

**LOKKU LIMITED**

**DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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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**Directors**

J Etxebeste Otegi  
E Freyfogle  
J Oses  
L Jimenez

**Secretary**

A Walden

**Company number**

05712175

**Registered office**

1st Floor  
7 - 10 Chandos Street  
London  
W1G 9DQ

**Accountants**

Shelley Stock Hutter LLP  
1st Floor  
7 - 10 Chandos Street  
London  
W1G 9DQ

**Business address**

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 2013

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The directors present their report and financial statements for the year ended 31 December 2013.

#### 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 2013:

J Etxebeste Otegi

E Freyfogle

J Oses

A Huang

(Resigned 11 July 2013)

L Jimenez

C Keim

(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 2013

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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 2013 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*

**Shelley Stock Hutter LLP**

**Chartered Accountants**

1st Floor

7 - 10 Chandos Street

London

W1G 9DQ

*16/9/2014*

**Date**

# LOKKU LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	2,337,257	2,310,114
Cost of sales		(449,495)	(606,972)
<b>Gross profit</b>		1,887,762	1,703,142
Administrative expenses		(1,464,465)	(1,282,667)
Other operating income		330,390	92,669
<b>Operating profit</b>	3	753,687	513,144
Other interest receivable and similar income	4	772	19,125
Amounts written off investments	5	(2,702)	-
<b>Profit on ordinary activities before taxation</b>		751,757	532,269
Tax on profit on ordinary activities	6	(168,384)	(57,572)
<b>Profit for the year</b>	13	583,373	474,697

# LOKKU LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Tangible assets	7		25,117		35,791
Investments	8		27,966		5,368
			<u>53,083</u>		<u>41,159</u>
<b>Current assets</b>					
Debtors	9	883,571		704,886	
Cash at bank and in hand		1,499,934		2,133,490	
		<u>2,383,505</u>		<u>2,838,376</u>	
<b>Creditors: amounts falling due within one year</b>	10	(571,525)		(395,183)	
<b>Net current assets</b>			1,811,980		2,443,193
<b>Total assets less current liabilities</b>			<u>1,865,063</u>		<u>2,484,352</u>
			<u>1,865,063</u>		<u>2,484,352</u>
<b>Capital and reserves</b>					
Called up share capital	12		18,900		32,156
Share premium account	13		328,568		2,328,568
Other reserves	13		13,256		-
Profit and loss account	13		1,504,339		123,628
<b>Shareholders' funds</b>			<u>1,865,063</u>		<u>2,484,352</u>

# LOKKU LIMITED

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2013**

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For the financial year ended 31 December 2013 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 small companies within Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 16/9/2014



E Freyfogle  
Director

Company Registration No. 05712175



# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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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. Income is recognised when the service is delivered.

#### 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 1.25 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 2013 60.00% (2012 - 61.00%) 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 2013

<b>3</b>	<b>Operating profit</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	26,502	38,390
	Directors' remuneration	124,899	91,834
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Bank interest	772	19,125
		<u>          </u>	<u>          </u>
		772	19,125
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Amounts written off investments</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Amounts written off fixed asset investments:		
	- permanent diminution in value	2,702	-
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	122,007	12,582
	Adjustment for prior years	-	(1,056)
		<u>          </u>	<u>          </u>
	<b>Total current tax</b>	122,007	11,526
	<b>Deferred tax</b>		
	Deferred tax charge/(credit) current year	46,377	46,046
		<u>          </u>	<u>          </u>
		168,384	57,572
		<u>          </u>	<u>          </u>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

### 7 Tangible fixed assets

	Plant and machinery etc
	£
<b>Cost</b>	
At 1 January 2013	193,407
Additions	16,070
Disposals	(1,453)
	<hr/>
At 31 December 2013	208,024
	<hr/>
<b>Depreciation</b>	
At 1 January 2013	157,616
On disposals	(1,211)
Charge for the year	26,502
	<hr/>
At 31 December 2013	182,907
	<hr/>
<b>Net book value</b>	
At 31 December 2013	25,117
	<hr/>
At 31 December 2012	35,791
	<hr/>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 8 Fixed asset investments

	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£
<b>Cost</b>			
At 1 January 2013	-	5,368	5,368
Additions	25,000	300	25,300
Disposals	-	(2,702)	(2,702)
At 31 December 2013	25,000	2,966	27,966
<b>Net book value</b>			
At 31 December 2013	25,000	2,966	27,966
At 31 December 2012	-	5,368	5,368

#### 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	Shares held Class	%
<b>Subsidiary undertakings</b>			
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 2013	Profit/(loss) for the year 2013
	Principal activity	£	£
Nestoria Spain SL	Provision of internet search platform	453,731	440,628
Nestoria (UK) Limited	Dormant	1	-
Nestoria Australia Limited	Provision of internet search platform	9,699	(9,025)
Nestoria Brazil Buscador de Imóveis Ltda	Provision of internet search platform	112,400	93,719

