

Registered number: 03807789

ALAMY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

MONDAY



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COMPANIES HOUSE

ALAMY LIMITED

COMPANY INFORMATION

DIRECTORS

Mr MD Fischer
Mr JL West
Mr T Pearson

COMPANY SECRETARY

Mr JS Schilizzi

REGISTERED NUMBER

03807789

REGISTERED OFFICE

Units 6 & 8
127 Olympic Avenue, Milton Park
Milton
Abingdon
Oxfordshire
OX14 4SA

INDEPENDENT AUDITOR

James Cowper LLP
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

ALAMY LIMITED

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ALAMY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,186,584 (2012 - £2,226).

Dividends of £862,722 (2012 - £Nil) were paid during the year.

DIRECTORS

The directors who served during the year were:

Mr MD Fischer
Mr JL West
Mr T Pearson

POLITICAL CONTRIBUTIONS

During the year, the company made contributions totalling £90,000 (2012 - £75,000) to the Fischer Family Charitable Trust.

ENVIRONMENTAL MATTERS

The group continues to purchase solar powered lamps to distribute rather than buying mainstream carbon offsets to mitigate its greenhouse gas emissions. This year 2,400 solar powered lamps were sent to Southern India and distributed by the aid company One Million Lights. This has a twofold benefit of reducing CO2 emissions as well as having a proven health benefit by stopping the use of burners within the home.

FUTURE DEVELOPMENTS

The company has made important improvements in several key areas and has begun to operate in new markets with new products.

The number of images for sale has dramatically increased, now up to 44.8 million at the end of 2013 (34.1m in Dec 2012) and continues to grow at an average rate of about 21,000 images every day.

The company website continues to be improved both in its speed and design, so that it can provide a better experience for customers than that offered by the competition. The site was rebranded in the early part of 2013 and has received positive feedback, and this process continues across all aspects of the site and business into 2014. The whole site continues to be available in German, so that it can directly compete in this large market without any language problems.

The company has continued to operate in Australia, Germany and India with dedicated staff in each area, and the company has opened up a subsidiary in Australia in 2014.

The Alamy iQ product that enables the website to be tailored to suit individual clients for their specific needs and allows them to view all images and videos bought across all their worldwide offices in a seamless way continues to be improved. This has contributed to an increase in both sales and positive customer feedback in the targeted areas it has been deployed.

The company continues to invest in Manything Systems Limited since the year end, to date a further £375,000 in preference shares has been invested. A significant software deployment is expected in 2014.

The company continues to undertake research and development in information technology to support its

ALAMY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, 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 year. 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

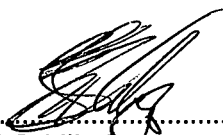
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

AUDITOR

The auditor, James Cowper LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/09/2014 and signed on its behalf.


.....
Mr JS Schilizzi
Secretary

ALAMY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

BUSINESS REVIEW

The group increased its operating profit percentage significantly to 8.4% in 2013 from 0.7% in 2012, even though turnover fell by 1.9 %.

The gross profit percentage improved from 37.4% in 2012 to 47.9% in 2013. This significant increase in margin was due to the company increasing its commission rate from 40% to 50% for direct sales, and a similar 10 % points in all other areas where commission is charged. Turnover however decreased from £15,197,203 in 2012 to £14,894,248 in 2013.

Due to the perpetual increase in the number of photographers contributing images and the group's contributor payment policy, trade creditors (comprising predominantly of contributor balances) still remain higher than trade debtors this year.

The company has a subsidiary based in India to which it outsources administrative and development work. In keeping with the general economic climate, the company continued to outsource further work to the subsidiary at the same time as implementing efficiency savings resulting in a lower work force doing the same volume of work. The Indian subsidiary has also undertaken sales activity in 2013 which is showing some promising growth.

The US sales office (Alamy Inc) has continued to grow its sales and its sales force correspondingly. The company is happy with the performance of this office.

