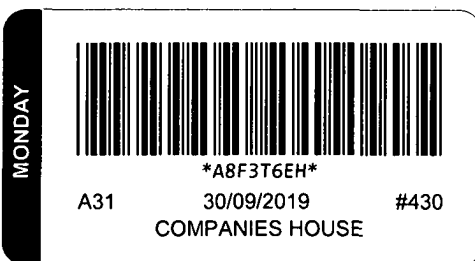


**ALAMY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



## **ALAMY LIMITED**

### **COMPANY INFORMATION**

**Directors**

Mr M D Fischer  
Mr J L West  
Mr T Pearson

**Company secretary**

Mr J S Schilizzi

**Registered number**

03807789

**Registered office**

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

**Independent auditor**

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

## **ALAMY LIMITED**

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## **ALAMY LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Business review**

Turnover increased by 2.4% to £22.7 million in 2018 from £22.1 million in 2017. The gross profit percentage of 50.6% has risen slightly compared to 48.6% in 2017; commission rates were held at 2017 levels. The Group's operating profit percentage fell to 5.4% in 2018 compared to 7.4% in 2017, a significant part of this decline was due to costs taken on in 2018 that are not expected to be repeated in 2019. These figures are before the exceptional cost in relation to the write off of the Videoloft Limited loan stated in note 10.

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) 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. The Indian subsidiary has continued its sales operation which started in 2013, which broke even in 2014 and has grown steadily.

The Australia sales office (Alamy Australia Pty Ltd), has continued to perform well and continues to grow Alamy's position in the Australian market.

The Company continues to hold 1,047,000 preference shares in Videoloft Limited (formerly Manything Systems Limited), which have been externally valued at £599,000. At the balance sheet date, the decision was made by management to provide against the Videoloft Limited loan of £2,310,000.

Videoloft Limited is a unique video monitoring service that connects legacy and contemporary professional grade video monitoring systems to the cloud. The platform manages the video and commercial aspects of monitoring sites, secure transmission to cloud, and the end user experience.

Due to the solid financial performance of the Company, it has paid dividends totalling £782,611 in 2018. These were prior to the write off of the Videoloft Limited loan of £2,310,000.

The Company continues to be a responsible corporate citizen and donates a proportion of its operating profits to charity; in 2018 this amounted to £268,230 (2017: £303,846).

#### **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 (158.2 million as at 31 December 2018) 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 overseas subsidiaries in the US, Australia and India. 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 weekly 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 attempts to mitigate the exposure to currency fluctuations. However, in 2018 sharp fluctuations in the Euro, US Dollar and Sterling resulted in a profit for the group of £37,399 (2017: loss £13,096).

**ALAMY LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Indian subsidiary also bills Alamy Limited in US Dollars and sells 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 able to maintain an operating profit. Alamy retains a cash reserve of about £1.0 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.



.....  
**Mr J S Schilizzi**  
Secretary

Date: 27/09/2019

## **ALAMY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

#### **Directors**

The directors who served during the year were:

Mr M D Fischer

Mr J L West

Mr T Pearson

Mr A Harding (appointed 2 December 2017, resigned 13 August 2018)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £1,310,387 (2017 - profit £1,420,292).

The Group paid dividends of £782,612 in the year (2017: £423,313). These were prior to the write off of the Videolift Limited loan of £2,310,000.

## ALAMY LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 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 158.2 million at the end of 2018 (124.7m in December 2017) and continues to grow at an average rate of about 106,000 images every day. Each year the company website continues to be improved both in its speed and design. This is so that it can provide a better experience for customers than that offered by the competition. Further developments and improvements have continued across all aspects of the site and business into 2018. The whole site continues to be available in German, Spanish, French, Italian and Portuguese so that it can directly compete in these large markets without any language problems.

The Company has continued to operate in Australia, Germany and India with dedicated staff in each area.

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 sales volumes and positive customer feedback in the targeted areas it has been deployed.

The Company continues to undertake research and development in information technology to support its activities.

#### 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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.

#### Post balance sheet events

There have been no significant events affecting the Group since the year end.

#### Auditor

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

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



.....  
**Mr J S Schilizzi**  
Secretary

Date: 27/09/2019

## **ALAMY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALAMY LIMITED**

#### **Opinion**

We have audited the financial statements of Alamy Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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.



