

Company registration number 06751116 (England and Wales)

ACHIEVE PHARMA UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

ACHIEVE PHARMA UK LIMITED

CONTENTS

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 8

ACHIEVE PHARMA UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	3		2,007		2,844
Current assets					
Debtors	4	968,745		1,132,878	
Cash at bank and in hand		101,184		24,469	
		1,069,929		1,157,347	
Creditors: amounts falling due within one year	5	(585,496)		(584,538)	
Net current assets			484,433		572,809
Total assets less current liabilities			486,440		575,653
Capital and reserves					
Called up share capital	6	3,339,061		3,339,061	
Profit and loss reserves		(2,852,621)		(2,763,408)	
Total equity			486,440		575,653

The directors of the company have 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 by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

Mr R. Stewart
Director

Company Registration No. 06751116

ACHIEVE PHARMA UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2021		1,087,468	(2,479,979)	(1,392,511)
Year ended 31 December 2021:				
Loss and total comprehensive income for the year		-	(283,429)	(283,429)
Issue of share capital	6	2,251,593	-	2,251,593
Balance at 31 December 2021		3,339,061	(2,763,408)	575,653
Year ended 31 December 2022:				
Loss and total comprehensive income for the year		-	(89,213)	(89,213)
Balance at 31 December 2022		3,339,061	(2,852,621)	486,440

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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. The Company number is 06751116. The principal activity of the company is research and development on natural sciences and engineering.

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, the presentation currency. The functional currency of the company is United States Dollars. 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 had Net Assets of £486,440, however it suffers continual annual losses and relies on its parent company.

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, over which there is substantial doubt. 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 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business net of VAT.

1.4 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.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 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.

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.

1.6 Cash at bank and in hand

Cash and cash equivalents 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.

1.7 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. 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 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies, are initially recognised at transaction price. 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 rate method.

1.8 Equity instruments

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit 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 that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 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.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.12 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2022 and 31 December 2022	6,671
Depreciation and impairment	
At 1 January 2022	3,827
Depreciation charged in the year	837
At 31 December 2022	4,664
Carrying amount	
At 31 December 2022	2,007
At 31 December 2021	2,844

4 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	949,921	1,123,738
Other debtors	18,824	9,140
	968,745	1,132,878

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	8,897	4,169
Amounts owed to group undertakings	210,150	159,207
Taxation and social security	27,994	24,423
Other creditors	338,455	396,739
	<u>585,496</u>	<u>584,538</u>

6 Called up share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
3,339,061 Ordinary £1 Shares of £1 each	<u>3,339,061</u>	<u>3,339,061</u>

7 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.

Senior Statutory Auditor:	Simon Thomas ACA
Statutory Auditor:	Kench & Co Ltd

8 Related party transactions

At 1 January 2022, the Company owed Extab Corporation £40,724. Extab Corporation is a minority shareholder of Achieve Pharma UK Limited. During the year an exchange loss of £4,875 (2021: loss of £338) arose as a result of restatement of the balance at the year end. At 31 December 2022, the Company owed Extab Corporation £45,599.

At 1 January 2022, the Company owed Achieve Life Sciences Inc. £1,123,738. During the year, Achieve Life Sciences Inc., the Company's ultimate parent Company, made loans to the Company of £1,514,872 (2021: £1,173,294), and Achieve Pharma UK Limited repaid £37,893 (2021: £2,245,698). During the year Achieve Pharma UK Limited invoiced £1,169,297 (2021: £958,489) to Achieve Life Sciences Inc. An exchange gain of £133,865 (2021: Loss of £14,997) arose as a result of restatement of the balance at the year end. At 31 December 2022, the Company was owed, by Achieve Life Sciences Inc, £949,921.

At 1 January 2022, the Company owed Achieve Life Sciences Technologies Inc. £118,483. Achieve Life Sciences Technologies Inc. is a related party as it's a fellow subsidiary of Achieve Life Sciences Inc. and a shareholder of Achieve Pharma UK Limited. During the year Achieve Life Sciences Technologies Inc. invoiced to the Company £31,883 (2021: £22,197). An exchange loss of £14,185 (2021: loss of £799) arose as a result of restatement of the balance at the year end. At the year end, the Company owed Achieve Life Sciences Technologies Inc. £164,551.

ACHIEVE PHARMA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Parent company

The immediate and ultimate parent Company is Achieve Life Sciences Inc. a Company registered in the United States of America, 520 Pike Street, Suite 2250, Seattle, Washington, 98101, USA.

10 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements including the relevant disclosures required.

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.