

**Boku Account Services UK Limited**  
Report and Financial Statements for Year Ended  
31 December 2021

Company Number 06169107

THURSDAY



\*ABDKQ4PS\*

A14

29/09/2022

#325

COMPANIES HOUSE

## **Boku Account Services UK Limited**

### **Report and financial statements for the year ended 31 December 2021**

---

#### **Contents**

#### **Page:**

- 1 Directors' report
  - 3 Independent auditor's report
  - 6 Statement of comprehensive income
  - 7 Statement of financial position
  - 8 Statement of changes in equity
  - 9 Notes forming part of the financial statements
- 

#### **Directors**

Stuart Paul Neal  
Jonathan Peter Prideaux

#### **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 2021**

---

The directors present their report together with the annual financial statements for the year ended 31 December 2021. 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 6 and shows the profit for the year.  
The directors do not recommend the payment of a dividend.

#### **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 2021. Taking account of the inter-relationship between the company and parent, the company relies of the financial support of its parent, Boku Inc. 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 COVID-19 pandemic, the Russian/Ukraine conflict, and inflation and the cost-of-living dynamics. Further information, with regards to going concern are detailed in Note 1 of the financial statements.

#### **Directors**

The directors who served the company during the year were:

Stuart Paul Neal (resigned 28 February 2022)  
Jonathan Peter Prideaux

**Boku Account Services UK Limited**  
**Directors' report**  
**for the year ended 31 December 2021 (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.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

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 P. Beaux  
Director

Date: 28 September 2022

## Boku Account Services UK Limited

### Independent auditor's report

---

#### INDEPENDENT AUDITOR'S REPORT TO 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 2021 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 2021 which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, and the notes to 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.

##### *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. 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

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 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 this regard

## Boku Account Services UK Limited

### 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 period 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 Director's 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 in preparing the Directors' report and 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;

## Boku Account Services UK Limited


- 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.
- We have responded to risks identified by performing procedures including the following:
  - Enquiry of management concerning actual and potential litigation and claims;
  - Review of correspondence with the Financial Conduct Authority;
  - Reading the minutes of meetings of those charged with governance; and
  - Review of financial statements disclosures and testing to supporting documentation.
- 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 located at 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:  
  
3A3C0AA9DC9943D...

Matthew Hopkins (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 28 September 2022

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 2021

	Note	2021 £	2020 £
<b>Revenue</b>	3	<b>355,642</b>	613,094
Cost of sales		<b>(251,289)</b>	(244,358)
<b>Gross profit</b>		<b>104,353</b>	368,736
Administrative expenses	6	<b>(83,016)</b>	(331,950)
<b>Operating profit</b>	4	<b>21,337</b>	36,786
Interest income	7	<b>27</b>	160
<b>Profit on ordinary activities before tax</b>		<b>21,364</b>	36,946
Tax on ordinary activities	8	-	(10,925)
<b>Profit on ordinary activities after taxation</b>		<b>21,364</b>	26,021
Other comprehensive income for the year		-	-
<b>Total comprehensive profit for the year attributable to the owners of the parent</b>		<b>21,364</b>	26,021

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 2021**

<b>Company number 06169107</b>			
	Note	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Amounts due from group companies		<b>861,508</b>	792,104
Deferred Tax Asset		-	-
<b>Total Non-current assets</b>		<b>861,508</b>	792,104
<b>Current assets</b>			
Trade and other receivables	9	<b>251,019</b>	1,438,786
Cash at bank	10	<b>4,139</b>	172,047
Restricted cash	10	<b>363,021</b>	871,021
<b>Total Current assets</b>		<b>618,179</b>	2,481,854
<b>Total assets</b>		<b>1,479,687</b>	3,273,958
<b>Current liabilities</b>			
Trade and other payables	11	<b>487,267</b>	2,036,013
<b>Net current assets</b>		<b>130,912</b>	445,841
<b>Total assets less current liabilities</b>		<b>992,420</b>	1,237,945
<b>Non-current liabilities:</b>			
Amounts owed to group companies		<b>329,936</b>	596,825
<b>Total liabilities</b>		<b>817,203</b>	2,632,838
<b>Net assets</b>		<b>662,484</b>	641,120
<b>Equity</b>			
Called-up equity share capital	12	<b>640,100</b>	640,100
Retained losses		<b>22,384</b>	1,020
<b>Total equity attributable to holders of the parent</b>		<b>662,484</b>	641,120

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2022

DocuSigned by:  
  
 Jonathan P. Boudreau  
 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 2021