The company invested in Manything Systems Limited, a company in which it has a 30% holding during the year. Manything is a unique video monitoring service which uses the video cameras on Smartphone's and tablets to provide an easy-to-use alternative to boring, complex and expensive IP camera, webcam, and network security camera systems. By the year end the company had invested £675,314, comprising equity shares totalling £3,314 and interest bearing redeemable preference shares of £672,000.

Due to the solid financial performance of the company the company has paid its first dividends. An interim dividend was paid in August 2013 of 42.3 pence per share, and the directors recommended a further dividend payment of 25 pence per share in December 2013, which was paid in March 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

As with many businesses, the group is exposed to macro economic factors of an uncertain nature such as changes in inflation and interest rates, consumer spending patterns and levels of disposable income.
Financial risk management

Credit Risk – The group assesses credit risks of customer on a systematic basis, performing credit checks where appropriate and refusing credit if necessary.

Market Risk – Web-based image selling is a competitive industry. Whilst retaining a wide range of images (44.8 million as at 31 December 2013) is important, the group's established client-base is a more pertinent factor.

Foreign Exchange Rate Risk - Alamy Limited is exposed to exchange rate risk given the high volume of transactions in foreign currency especially with its contributors whose balances are denominated in US dollars along with its US subsidiary, and also with its Indian subsidiary, Alamy Images India Private Limited, whose functional currency is Indian Rupees.

Forward swaps are used by Alamy Limited to hedge against the risk of adverse movements in US dollar exchange rates. The net balance of US dollar debtors and creditors is monitored on a monthly basis and is reviewed to assess the anticipated required balance of foreign currency required should any significant fluctuations occur one way or the other. This policy has been running since the end of 2008 and continues to be successful, to the extent that the exchange rate movement in the year for the Alamy group was an overall gain of £51,432 (2012 loss £2,530) even with sharp fluctuations in the value of sterling during the year.

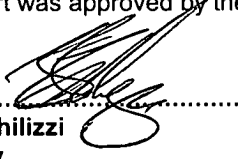
ALAMY LIMITED

**GROUP STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013**

The Indian subsidiary has also adopted billing Alamy Limited in US Dollars and selling in advance that currency through forward contracts to limit the short to medium term fluctuations in US Dollars to the Indian Rupee.

The group continually reviews its cost base and processes to ensure that, even if there is a downturn in the market, the group is still in a position to maintain an operating profit. Alamy retains a cash reserve of about £1.5 million so that it can plan accordingly for any long term downturn in the market.

This report was approved by the board and signed on its behalf.


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Mr JS Schilizzi
Secretary

Date:

29/9/2014

ALAMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALAMY LIMITED

We have audited the financial statements of Alamy Limited for the year ended 31 December 2013, set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ALAMY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALAMY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date: *29 September 2014.*

ALAMY LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	2	14,894,248	15,197,203
Cost of sales		<u>(7,762,283)</u>	<u>(9,514,112)</u>
GROSS PROFIT		7,131,965	5,683,091
Distribution costs		(519,610)	(485,137)
Administrative expenses		<u>(5,227,544)</u>	<u>(5,104,837)</u>
OPERATING PROFIT	3	1,384,811	93,117
Share of operating loss in associates		<u>(119,207)</u>	<u>-</u>
TOTAL OPERATING PROFIT		1,265,604	93,117
Interest receivable and similar income		<u>13,767</u>	<u>25,015</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,279,371	118,132
Tax on profit on ordinary activities	6	<u>(92,787)</u>	<u>(115,906)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>1,186,584</u>	<u>2,226</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account.

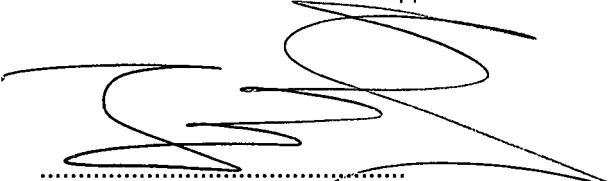
The notes on pages 11 to 26 form part of these financial statements.

