecting the tax credit for the year**

The tax credit for the year/period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2019 £	15 months to 31 December (unaudited) 2018 £
Profit before tax	12,740	–
Tax on profit at UK Corporation tax rate of 19.0% (15 months ended 31 December 2018: 19.0%)	2,421	–
Effects of:		
Expenses not deductible for tax purposes	(1,013)	–
Share-based payment	5,104	–
Group relief	(6,512)	–
	–	–

On 15 September 2016 the reduction in the main rate of corporation tax from 19% to 17% was enacted from 1 April 2020. This reduction to 17% received Royal Assent in February 2019. On 11 March 2020 it was announced that the corporation tax rate would remain at 19% from 1 April 2020, which received Royal Assent on 22 July 2020.

At 31 December 2019 there were no tax losses available for carry forward (2018: £nil).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**7. PROFIT FOR THE YEAR/PERIOD**

Profit for the year/period is stated after charging:	Year ended 31 December 2019 £	15 months to 31 December (unaudited) 2018 £
Share-based payment charge (see note 3)	3,832	—
Fees payable to the Company's auditor for the audit of the Company's annual accounts	9,000	—
Staff costs (see note 5)	122,187	—

No non-audit fees were incurred for the year ended 31 December 2019 or period ended 31 December 2018.

The GW Pharmaceuticals plc Audit Committee's policy is to pre-approve all audit, audit-related and other services performed by the auditor. All such services were pre-approved during the year ended 31 December 2019 and period ended 31 December 2018 under the Audit Committee's policy.

**8. TRADE AND OTHER RECEIVABLES**

	31 December 2019 £	31 December (unaudited) 2018 £
<b>Amounts falling due within one year</b>		
Amounts due from parent company	149,269	—
Other receivables	65	2
	<b>149,334</b>	<b>2</b>

The amounts due from parent company at 31 December 2019 are interest-free, unsecured, and are repayable within the following year.

**9. TRADE AND OTHER PAYABLES**

	31 December 2019 £	31 December (unaudited) 2018 £
<b>Amounts falling due within one year:</b>		
Accrued expenses	65,350	—
Amounts due to group undertakings	35,000	—
Payroll taxes and social security	25,938	—
Other payables	5,395	—
Trade payables	1,575	—
	<b>133,258</b>	<b>—</b>

The amounts due to group undertakings at 31 December 2019 are interest-free, unsecured, have no fixed date of repayment and are repayable on demand.

**10. CALLED UP SHARE CAPITAL**

	31 December 2019 £	31 December (unaudited) 2018 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

### **11. ULTIMATE CONTROLLING COMPANY**

The Company is a subsidiary undertaking of GW Pharma Limited, a company incorporated in England and Wales.

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 its registered address Sovereign House, Vision Park, Chivers Way, Histon, Cambridge, CB24 9BZ or via [www.gwpharm.com](http://www.gwpharm.com).

### **12. RELATED PARTY TRANSACTIONS**

As a wholly-owned subsidiary undertaking of GW Pharmaceuticals plc, the Company has taken advantage of the exemption available under FRS 101 from the requirements of IAS 24 Related Party Disclosures from disclosing transactions with other members of the group headed by GW Pharmaceuticals plc.

Aside from the above-mentioned transactions with fellow members of the group headed by GW Pharmaceuticals Plc, the Company had no material related party transactions which might reasonably be expected to influence decisions made by the users of these Financial Statement.

### **13. SUBSEQUENT EVENTS**

The Directors have considered the impact on the Company of the COVID-19 pandemic, which is a non-adjusting post balance sheet event. The Directors do not consider that there have been any material adverse changes to the carrying values of the Company's assets nor material adjustments to liabilities subsequent to the year-end which require disclosure in these financial statements.