

**LOKKU LIMITED**  
**DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**  
**Company Registration No. 05712175 (England and Wales)**

**SHELLEY STOCK HUTTER LLP**  
**Chartered Accountants**  
**1st Floor**  
**7 - 10 Chandos Street**  
**London**  
**W1G 9DQ**

# LOKKU LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	E Freyfogle J Etxebeste Otegi J Oses L Jimenez
<b>Secretary</b>	A Walden
<b>Company number</b>	05712175
<b>Registered office</b>	1st Floor 7 - 10 Chandos Street London W1G 9DQ
<b>Accountants</b>	Shelley Stock Hutter LLP 1st Floor 7 - 10 Chandos Street London W1G 9DQ
<b>Business address</b>	Unit 1 82 Clerkenwell Road London EC1M 5RF

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# LOKKU LIMITED

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# LOKKU LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2012

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The directors present their report and financial statements for the year ended 31 December 2012.

#### Principal activities

The principal activity of the company and its subsidiaries continued to be that of developing and monetising a global classified internet search platform.

#### Directors

The following directors have held office since 1 January 2012:

C Keim	(Resigned 11 July 2013)
E Freyfogle	
J Etxebeste Otegi	
J Oses	
L Jimenez	
A Huang	(Resigned 11 July 2013)

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



A Walden  
Secretary



Date

# LOKKU LIMITED

## ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF LOKKU LIMITED FOR THE YEAR ENDED 31 DECEMBER 2012

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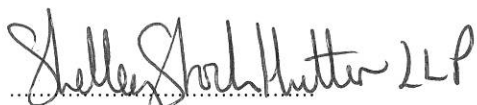
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Lokku Limited for the year ended 31 December 2012 set out on pages 3 to 12 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [icaew.com/membershandbook](http://icaew.com/membershandbook).

This report is made solely to the Board of Directors of Lokku Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Lokku Limited and state those matters that we have agreed to state to the Board of Directors of Lokku Limited, as a body, in this report in accordance with AAF 2/10 as detailed at [icaew.com/compilation](http://icaew.com/compilation). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lokku Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Lokku Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lokku Limited. You consider that Lokku Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Lokku Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



**Shelley Stock Hutter LLP**

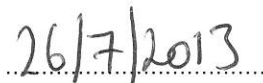
**Chartered Accountants**

1st Floor

7 - 10 Chandos Street

London

W1G 9DQ



**Date**

# LOKKU LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

		2012 £	2011 £
	Notes		
Turnover	2	2,310,114	1,930,870
Cost of sales		(606,972)	(368,282)
<b>Gross profit</b>		1,703,142	1,562,588
Administrative expenses		(1,282,667)	(1,643,248)
Other operating income		92,669	411,439
<b>Operating profit</b>	3	513,144	330,779
Other interest receivable and similar income	4	19,125	13,618
<b>Profit on ordinary activities before taxation</b>		532,269	344,397
Tax on profit on ordinary activities	5	(57,572)	(35,061)
<b>Profit for the year</b>	12	474,697	309,336

# LOKKU LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	6	35,791		71,158	
Investments	7	5,368		5,358	
			<u>41,159</u>		<u>76,516</u>
<b>Current assets</b>					
Debtors	8	704,886		875,785	
Cash at bank and in hand		2,133,490		1,373,339	
			<u>2,838,376</u>		<u>2,249,124</u>
<b>Creditors: amounts falling due within one year</b>	9	(395,183)		(327,985)	
<b>Net current assets</b>			<u>2,443,193</u>		<u>1,921,139</u>
<b>Total assets less current liabilities</b>			<u>2,484,352</u>		<u>1,997,655</u>
			<u>2,484,352</u>		<u>1,997,655</u>
<b>Capital and reserves</b>					
Called up share capital	11	32,156		32,096	
Share premium account	12	2,328,568		2,316,628	
Profit and loss account	12	123,628		(351,069)	
<b>Shareholders' funds</b>			<u>2,484,352</u>		<u>1,997,655</u>

# LOKKU LIMITED

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2012**

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For the financial year ended 31 December 2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 26/7/2013



E Freyfogle  
Director

Company Registration No. 05712175

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **1.2 Turnover**

Turnover represents amounts receivable for services net of VAT.

#### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% straight line
Fixtures, fittings & equipment	Straight line over 5 years

#### **1.4 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.5 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the budget rate of 1.15 Euros to £1 at the date of the transaction. All differences are taken to the profit and loss account.

#### **1.7 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

#### **1.8 Website development costs**

Expenditure in relation to application and infrastructure development costs, design costs and content costs incurred establishing the company's website have been capitalised and is amortised over the useful life of the website.

### **2 Turnover**

In the year to 31 December 2012 61.00% (2011 - 59.00%) of the company's turnover was to markets outside the United Kingdom.

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	38,390	38,331
	Auditors' remuneration	-	15,200
	Directors' remuneration	91,834	126,388
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Bank interest	19,125	13,618
		<u>          </u>	<u>          </u>
		19,125	13,618
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Taxation</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	12,582	2,757
	Adjustment for prior years	(1,056)	-
		<u>          </u>	<u>          </u>
	<b>Total current tax</b>	11,526	2,757
	 <b>Deferred tax</b>		
	Deferred tax charge/(credit) current year	46,046	32,304
		<u>          </u>	<u>          </u>
		57,572	35,061
		<u>          </u>	<u>          </u>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

### 6 Tangible fixed assets

	Plant and machinery etc
	£
<b>Cost</b>	
At 1 January 2012	190,384
Additions	3,023
	<hr/>
At 31 December 2012	193,407
	<hr/>
<b>Depreciation</b>	
At 1 January 2012	119,226
Charge for the year	38,390
	<hr/>
At 31 December 2012	157,616
	<hr/>
<b>Net book value</b>	
At 31 December 2012	35,791
	<hr/>
At 31 December 2011	71,158
	<hr/>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

