

Boku Account Services UK Limited
Annual Report and Financial Statements for
Year Ended 31 December 2022

Company Number 06169107



Boku Account Services UK Limited

Annual Report and financial statements for the year ended 31 December 2022

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Directors

Stuart Paul Neal
Jonathan Peter Prideaux
Christopher Patrick Newton-Smith (Appointed on 24 February 2022)

Registered office

2nd floor, 9 Orange Street, London, WC2H 7EA, UK

Company number

06169107

FCA Number

FCA Firm Reference Number (FRN): 900030

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

Lloyds Bank Plc, 25 Gresham Street, London, EC2V 7HN

Boku Account Services UK Limited

Directors' report for the year ended 31 December 2022

The directors present their report together with the annual financial statements for the year ended 31 December 2022. The directors have taken advantage of the small companies' exemption from including a strategic report.

Results

The statement of comprehensive income is set out on page 7 and shows the profit for the year. The directors do not recommend the payment of a dividend (2021: nil).

Principal activity

The principal activity of the company during the year under review was the provision of technology which delivers a low friction way for mobile phone users to make purchases and charge them to their phone bill or pre-paid balance. All activities are conducted in accordance with the Company's FCA permissions.

Going concern

These financial statements have been prepared on the going concern basis for the financial year ending 31 December 2022. Furthermore, the directors have reviewed the company's going concern position taking account of its parent's, Boku Inc., current business activities, budgeted performance and the factors likely to affect its future development, which takes into account the Russian/Ukraine conflict and the inter-relationship between the company and its parent. The company is deemed to be well placed to manage its business risks successfully and the directors have a reasonable expectation that it has adequate resources to continue in operational existence for at least the next twelve months from the date these financial statements were approved.

Directors

The directors who served the company during the year were:

Jonathan Peter Prideaux
Christopher Newton-Smith (Appointed on 24 February 2022)

Boku Account Services UK Limited
Directors' report
for the year ended 31 December 2022 (continued)

Directors' responsibilities

The directors are responsible for preparing 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 period. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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. 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.

Auditors

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption.

On behalf of the Board

DocuSigned by:

Jonathan Prideaux
Director

Date: 20 September 2023

Boku Account Services UK Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOKU ACCOUNT SERVICES UK LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Boku Account Services UK Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of comprehensive Income, the Statement of financial Position, the Statement of changes in equity, and the Notes forming part of the financial statements, including a summary of significant accounting policies. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

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.

Boku Account Services UK Limited

Independent auditor's report

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, 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.

Extent to which the audit was 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 have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
 - enquiries of management regarding: the compliance with laws and regulations; any knowledge of actual, suspected or alleged fraud; and the controls in place to identify and mitigate risks related to fraud or non-compliance with laws and regulations;
 - obtaining an understanding of the legal and regulatory framework in which the Company operates. The significant laws considered are accounting standards and the Companies Act 2006.

Boku Account Services UK Limited

Independent auditor's report


- We have responded to risks identified by performing procedures including the following:
 - enquiry of management concerning actual and potential litigation and claims;
 - performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud;
 - reading the minutes of meetings of those charged with governance; and
- We have also considered the risk of fraud through management override of controls by:
 - testing on a sample basis the appropriateness of journal entries and other adjustments; and
 - assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

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Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
20 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Boku Account Services UK Limited

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	3	208,633	355,642
Cost of sales		(125,463)	(251,289)
Gross profit		83,170	104,353
Administrative expenses	6	(70,652)	(83,016)
Operating profit		12,518	21,337
Interest income	7	210	27
Profit on ordinary activities before tax	4	12,728	21,364
Tax on ordinary activities	8	-	-
Profit on ordinary activities after taxation		12,728	21,364
Other comprehensive income for the year		-	-
Total comprehensive profit for the year attributable to the owners of the parent		12,728	21,364

All amounts relate to continuing activities.

Notes 1 to 16 form part of these financial statements.