ALAMY LIMITED
REGISTERED NUMBER: 03807789

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Intangible assets	7		7,296		8,025
Tangible assets	8		285,406		280,066
Investments in associates	9		(115,893)		-
			<u>176,809</u>		<u>288,091</u>
CURRENT ASSETS					
Debtors	11	2,686,618		2,741,891	
Cash at bank and in hand		2,480,637		2,567,389	
		<u>5,167,255</u>		<u>5,309,280</u>	
CREDITORS: amounts falling due within one year	12	(3,394,766)		(3,897,407)	
NET CURRENT ASSETS			<u>1,772,489</u>		<u>1,411,873</u>
NET ASSETS			<u><u>1,949,298</u></u>		<u><u>1,699,964</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		1,301		1,301
Share premium account	14		675,121		675,121
Foreign exchange reserve	14		(167,051)		(86,116)
Other reserves	14		27,616		(62,064)
Profit and loss account	14		1,412,311		1,171,722
SHAREHOLDERS' FUNDS	16		<u><u>1,949,298</u></u>		<u><u>1,699,964</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/9/14


Mr JL West
 Director

The notes on pages 11 to 26 form part of these financial statements.

ALAMY LIMITED
REGISTERED NUMBER: 03807789

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		149,033		180,950
Investments	9		447,347		444,033
			<u>596,380</u>		<u>624,983</u>
CURRENT ASSETS					
Debtors	11	2,876,497		3,229,484	
Cash at bank and in hand		1,650,154		1,086,035	
		<u>4,526,651</u>		<u>4,315,519</u>	
CREDITORS: amounts falling due within one year	12	(3,374,248)		(3,901,452)	
NET CURRENT ASSETS			<u>1,152,403</u>		<u>414,067</u>
NET ASSETS			<u><u>1,748,783</u></u>		<u><u>1,039,050</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		1,301		1,301
Share premium account	14		675,121		675,121
Other reserves	14		(9,730)		(99,410)
Profit and loss account	14		1,082,091		462,038
SHAREHOLDERS' FUNDS	16		<u><u>1,748,783</u></u>		<u><u>1,039,050</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/9/14

.....
Mr JL West
 Director

The notes on pages 11 to 26 form part of these financial statements.

ALAMY LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	18	1,133,039	(201,582)
Returns on investments and servicing of finance	19	13,767	25,015
Taxation	19	(90,166)	(74,403)
Capital expenditure and financial investment	19	(277,356)	(221,076)
Acquisitions and disposals	19	(3,314)	-
Equity dividends paid		(862,722)	-
CASH OUTFLOW BEFORE FINANCING		(86,752)	(472,046)
Financing	19	-	1
DECREASE IN CASH IN THE YEAR		(86,752)	(472,045)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Decrease in cash in the year	(86,752)	(472,045)
MOVEMENT IN NET DEBT IN THE YEAR	(86,752)	(472,045)
Net funds at 1 January 2013	2,567,389	3,039,434
NET FUNDS AT 31 DECEMBER 2013	2,480,637	2,567,389

The notes on pages 11 to 26 form part of these financial statements.

ALAMY LIMITED

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

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The financial statements consolidate the accounts of Alamy Limited and all of its subsidiary undertakings ('subsidiaries').

Turnover

Turnover comprises revenue recognised by the company in respect of images sold on the company's website, stated net of value added tax.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	20 years straight line
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Research and development

Research and development expenditure is written off in the year in which it is incurred.

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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	33% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	20% straight line
IT equipment & website	-	50% straight line

Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are stated at the amount of the company's share of net assets. The Profit and Loss Account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

ALAMY LIMITED

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

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Currency swaps are used by Alamy Limited to hedge against foreign currency exchange rate risks. The currency exchange gain or loss is accrued when the agreement is made.