## **ALAMY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALAMY LIMITED (CONTINUED)**

In connection with our audit of the financial statements, 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- 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; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## ALAMY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALAMY LIMITED (CONTINUED)

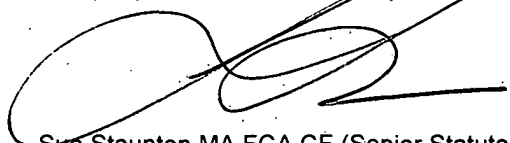
#### Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: *30 September 2019*

**ALAMY LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	22,670,996	22,133,753
Cost of sales		(11,196,277)	(11,355,698)
<b>Gross profit</b>		<b>11,474,719</b>	<b>10,778,055</b>
Distribution costs		(1,367,321)	(1,117,590)
Administrative expenses		(8,576,248)	(8,070,611)
Exceptional administrative expenses	10	(2,611,801)	-
<b>Operating (loss)/profit</b>	5	<b>(1,080,651)</b>	<b>1,589,854</b>
Interest receivable and similar income		133,214	81,804
<b>(Loss)/profit before taxation</b>		<b>(947,437)</b>	<b>1,671,658</b>
Tax on (loss)/profit	8	(362,950)	(251,366)
<b>(Loss)/profit for the year</b>		<b>(1,310,387)</b>	<b>1,420,292</b>
Foreign exchange reserve movement		(74,940)	(67,305)
<b>Total comprehensive income for the year</b>		<b>(1,385,327)</b>	<b>1,352,987</b>
Owners of the parent Company		(1,310,387)	1,420,292

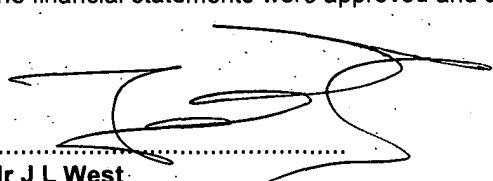
The notes on pages 14 to 28 form part of these financial statements.

**ALAMY LIMITED**  
**REGISTERED NUMBER: 03807789**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	472,099	579,819
<b>Current assets</b>			
Debtors	14	4,071,685	4,816,461
Cash at bank and in hand	15	1,799,521	3,299,280
		<u>5,871,206</u>	<u>8,115,741</u>
Creditors: amounts falling due within one year	16	(4,934,962)	(5,123,629)
<b>Net current assets</b>		<u>936,244</u>	<u>2,992,112</u>
<b>Total assets less current liabilities</b>		<u>1,408,343</u>	<u>3,571,931</u>
<b>Net assets</b>		<u>1,408,343</u>	<u>3,571,931</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,301	1,301
Share premium account	20	675,121	675,121
Foreign exchange reserve	20	(335,225)	(264,636)
Profit and loss account	20	1,067,146	3,160,145
		<u>1,408,343</u>	<u>3,571,931</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**Mr J L West**  
 Director

Date: 27/01/2019

The notes on pages 14 to 28 form part of these financial statements.

**ALAMY LIMITED**  
**REGISTERED NUMBER: 03807789**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	337,076	410,750
Investments	13	444,038	444,038
		<u>781,114</u>	<u>854,788</u>
<b>Current assets</b>			
Debtors	14	3,980,877	4,793,027
Cash at bank and in hand	15	757,660	2,105,124
		<u>4,738,537</u>	<u>6,898,151</u>
Creditors: amounts falling due within one year	16	(4,492,733)	(4,815,365)
<b>Net current assets</b>		<u>245,804</u>	<u>2,082,786</u>
<b>Total assets less current liabilities</b>		<u>1,026,918</u>	<u>2,937,574</u>
Creditors: amounts falling due after more than one year		(164,910)	-
<b>Provisions for liabilities</b>			
Deferred taxation	18	-	(40,655)
		<u>-</u>	<u>(40,655)</u>
<b>Net assets</b>		<u><u>862,008</u></u>	<u><u>2,896,919</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,301	1,301
Share premium account	20	675,121	675,121
Profit and loss account	20	185,586	2,220,497
		<u>862,008</u>	<u>2,896,919</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....  
**Mr J L West**  
 Director

Date: 27/09/2019

The notes on pages 14 to 28 form part of these financial statements.