Boku Account Services UK Limited

**Statement of financial position at
31 December 2022**

Company number 06169107

	Note	2022 £	2021 £
Non-current assets			
Amounts due from group companies		858,656	861,508
Deferred Tax Asset		-	-
Total Non-current assets		<u>858,656</u>	<u>861,508</u>
Current assets			
Trade and other receivables	9	189,835	251,019
Cash at bank	10	3,106	4,139
Restricted cash	10	456,120	363,021
Total Current assets		<u>649,061</u>	<u>618,179</u>
Total assets		<u>1,507,717</u>	<u>1,479,687</u>
Current liabilities			
Trade and other payables	11	367,527	487,267
Net current assets		<u>281,534</u>	<u>130,912</u>
Total assets less current liabilities		<u>1,140,190</u>	<u>992,420</u>
Non-current liabilities:			
Amounts owed to group companies		464,978	329,936
Total liabilities		<u>832,505</u>	<u>817,203</u>
Net assets		<u>675,212</u>	<u>662,484</u>
Equity			
Called-up equity share capital	12	640,100	640,100
Retained earnings		35,112	22,384
Total equity attributable to holders of the parent		<u>675,212</u>	<u>662,484</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2023.

-DocuSigned by:

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[Signature]

Jonathan P. Ideaux
Director

Notes 1 to 16 form part of these financial statements.

Boku Account Services UK Limited

Statement of changes in equity for the year ended 31 December 2022

	Share capital £	Retained earnings £	Total equity £
1 January 2021			
	640,100	1,020	641,120
Comprehensive profit for the year	-	21,364	21,364
At 31 December 2021	640,100	22,384	662,484
1 January 2022	640,100	22,384	662,484
Comprehensive profit for the year	-	12,728	12,728
At 31 December 2022	640,100	35,112	675,212

Notes 1 to 16 form part of these financial statements.

Boku Account Services UK Limited

Notes forming part of the financial statements for the year ended 31 December 2022

1 General information

Boku Account Services UK Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report.

1.1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. Financial Statements are prepared in pounds sterling, which is the functional currency of the entity.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions; and
- share-based payments.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Boku Inc. These financial statements do not include disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recorded financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording the financial instruments at fair value); and
- impairment of assets.

The financial statements of Boku Inc. can be obtained from the registered office given on the contents page or from the Boku Inc website <https://investors.boku.com/reports-documents/>

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Going concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have plans and forecasts that, together with receipt of a letter of support from its parent company, show the Company will be able to continue as a going concern for at least a period of twelve months from the date of balance sheet approval. This is in turn dependent on the parent and thus the group of which the company is a subsidiary of maintaining sufficient working capital to support its activities.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

1.1 Accounting policies *(continued)*

The parent company has carried out detailed forecast stress testing at the group level in order to consider how much forecasts have to reduce by in order to cause cash constraints, and also to consider the likelihood of this scenario occurring. In light of all of this analysis, the directors are comfortable that a scenario which would cause these cash restrictions is deemed to be remote and therefore not a realistic outcome to consider. This assessment has also included the Group's actual cash holdings as of the date of the approval of these financial statements and financing alternatives available to the group. The group's cashflows are projected to be at a sufficient level to allow the group, and the companies within the Group, to meet their obligations, and liabilities, as they fall due. Thus, the directors of the company continue to adopt the going concern basis of accounting in preparing the financial statements. Furthermore, the ongoing Russia/Ukraine conflict is not expected to have a material impact on the Company.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

The Company facilitates the mobile payment processing of virtual and digital goods purchases and also provides a collection service for amounts due to the merchants. Revenue (excluding VAT) is principally its service fees, charged to the service provider ("merchant") for payment processing services provided.

Amounts collected on behalf of merchants

The Group recognises accrued income when mobile device users purchase virtual goods and digital goods through the Company's payment platform. Once the Group receives confirmation of payment information from the aggregator or the MNO (Mobile Network Operator), the Company reverses the accrued income and records the invoiced amount as trade receivable. The period from when the mobile device user purchases the virtual goods or digital goods to when the Company receives payment from aggregators, or MNOs, ranges from less than one month to six months or more. On receipt of this payment, the amount is paid to the merchant for the virtual goods or digital goods sold. When an amount due to a merchant is still outstanding, the Company recognises and includes this as part of trade payables. The revenue is presented net on the income statement.