Forward exchange contracts are used by Alamy Images India Private Limited to hedge against exchange rate risk. The exchange rate gain or loss is realised when the forwarded contracts mature. Alamy Inc is not exposed to currency exchange rate risk as the subsidiary only trades in US dollars.

Deferred taxation

Full 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.

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.

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.

Deferred tax assets and liabilities are discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

ALAMY LIMITED

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

2. TURNOVER

A geographical analysis of turnover is as follows:

	2013 £	2012 £
United Kingdom	5,941,281	5,889,294
Europe (not including the UK)	1,755,131	1,789,301
Rest of the World	1,838,297	2,194,425
United States	5,359,539	5,324,183
	<u>14,894,248</u>	<u>15,197,203</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Amortisation - intangible fixed assets	729	729
Depreciation of tangible fixed assets:		
- owned by the group	265,243	286,350
Auditor's remuneration	9,383	9,348
Operating lease rentals:		
- Land and buildings	164,035	166,515
Difference on foreign exchange	(51,432)	500
	<u>164,035</u>	<u>166,515</u>

Auditors' fees for the company were £7,750 (2012 - £7,500)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	3,699,969	3,458,632
Social security costs	297,135	277,776
Other pension costs	112,448	108,344
	<u>4,109,552</u>	<u>3,844,752</u>

The average monthly number of employees, including the directors, during the year was as follows:

2013 No.	2012 No.
<u>154</u>	<u>142</u>

ALAMY LIMITED

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

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>454,450</u>	<u>567,691</u>
Company pension contributions to defined contribution pension schemes	<u>9,708</u>	<u>7,500</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £250,000 (2012 - £313,500).

6. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
	<u>-</u>	<u>-</u>
Foreign tax on income for the year	88,202	118,020
	<u>88,202</u>	<u>118,020</u>
Total current tax		
	<u>88,202</u>	<u>118,020</u>
Deferred tax		
Deferred tax assets	(1,807)	(8,247)
Exchange rate difference	6,392	6,133
	<u>4,585</u>	<u>(2,114)</u>
Total deferred tax		
	<u>4,585</u>	<u>(2,114)</u>
Tax on profit on ordinary activities	<u>92,787</u>	<u>115,906</u>

ALAMY LIMITED

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

6. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>1,279,371</u>	<u>118,132</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	297,454	28,942
Effects of:		
Expenses not deductible for tax purposes	124,013	20,806
Utilisation of tax losses	(159,543)	67,830
Research & Development enhanced expenditure relief	(128,800)	(77,562)
Group income	(75,467)	-
Differences in timing of allowances	(5,598)	26,487
Other short term timing differences	5,764	4,689
Differing tax rates in different jurisdictions	30,379	46,828
Current tax charge for the year (see note above)	<u>88,202</u>	<u>118,020</u>

The average rate of taxation applicable to the group for the year is 23.25% (2012 - 24.5%).

7. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 January 2013 and 31 December 2013	<u>14,586</u>
Amortisation	
At 1 January 2013	6,561
Charge for the year	<u>729</u>
At 31 December 2013	<u>7,290</u>
Net book value	
At 31 December 2013	<u>7,296</u>
At 31 December 2012	<u>8,025</u>

On 26 February 2004, Alamy Limited acquired 100% of Alamy Images India Private Limited. Goodwill of £14,568 arises from the surplus of the purchase price over the value of the net assets of Alamy Images India Private Limited as at that date.