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

9 Debtors	2013 £	2012 £
Trade debtors	224,618	217,478
Amounts owed by group undertakings	500,537	357,950
Other debtors	107,838	32,503
Deferred tax asset (see note 11)	50,578	96,955
	<u>883,571</u>	<u>704,886</u>

10 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	36,679	11,296
Amounts owed to group undertakings	374	374
Taxation and social security	154,879	51,193
Other creditors	379,593	332,320
	<u>571,525</u>	<u>395,183</u>

### 11 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows:

	2013 £	
Balance at 1 January 2013	(96,955)	
Profit and loss account	46,377	
	<u>(50,578)</u>	
	2013 £	2012 £
Accelerated/(decelerated) capital allowances	591	(848)
Other timing differences	(51,169)	(53,766)
Tax losses available	-	(42,341)
	<u>(50,578)</u>	<u>(96,955)</u>

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

12 Share capital	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
890,000 Ordinary shares of 1p each	8,900	10,487
1,000,001 Ordinary A shares of 1p each	10,000	21,669
	<u>18,900</u>	<u>32,156</u>

On 4 February 2013, 641,932 Ordinary A 1p shares were repurchased for cancellation by the company and total consideration paid was £584,941. In addition, on 11 July 2013 158,727 Ordinary 1p shares and 525,000 Ordinary A 1p shares were repurchased for cancellation by the company and the total consideration paid was £586,540.

### 13 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	2,328,568	-	123,628
Profit for the year	-	-	583,373
Purchase of own shares	-	-	(1,202,662)
Share premium - other movements	(2,000,000)	-	2,000,000
Movement during the year	-	13,256	-
Balance at 31 December 2013	<u>328,568</u>	<u>13,256</u>	<u>1,504,339</u>

#### Other reserves

##### Capital redemption reserve

Capital redemption reserve movement

13,256

Balance at 31 December 2013

13,256

On 29 January 2013 the company passed a special resolution to reduce its share premium account by £2,000,000.

# LOKKU LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 14 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

	2013 £	2012 £
Operating leases which expire:		
Within one year	28,800	27,169

#### 15 Control

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

#### 16 Related party relationships and transactions

As at 31 December 2013 the company was owed £455,735 (2012: £305,087) by Nestoria Spain SL, a wholly owned subsidiary of Lokku Limited, and £nil (2012: £1,386) by Advanced Search SL, a wholly owned subsidiary of Lokku Limited.

During the year the company received management fees of £51,052 (2012: £23,808), and was recharged expense of £79,483 (2012: £78,848) from Nestoria Australia Limited, a subsidiary of Lokku Limited. The company received transfers from Nestoria Australia Limited of £137,211 (2012: £145,867). As at the year end £44,802 (2012: £51,477) was owed by Nestoria Australia Limited to the company.

**LOKKU LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 2013

	£	2013 £	£	2012 £
<b>Turnover</b>				
Sales		2,337,257		2,310,114
<b>Cost of sales</b>				
Traffic acquisition costs	449,495		606,972	
		(449,495)		(606,972)
<b>Gross profit</b>		1,887,762		1,703,142
<b>Administrative expenses</b>		(1,464,465)		(1,282,667)
<b>Profit/(loss) on foreign currency</b>		140,987		(118,406)
<b>Other operating income</b>				
Management charges		189,403		211,075
<b>Operating profit</b>		753,687		513,144
<b>Other interest receivable and similar income</b>				
Bank interest received		772		19,125
<b>Amounts written off investments</b>				
Permanent diminution in value of F.A.		(2,702)		-
<b>Profit before taxation</b>		751,757		532,269

# LOKKU LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
<b>Administrative expenses</b>		
Wages and salaries (excl. N.I.)	555,326	634,700
Directors' remuneration	124,899	91,834
Employer's N.I. contributions	75,141	83,087
Recruitment costs	9,757	1,599
Rent	33,936	30,372
Rates	7,780	7,144
Insurance	710	1,314
Light and heat	6,026	3,754
Repairs and maintenance	6,255	6,597
Printing, postage and stationery	3,044	3,789
Advertising	1,025	1,184
Overseas marketing development costs	13,000	11,563
Data and software maintenance	19,012	13,698
Telephone	9,589	10,235
Computer running costs	22	1,059
Search engine optimisation costs	56,807	74,659
Website hosting costs	117,195	115,118
Travel and subsistence	42,434	28,867
Entertaining	12,768	3,096
Legal and professional fees	69,060	34,616
Consultancy fees	231,762	51,526
Accountancy	30,105	28,403
Bank charges	5,320	4,214
Sundry expenses	2,127	1,059
Charitable donations	3,994	125
Subscriptions	1,039	665
Amortisation of website development costs	18,068	27,751
Profits/losses on disp of tangibles	(170)	-
Depreciation on computer equipment	8,434	10,639
	<u>1,464,465</u>	<u>1,282,667</u>