Cost of sales

Cost of sales is primarily related to the costs incurred by the Company to authorise the transactions on mobile device customers with the associated MNOs as well as service charges from MNOs. Due to the small amounts attributable to each transaction the cost of sales is recorded in aggregate in the parent entity according to contractual arrangements except for carrier deductions which are recorded in the entity which holds the contract with the merchant. A service fee is charged by the Company to the parent which covers all costs incurred by a similar company at arm length, including the cost of sales related to the messaging costs incurred to authorize transactions.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors which are the decision makers. The Directors consider that the Company's provision of a payment processing of virtual goods and digital goods purchases constitutes one operating and one reporting segment. Management reviews the performance of the Company by reference to total results against budget.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss. There have been transactions denominated in EUR and GBP during the financial year ending 31 December 2022.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

1.1 Accounting policies (continued)

Restricted cash

The restricted cash does not meet the definition of cash and cash equivalents and is therefore separately disclosed in the Company's statement of financial position. These cash amounts are restricted as to withdrawal or use under the terms of certain contractual agreements. The restricted cash primarily includes money received from mobile operators that will be paid out to merchants.

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are a reasonable estimate of their fair values.

Financial assets

On initial recognition the Company classifies its financial assets as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets, or available-for-sale financial assets, as appropriate. The classification depends on the purpose for which the financial assets were acquired. At each reporting year-end, the financial assets of the Company are all classified as loans and receivables or derivative financial instruments.

The company's financial assets have been classified as loans and receivables and comprise of trade and other receivables, cash and restricted cash. Financial assets are measured initially at fair value plus transaction costs and subsequently at amortised cost, using the effective interest rate method, less any impairment loss.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The Company's financial liabilities are categorized as loans and payables or derivative financial instruments.

The company's financial liabilities comprise of trade and other payables. The Company does not have any derivative financial instruments.

At initial recognition, financial liabilities (trade and other payables, excluding other taxes and social security costs and deferred income), are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised costs.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Taxation*

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

1.1 Accounting policies *(continued)*

Critical accounting estimates and judgements *(continued)*

(a) Taxation *(continued)*

The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the consolidated statement of financial position.

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

Provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Financial instruments – Risk Management

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Company does not issue or use financial instruments of a speculative nature.

The company is exposed to credit risk, liquidity risk, operational risk, compliance risk and capital risk management arising from the financial instruments it holds.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables.
- Cash and cash equivalents and restricted cash.
- Trade and other payables.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. The Company's net trade receivables are disclosed in the financial assets table below.

	2022	2021
	£	£
Trade and other receivables	189,835	251,019
Cash and cash equivalents	3,106	4,139
Restricted cash	456,120	363,021
Trade and other payables	(367,527)	(487,267)
Net Financial assets	281,534	130,912

The Company is exposed to credit risk in respect of these balances such that, if one or more the aggregators or Mobile Network Operators ("MNOs") encounters financial difficulties, this could materially and adversely affect the Company's financial results. The Company attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

2 Financial instruments – Risk Management (continued)

(a) Credit risk (continued)

In order to minimise this credit risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Company evaluates the collectability of its accounts receivable and provides an allowance for potential credit losses as necessary.

The management do not consider that there is any concentration of risk within trade receivables. Trade receivables are closely monitored and reviewed at each year-end. The review showed that trade receivables did not require to be impaired.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit. To date, the Company has not experienced any losses on its cash and cash equivalent balances.

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The company manages its liquidity risk by ensuring that merchants are paid only on receipt of funds from the aggregator or MNOs.

(c) Currency risk and foreign exchange risk

The Company is affected by currency risk and foreign exchange risk as it operates in GBP and EUR. Company's risk is mitigated because both receivables and payables are recorded in the same currency as subsequently paid out. As of 31 December, the Company's gross exposure to foreign exchange risk was as follows:

	2022	2021
	£	£
Trade and other receivables (£ equivalent but EUR original currency)	-	143
Restricted cash	62,697	58,805
Trade and other payables	62	(9,364)
Financial assets	62,759	49,584
10% impact +/-	6,973	5,509

(d) Interest rate risk

The Company is not exposed to interest rate risk as it does not have any borrowings.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

3 Revenue from operations

The revenue and profit before tax are attributable to the one principal activity of the company. An analysis of revenue is given below:

	2022 £	2021 £
Revenue arises from:		
Provision of services	208,633	355,642

4 Segmental analysis

For executive management purposes, the Company has one reportable segment – provision of a payment platform for the payment processing of virtual goods and digital goods purchases and categorises all revenue from operations to this segment.