ALAMY LIMITED

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

8. TANGIBLE FIXED ASSETS

Group	Motor vehicles £	Fixtures & fittings £	IT equipment & website £	Leasehold improvements £	Total £
Cost					
At 1 January 2013	22,976	583,525	2,340,781	70,727	3,018,009
Additions	6,769	39,983	233,017	-	279,769
Foreign exchange movement	(2,405)	(65,013)	(80,150)	(2,493)	(150,061)
At 31 December 2013	27,340	558,495	2,493,648	68,234	3,147,717
Depreciation					
At 1 January 2013	21,406	547,257	2,099,595	69,685	2,737,943
Charge for the year	2,203	27,475	235,565	-	265,243
Foreign exchange movement	(2,240)	(62,910)	(74,274)	(1,451)	(140,875)
At 31 December 2013	21,369	511,822	2,260,886	68,234	2,862,311
Net book value					
At 31 December 2013	5,971	46,673	232,762	-	285,406
At 31 December 2012	1,570	36,268	241,186	1,042	280,066

Company	Fixtures & fittings £	IT equipment & website £	Total £
Cost			
At 1 January 2013	139,348	1,869,821	2,009,169
Additions	1,536	160,596	162,132
At 31 December 2013	140,884	2,030,417	2,171,301
Depreciation			
At 1 January 2013	132,080	1,696,139	1,828,219
Charge for the year	8,055	185,994	194,049
At 31 December 2013	140,135	1,882,133	2,022,268
Net book value			
At 31 December 2013	749	148,284	149,033
At 31 December 2012	7,268	173,682	180,950

ALAMY LIMITED

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

9. FIXED ASSET INVESTMENTS

	Investments in associates £
Group	
Cost or valuation	
At 1 January 2013	-
Additions	3,314
Share of profit/(loss)	(119,207)
	<hr/>
At 31 December 2013	(115,893)
	<hr/>
Net book value	
At 31 December 2013	(115,893)
	<hr/> <hr/>
At 31 December 2012	-
	<hr/> <hr/>

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Manything Systems Limited	UK	Ordinary	30%	Video monitoring service & network security camera systems

Associates

Name	Trading period	Aggregate of share capital and reserves £	Profit/(loss) £
Manything Systems Limited	Period from 11 April 2013 to 31 December 2013	7,915	(397,356)
		<hr/>	<hr/>

Company	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 January 2013	444,033	-	444,033
Additions	-	3,314	3,314
	<hr/>	<hr/>	<hr/>
At 31 December 2013	444,033	3,314	447,347
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2013	444,033	3,314	447,347
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2012	444,033	-	444,033
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Details of the principal subsidiaries can be found under note number 10.

ALAMY LIMITED

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

10. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding
Alamy Images India Private Limited	India	100 %
Alamy Inc	USA	100 %

Capital and reserves of Alamy Images India Private Limited

	2013 £	2012 £
Shareholder funds	639,954	767,578
Profit for the year	39,818	51,497

Capital and reserves of Alamy Inc

	2013 £	2012 £
Shareholder funds	121,090	184,310
Profit for the year	112,168	93,537

11. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2013 £	2012 £	2013 £	2012 £
Due after more than one year				
Amounts owed by undertakings in which the company has a participating interest	672,000	-	672,000	-
Due within one year				
Trade debtors	1,475,355	1,991,683	1,782,702	2,598,559
Amounts owed by group undertakings	-	-	187,617	191,608
Other debtors	212,669	391,407	27,116	215,872
Prepayments and accrued income	326,594	358,801	207,062	223,445
	<u>2,686,618</u>	<u>2,741,891</u>	<u>2,876,497</u>	<u>3,229,484</u>

Included within trade debtors of the company is an amount owed by Alamy Inc of £914,387 (2012 - £1,605,052). The amounts owed from group undertakings all relate to a loan to Alamy Inc of \$300,000 (2012 - \$300,000). Interest of £4,104 (2012 - £3,909) was charged by Alamy Limited at a rate of 2.04% per annum. This loan is not secured and is due for repayment on 31 December 2014.

ALAMY LIMITED

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

12. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	2,037,957	2,933,852	2,308,990	3,187,340
Corporation tax	52,064	54,028	-	-
Other taxation and social security	220,060	213,690	212,963	208,815
Other creditors	481,726	111,235	371,062	70,488
Accruals and deferred income	602,959	584,602	481,233	434,809
	3,394,766	3,897,407	3,374,248	3,901,452

Included within trade creditors are amounts which may be the subject of retention of title clauses.