### 7 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 January 2012	5,358
Additions	10
	<hr/>
At 31 December 2012	5,368
	<hr/>
<b>Net book value</b>	
At 31 December 2012	5,368
	<hr/>
At 31 December 2011	5,358
	<hr/>

### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Advanced Search SL	Spain	Ordinary	100.00
Nestoria Spain SL	Spain	Ordinary	100.00
Nestoria (UK) Limited	England and Wales	Ordinary	100.00
Nestoria Australia Limited	England and Wales	Ordinary	80.00
Nestoria Brazil Buscador de Imóveis Ltda	Brazil	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
	<b>Principal activity</b>		
Advanced Search SL	Provision of web traffic consultancy services	1,588	(921)
Nestoria Spain SL	Provision of internet search platform	15,727	13,304
Nestoria (UK) Limited	Dormant	1	-
Nestoria Australia Limited	Provision of internet search platform	18,724	2,886
Nestoria Brazil Buscador de Imóveis Ltda	Provision of internet search platform	2,135	19,804
		<hr/>	<hr/>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Debtors	2012 £	2011 £
Trade debtors	217,478	192,260
Amounts owed by group undertakings	357,950	478,597
Other debtors	32,503	61,924
Deferred tax asset (see note 10)	96,955	143,004
	<u>704,886</u>	<u>875,785</u>

9 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	11,296	19,861
Amounts owed to group undertakings	374	374
Taxation and social security	51,193	55,197
Other creditors	332,320	252,553
	<u>395,183</u>	<u>327,985</u>

## 10 Provisions for liabilities

The deferred tax asset (included in debtors, note 8) is made up as follows:

	2012 £	
Balance at 1 January 2012	(143,004)	
Profit and loss account	46,049	
	<u>(96,955)</u>	
	2012 £	2011 £
Tax losses available	<u>(96,955)</u>	<u>(143,004)</u>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

11 Share capital	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
1,048,727 Ordinary shares of 1p each	10,487	10,427
2,166,933 Ordinary A shares of 1p each	21,669	21,669
	<u>32,156</u>	<u>32,096</u>

During the year the company issued 6,000 1p Ordinary shares in exchange for services provided to the company with a market value of £12,000.

### 12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2012	2,316,628	(351,069)
Profit for the year	-	474,697
Premium on shares issued during the year	11,940	-
Balance at 31 December 2012	<u>2,328,568</u>	<u>123,628</u>

### 13 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	2012 £	2011 £
Operating leases which expire:		
Within one year	<u>27,169</u>	<u>24,000</u>

### 14 Control

There is no ultimate controlling party of the company in this or the preceding year.

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 15 Post balance sheet events

On 4 February 2013, 641,932 Ordinary A 1p shares were repurchased for cancellation by the company, the total consideration paid was £584,941.

#### 16 Related party relationships and transactions

As at 31 December 2012 the company was owed £305,087 (2011: £383,909) by Nestoria Spain SL, a wholly owned subsidiary of Lokku Limited, and £1,386 (2011: £nil) by Advanced Search SL, a wholly owned subsidiary of Lokku Limited.

During the year net transfers totalling £147,215 (2011: £Nil) were made from Nestoria Australia Limited, a subsidiary of Lokku Limited, and recharges totalling £104,004 (2011: £63,247) were made to Nestoria Australia Limited from Lokku Limited. As at the year end £51,477 (2011: £94,688) was owed by Nestoria Australia Limited to the company.

**LOKKU LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**These pages do not form part of the financial statements**

# LOKKU LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
<b>Turnover</b>		
Sales	2,310,114	1,930,870
<b>Cost of sales</b>		
Traffic acquisition costs	606,972	368,282
	(606,972)	(368,282)
<b>Gross profit</b>	1,703,142	1,562,588
<b>Administrative expenses</b>	(1,282,667)	(1,643,248)
<b>Profit/(loss) on foreign currency</b>	(118,406)	8,797
<b>Other operating income</b>		
Management charges	211,075	402,642
<b>Operating profit</b>	513,144	330,779
<b>Other interest receivable and similar income</b>		
Bank interest received	19,125	13,618
<b>Profit before taxation</b>	532,269	344,397

# LOKKU LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
<b>Administrative expenses</b>		
Wages and salaries (excl. N.I.)	634,700	722,782
Directors' remuneration	91,834	126,388
Employer's N.I. contributions	83,087	97,591
Recruitment costs	1,599	18,255
Rent	30,372	29,245
Rates	7,144	6,415
Insurance	1,314	6,082
Light and heat	3,754	3,027
Repairs and maintenance	6,597	4,909
Printing, postage and stationery	3,789	4,606
Advertising	1,184	1,014
Overseas marketing development costs	11,563	56,735
Data and software maintenance	13,698	13,023
Telephone	10,235	10,680
Computer running costs	1,059	571
Search engine optimisation costs	74,659	121,319
Website hosting costs	115,118	120,012
Computer infrastructure maintenance	-	44,803
Purchase of data	-	1,943
Travel and subsistence	28,867	50,349
Entertaining	3,096	5,371
Legal and professional fees	34,616	66,826
Consultancy fees	51,526	32,272
Accountancy	28,403	26,208
Audit fees	-	15,200
Bank charges	4,214	3,330
Bad and doubtful debts	-	12,582
Sundry expenses	1,059	2,132
Charitable donations	125	1,212
Subscriptions	665	35
Amortisation of website development costs	27,751	27,751
Depreciation on computer equipment	10,639	10,580
	<u>1,282,667</u>	<u>1,643,248</u>