Operating segment information under the primary reporting format is disclosed below:

	2022 £	2021 £
Revenue	208,633	355,642
Segment profit	12,518	21,337
Finance income	210	27
Profit before tax	12,728	21,364

The Company offers its services only in the UK to e-money merchants based in the UK and EU as is considered by management as having one operating segment.

5 Employees

The Company does not contractually have any employees. The employment costs are recorded in various group companies. This cost is allocated to the Company and included in the intercompany recharges.

Boku Account Services UK Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

6 Administrative expenses

	2022	2021
	£	£
Auditor's remuneration	13,345	15,300
Consulting	-	34,434
Taxation fees	8,330	4,155
Dues & Subscriptions	856	2,776
Recruitment cost and non-executive directors' fees	45,000	-
Recharges from Group Companies	2,853	17,000
Foreign exchange (gain)/loss	(524)	7,859
Bank charges	792	1,492
Total Administrative Expenses	70,652	83,016

7 Finance income and expenses

	2022	2021
	£	£
Bank Interest paid	(792)	-
Interest income from bank deposits	210	27
	(582)	27

8 Tax on ordinary activities

	2022	2021
	£	£
Profit on ordinary activities before tax	12,728	21,364
Profit on ordinary activities at the standard rate of corporation tax in the UK 19% (2021 - 19%)	2,418	4,059
Effects of:		
Group relief (claimed)	(2,418)	(4,059)
Adjustment to tax charge in respect of previous years	-	-
Deferred tax asset not recognized	-	-
Effective rate change	-	-
Total tax charge for year	-	-

Boku Account Services Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

9 Trade and other receivables

	2022	2021
	£	£
Trade receivables	112,221	146,653
Accrued income	72,040	96,662
Provision for bad debts	(56)	-
Prepayments	471	444
VAT receivable	5,159	7,260
	189,835	251,019

The ageing of trade receivables and accrued income is as follows:

	2022	2021
	£	£
Total trade receivable and accrued income	184,261	243,315
aged as follows:		
Up to 30 days	164,319	174,363
31 days – 60 days	19,886	68,779
61 days – 90 days	-	-
More than 90 days	56	173
	184,261	243,315

10 Cash at bank and restricted cash

	2022	2021
	£	£
Cash at bank	3,106	4,139
Restricted cash	456,120	363,021
	459,226	367,160

The restricted cash primarily includes monies received but not yet paid to merchants (in transit).

11 Trade payables (amounts falling due within one year)

	2022	2021
	£	£
Trade payables	343,977	464,896
Accrued expenses	23,550	22,371
	367,527	487,267

Trade payables include £333,522 of merchant payables in 2022 and £438,713 in 2021.

Boku Account Services Limited
Notes forming part of the financial statements for the
year ended 31 December 2022
(continued)

12 Share capital

The Company's issued share capital is summarized in the table below:

	Allotted, called up and fully paid			
	2022		2021	
	Number	£	Number	£
Ordinary shares of £1 each	640,100	640,100	640,100	640,100

13 Related party transactions

The Company has taken advantage of the exemption conferred by FRS101 S8 (j), removing the requirement to disclose transactions between group companies owned 100% by the parent.

14 Ultimate parent and controlling company

At the balance sheet date, Boku Account Services UK Limited is a 100% subsidiary of Boku Account Services Inc., a company incorporated in Virginia, USA.

Boku Account Services Inc. is a 100% subsidiary of Boku Inc., a company incorporated in Delaware, USA. Boku Inc. is the ultimate parent and controlling party of Boku Account Services UK Limited.

A copy of the consolidated financial statements can be obtained from 2nd 3rd & 4th floor 9 Orange Street, London, WC2H 7EA, UK or from Boku Group website: <https://investors.boku.com/reports-documents/>

15 Contingent liabilities

From time to time, in its normal course of business, the Company may indemnify other parties, with whom it enters into contractual relationships, including customers, Aggregators, MNOs, lessors and parties to other transactions with the Group. The Company has also indemnified its directors and executive officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer. The Company believes the estimated fair value of any obligation from these indemnification agreements is minimal; therefore, these financial statements do not include a liability for any potential obligations at 31 December 2022 and 31 December 2021.

16 Post balance sheet events

There were no material post balance sheet events.