Included within trade creditors of the company is an amount owed by Alamy Limited to Alamy Images India Private Limited of £277,732 (2012 - £246,112).

13. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
1,300,000 'A' Ordinary shares of £0.001 each	1,300	1,300
1 'B' share of £1	1	1
	1,301	1,301

14. RESERVES

Group	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account
	£	£	£	£
At 1 January 2013	675,121	(86,116)	(62,064)	1,171,722
Profit for the year				1,186,584
Dividends				(862,722)
Movement on foreign exchange		(80,935)		
Movement on other reserves			89,680	
Proposed dividend				(83,273)
At 31 December 2013	675,121	(167,051)	27,616	1,412,311

ALAMY LIMITED

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

14. RESERVES (continued)

Company	Share premium account £	Other reserves £	Profit and loss account £
At 1 January 2013	675,121	(99,410)	462,038
Profit for the year			1,482,775
Dividends			(862,722)
Movement on other reserves		89,680	
At 31 December 2013	<u>675,121</u>	<u>(9,730)</u>	<u>1,082,091</u>

15. EMI SHARE OPTIONS

During the year ended 31st March 2003, 169,000 ordinary shares were purchased at a value of 59 pence per share and are held by a Trust which is legally separate from the company and for the benefit of the employees of the company. In accordance with Urgent Issues Task Force Abstract 38, "Accounting of ESOP Trusts", the balance transferred to the Trust and used to purchase these shares has been reported as a reduction of the shareholders' funds. There are no performance conditions attached to these options.

Options were granted to a number of employees of the company enabling 152,000 (2012 - 152,000) of the 168,000 shares (2012 - 168,000) owned by the Trust at the year end to be bought by the employees at any time up to their expiry date of 26th April 2022. This left the trust with 16,000 (2012 - 152,000) shares at the year end.

As at 31 December 2013 all options had been exercised by employees.

ALAMY LIMITED

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

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Group		
Opening shareholders' funds	1,699,964	1,848,987
Profit for the financial year	1,186,584	2,226
Dividends (Note 17)	(862,722)	-
Share issued during the year	-	1
Proposed dividend	(69,121)	(52,165)
Tax on proposed dividend	(14,152)	(12,969)
Movement on foreign exchange reserve	(80,935)	(86,116)
EMI share reserve movement	89,680	-
	<u>1,949,298</u>	<u>1,699,964</u>
Closing shareholders' funds		
	<u>1,949,298</u>	<u>1,699,964</u>
	2013 £	2012 £
Company		
Opening shareholders' funds	1,039,050	1,181,078
Profit/(loss) for the financial year	1,482,775	(142,029)
Dividends (Note 17)	(862,722)	-
Share issued during the year	-	1
EMI share reserve movement	89,680	-
	<u>1,748,783</u>	<u>1,039,050</u>
Closing shareholders' funds		
	<u>1,748,783</u>	<u>1,039,050</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss account.

The profit/(loss) for the year dealt with in the accounts of the company was £1,482,775 (2012 - loss of £142,029).

17. DIVIDENDS

	2013 £	2012 £
Dividends paid and proposed	<u>862,722</u>	<u>-</u>

A dividend of £0.25 per share was authorised on 19 December 2013 and was paid on 14 March 2014.