	Share capital £	Retained losses £	Total equity £
1 January 2020			
	640,100	(25,001)	615,099
Comprehensive profit for the year	-	26,021	26,021
At 31 December 2020	<b>640,100</b>	<b>1,020</b>	<b>641,120</b>
1 January 2021	640,100	1,020	641,120
Comprehensive profit for the year	-	21,364	21,364
At 31 December 2021	<b>640,100</b>	<b>22,384</b>	<b>662,484</b>

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 2021

### 1 General information

Boku Account Services 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; and
- disclosure of related party transactions
- 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

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 financial statements have been prepared on a going concern basis. 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 COVID-19 pandemic continued to have limited impact on the Company. Furthermore, the ongoing Russia/Ukraine conflict is not expected to have a material impact on the Company. The Directors have plans and forecasts that, together with receipt of a letter of support, which the company's directors deem enforceable and fully committed, from its parent company, Boku Inc., 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 Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

---

**1.1 Accounting policies** *(continued)*

As a consequence, 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.

**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.

**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
**(continued)**

---

**1.1 Accounting policies (continued)**

**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 2021.

**Cash and cash equivalents**

Cash and cash equivalents includes cash at bank.

**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.

**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
**(continued)**

---

**1.1 Accounting policies (continued)**

***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. 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.

**(a) Provisions**

The company will recognise when required provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

## 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.

	2021	2020
	£	£
Trade and other receivables	251,019	1,438,786
Cash and cash equivalents	4,139	172,047
Restricted cash	363,021	871,021
Trade and other payables	(487,267)	(2,036,013)
Net Financial assets	130,912	445,841

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.

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.

**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

**2 Financial Instruments – Risk Management (continued)**

**(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:

	2021	2020
	£	£
Trade and other receivables (£ equivalent but EUR original currency)	143	1,330,304
Restricted cash	58,805	754,387
Trade and other payables	(9,364)	(1,779,013)
Financial assets/(liabilities)	<b>49,585</b>	<b>305,679</b>
10% impact +/-	<b>5,509</b>	<b>33,964</b>

**(d) Interest rate risk**

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



**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

### 3 Revenue from operations

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

	2021 £	2020 £
Revenue arises from:		
Provision of services	355,642	613,094

### 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:

	2021 £	2020 £
Revenue	355,642	613,094
Segment profit	21,337	36,786
Finance income	27	160
Profit before tax	21,364	36,946

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 Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

**6 Administrative expenses**

	2021	2020
	£	£
Auditor's remuneration	15,300	20,400
Consulting	34,434	33,046
Taxation fees	4,155	5,293
Dues & Subscriptions	2,776	736
Recharges from Group Companies	17,000	280,563
Foreign exchange loss/(gain)	7,859	(10,727)
Bank charges	1,492	2,640
<b>Total Administrative Expenses</b>	<b>83,016</b>	<b>331,950</b>

**7 Finance income and expenses**

	2021	2020
	£	£
Bank Interest paid	-	-
Interest income from bank deposits	27	160
	<b>27</b>	<b>160</b>

**8 Tax on ordinary activities**

	2021	2020
	£	£
Profit/(Loss) on ordinary activities before tax	21,365	26,021
Profit/(Loss) on ordinary activities at the standard rate of corporation tax in the UK 19% (2018 - 19%)	4,059	4,944
Effects of:		
Group relief surrendered/(claimed)	(4,059)	-
Adjustment to tax charge in respect of previous years	-	-
Deferred tax asset not recognized	-	5,981
Effective rate change	-	-
<b>Total tax charge for year / (credit)</b>	<b>-</b>	<b>10,925</b>

**Boku Account Services Limited**  
**Notes forming part of the financial statements for the**  
**year ended 31 December 2021**  
*(continued)*

**9 Trade and other receivables**

	2021	2020
	£	£
Trade receivables	146,653	708,729
Accrued income	96,662	723,470
Prepayments	444	444
VAT receivable	7,260	6,142
	<b>251,019</b>	<b>1,438,785</b>

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

	2021	2020
	£	£
Total trade receivable and accrued income	243,315	1,432,199
aged as follows:		
Up to 30 days	174,363	1,417,293
31 days – 60 days	68,779	14,903
61 days – 90 days	-	-
More than 90 days	173	3
	<b>243,315</b>	<b>1,432,199</b>

**10 Cash and cash equivalents and restricted cash**

	2021	2020
	£	£
Cash and cash equivalents	4,139	172,047
Restricted cash	363,021	871,021
	<b>367,160</b>	<b>1,043,068</b>

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

**11 Trade payables (amounts falling due within one year)**

	2021	2020
	£	£
Trade payables	464,896	2,001,956
Accrued expenses	22,371	34,057
	<b>487,267</b>	<b>2,036,013</b>

Trade payables include £438,713 of merchant payables in 2021 and £1,986,983 in 2020.