

Company Registration No. 06751116 (England and Wales)

ACHIEVE PHARMA UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR

ACHIEVE PHARMA UK LIMITED

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ACHIEVE PHARMA UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	2		1,903		-
Current assets					
Debtors	3	21,424		-	
Cash at bank and in hand		127,039		2,002	
		<u>148,463</u>		<u>2,002</u>	
Creditors: amounts falling due within one year	4	<u>(895,751)</u>		<u>(245,893)</u>	
Net current liabilities			(747,288)		(243,891)
Total assets less current liabilities			<u>(745,385)</u>		<u>(243,891)</u>
Capital and reserves					
Called up share capital	5		1		1
Profit and loss reserves			<u>(745,386)</u>		<u>(243,892)</u>
Total equity			<u>(745,385)</u>		<u>(243,891)</u>

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and signed by the director and authorised for issue on 27 September 2018

Mr R. Stewart
Director

Company Registration No. 06751116

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Achieve Pharma UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10 Station Road, Henley on Thames, Oxfordshire, RG9 1AY. The business address is Century House, Wargrave Road, Henley on Thames, Oxfordshire. RG9 2LT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the year end the company has Net Liabilities of £745,385. However, the majority of the creditor balance relates to an amount owed to the company's ultimate parent, Achieve Lifesciences Inc., who has previously provided support and funding to the company to enable it to continue to operate.

Unfortunately, whilst the Company's ultimate parent has confirmed that they are willing to provide their continued support for Achieve Pharma UK Limited, they are unable to guarantee that they will be in a position to do so given that they themselves are reliant on their own ability to obtain additional funding, which is inherently uncertain. Accordingly a material uncertainty exists relating to the availability of continued funding for the entity's operations. Whilst the accounts have been prepared on a going concern basis, this situation has inevitably cast doubt on Achieve Pharma UK Limited's ability to continue as a going concern.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	3 year straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2017	-
Additions	2,855
	<hr/>
At 31 December 2017	2,855
	<hr/>
Depreciation and impairment	
At 1 January 2017	-
Depreciation charged in the year	952
	<hr/>
At 31 December 2017	952
	<hr/>
Carrying amount	
At 31 December 2017	1,903
	<hr/>
At 31 December 2016	-
	<hr/>

3 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed by group undertakings	6,109	-
Other debtors	15,315	-
	<hr/>	<hr/>
	21,424	-
	<hr/>	<hr/>

4 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	29,638	8,782
Amounts due to group undertakings	728,331	223,476
Other taxation and social security	31,805	405
Other creditors	105,977	13,230
	<hr/>	<hr/>
	895,751	245,893
	<hr/>	<hr/>

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary £1 Shares of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

6 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Eric Kench FCA.
The auditor was Kench & Co Ltd.

7 Related party transactions

At 1 January 2017, the company owed Extab Corporation £44,687. During the year, the company paid expenses amounting to £nil (2016: £nil) on behalf of Extab Corporation. An exchange gain of £4,056 (2016: Loss of £7,548) arose as a result of restatement of the balance at the year end. At 31 December 2017, the company owed Extab Corporation £40,631.

At 1 January 2017, the Company owed Achieve Lifesciences Inc. £178,789. During the year, Achieve Lifesciences Inc., the Company's ultimate parent Company, made loans to the Company of £525,141 (2016: £nil). An exchange gain of £16,230 (2016: Loss of £30,201) arose as a result of restatement of the balance at the year end. At 31 December 2017, the company owed Achieve Lifesciences Inc. £687,700.

During the year, the company loaned Achieve Life Sciences Technologies Inc, £6,093. An exchange gain of £16 arose as a result of restatement of the balance at the year end. At the year end, Achieve Lifesciences Technologies Inc, owed Achieve Pharma UK Limited £6,109.

8 Parent company

The immediate parent Company is Extab Corporation, a company registered in the United States of America, 1209 Orange Street, Wilmington, Delaware 19801, USA.

The ultimate parent Company is Achieve Lifescience Inc. a Company registered in the United States of America, 19820 North Creek Parkway Suite 201 Bothell, WA 98011, USA.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.