ALAMY LIMITED

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

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	1,384,811	93,117
Amortisation of intangible fixed assets	729	729
Depreciation of tangible fixed assets	265,243	286,350
Profit on disposal of tangible fixed assets	(2,413)	(1,375)
(Increase)/decrease in trade debtors	(155,672)	(179,344)
(Increase)/decrease in other debtors, prepayments and accrued income	206,360	(205,291)
Increase/(decrease) in trade creditors	(895,895)	85,002
Increase/(decrease) in other taxation creditors	6,370	37,084
Increase/(decrease) in other creditors, accruals and deferred income	388,848	(138,257)
Other reserve non cash movement	(74,528)	(151,250)
Non cash movements arising on foreign exchange rate movements in fixed assets	9,186	(28,347)
Net cash inflow/(outflow) from operating activities	1,133,039	(201,582)

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	13,767	25,015
	2013 £	2012 £
Taxation		
Corporation tax	(90,166)	(74,403)
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(279,769)	(222,451)
Sale of tangible fixed assets	2,413	1,375
Net cash outflow from capital expenditure	(277,356)	(221,076)
	2013 £	2012 £
Acquisitions and disposals		
Purchase of share in associate	(3,314)	-

ALAMY LIMITED

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

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £	2012 £
Financing		
Issue of ordinary share	-	1

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	2,567,389	(86,752)	-	2,480,637
Net funds	2,567,389	(86,752)	-	2,480,637

21. PENSION COMMITMENTS

The company operates a defined contribution scheme. During the year, the group made pension contributions of £114,437 (2012 - £115,844) on behalf of its employees. At the year end, there were contributions owing to the pension scheme of £14,655 (2012 - £13,518).

ALAMY LIMITED

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

22. OPERATING LEASE COMMITMENTS

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013	Other
	2013	2012		
Group	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	138
Between 2 and 5 years	111,438	107,152	-	-
	<u>111,438</u>	<u>107,152</u>	<u>-</u>	<u>-</u>

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013	Other
	2013	2012		
Company	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	138
Between 2 and 5 years	111,438	107,152	-	-
	<u>111,438</u>	<u>107,152</u>	<u>-</u>	<u>-</u>

Amounts falling due next year under hedging derivatives:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Cost of currency committed to purchase/sell	21,709	156,486	21,709	156,486
	<u>21,709</u>	<u>156,486</u>	<u>21,709</u>	<u>156,486</u>

ALAMY LIMITED

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

23. DEFERRED TAX

Deferred taxation

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Decelerated capital allowances	56,490	61,075	-	-

Movements on deferred taxation provision

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Balance brought forward	61,075	58,961	-	-
Transfer during the year	1,807	8,247	-	-
Currency exchange gain/(loss)	(6,392)	(6,133)	-	-
Total	56,490	61,075	-	-

Deferred taxation

	Group Not Provided		Company Not Provided	
	2013	2012	2013	2012
	£	£	£	£
Losses	130,687	287,962	130,687	287,962

ALAMY LIMITED

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

24. RELATED PARTY TRANSACTIONS

During the year, the following transactions with related parties took place:

Alamy Limited made contributions totalling £90,000 (2012 - £75,000) to the Fischer Family Charitable Trust of which Mr MD Fischer, a director of the company, is a Trustee.

Alamy Limited paid dividends to Mr MD Fischer, a director of the company totalling £538,400 (2012 - £Nil).

Alamy Limited paid dividends to Mr J West, a director of the company totalling £168,250 (2012 - £Nil).

Alamy Limited paid dividends to Mr T Pearson, a director of the company totalling £6,730 (2012 - £Nil).

Alamy Limited made a loan to Manything Systems Limited, a company incorporated in England and Wales, of which Mr MD Fischer, Mr JL West and Mr TR Pearson are Directors of £Nil (2012 - £195,578). At the year end £Nil (2012 - £195,578) was still outstanding. The loan was interest free with no fixed date of repayment.

Alamy Limited made sales to Manything Systems Limited totalling £93,958 (2012 - £33,513).

25. POST BALANCE SHEET EVENTS

On each of the following dates; 16 January 2014, 11 June 2014 and 16 August 2014, the group purchased a further 125,000 preference shares in Manything Systems Limited at a par value of £1.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr MD Fischer by way of his majority shareholding of the issued share capital of the company.