**ALAMY LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium account	Foreign exchange reserve	Retained Earnings	Total equity
	£	£	£	£	£
At 1 January 2018	1,301	675,121	(264,636)	3,160,145	3,571,931
Loss for the year	-	-	-	(1,310,387)	(1,310,387)
Currency translation differences	-	-	(70,589)	-	(70,589)
<b>Total comprehensive income for the year</b>	-	-	(70,589)	(1,310,387)	(1,380,976)
Dividends: Equity capital	-	-	-	(782,612)	(782,612)
<b>Total transactions with owners</b>	-	-	-	(782,612)	(782,612)
<b>At 31 December 2018</b>	<b>1,301</b>	<b>675,121</b>	<b>(335,225)</b>	<b>1,067,146</b>	<b>1,408,343</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Share premium account	Foreign exchange reserve	Retained Earnings	Total equity
	£	£	£	£	£
At 1 January 2017	1,301	675,121	(197,331)	2,163,166	2,642,257
Profit for the year	-	-	-	1,420,292	1,420,292
Currency translation differences	-	-	(67,305)	-	(67,305)
<b>Total comprehensive income for the year</b>	-	-	(67,305)	1,420,292	1,352,987
Dividends: Equity capital	-	-	-	(423,313)	(423,313)
<b>Total transactions with owners</b>	-	-	-	(423,313)	(423,313)
<b>At 31 December 2017</b>	<b>1,301</b>	<b>675,121</b>	<b>(264,636)</b>	<b>3,160,145</b>	<b>3,571,931</b>

The notes on pages 14 to 28 form part of these financial statements.

**ALAMY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium account	Retained Earnings	Total equity
	£	£	£	£
At 1 January 2018	1,301	675,121	2,220,497	2,896,919
Loss for the year	-	-	(1,252,300)	(1,252,300)
<b>Total comprehensive income for the year</b>	-	-	(1,252,300)	(1,252,300)
Dividends: Equity capital	-	-	(782,611)	(782,611)
<b>Total transactions with owners</b>	-	-	(782,611)	(782,611)
<b>At 31 December 2018</b>	<b>1,301</b>	<b>675,121</b>	<b>185,586</b>	<b>862,008</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Share premium account	Retained Earnings	Total equity
	£	£	£	£
At 1 January 2017	1,301	675,121	1,397,035	2,073,457
Profit for the year	-	-	1,246,775	1,246,775
<b>Total comprehensive income for the year</b>	-	-	1,246,775	1,246,775
Dividends: Equity capital	-	-	(423,313)	(423,313)
<b>Total transactions with owners</b>	-	-	(423,313)	(423,313)
<b>At 31 December 2017</b>	<b>1,301</b>	<b>675,121</b>	<b>2,220,497</b>	<b>2,896,919</b>

The notes on pages 14 to 28 form part of these financial statements.

**ALAMY LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,310,387)	1,420,292
<b>Adjustments for:</b>		
Depreciation of tangible assets	280,087	259,519
Loss on disposal of tangible assets	(435)	-
Interest received	(133,214)	(81,804)
Taxation charge	362,950	292,992
(Increase) in debtors	(659,574)	(780,941)
(Decrease)/increase in creditors	(195,071)	239,580
Corporation tax (paid)	(362,842)	(229,465)
<b>Net cash generated from operating activities</b>	<u>(2,018,486)</u>	<u>1,120,173</u>
<b>Cash flows from investing activities</b>		
Sale of tangible fixed assets	435	-
Purchase of tangible fixed assets	(184,179)	(360,021)
Interest received	133,214	81,804
<b>Net cash from investing activities</b>	<u>(50,530)</u>	<u>(278,217)</u>
<b>Cash flows from financing activities</b>		
Issued loans	(895,000)	(655,000)
Write off of associate loan	2,310,000	-
Dividends paid	(782,612)	(423,313)
<b>Net cash used in financing activities</b>	<u>632,388</u>	<u>(1,078,313)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(1,436,628)</u>	<u>(236,357)</u>
Cash and cash equivalents at beginning of year	3,299,280	3,535,251
Foreign exchange gains and losses	(63,131)	386
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,799,521</u></u>	<u><u>3,299,280</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u><u>1,799,521</u></u>	<u><u>3,299,280</u></u>

The notes on pages 14 to 28 form part of these financial statements.



## ALAMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. General information

Alamy Limited is a private company limited by share capital and incorporated in England and Wales. The address of the registered office and principal place of business is Unit 6 & 8, 127 Olympic Avenue, Milton Park, Milton, Abingdon, Oxfordshire, OX14 4SA.

The principal activity of the Company in the year under review was that of an internet picture agency.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are, therefore, eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## ALAMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	20% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	20% straight line
IT equipment & website	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

##### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.7 Research and development

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

## ALAMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.8 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.

##### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 Foreign currency translation

Functional and presentation currency

The parent company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average of the last month.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## ALAMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### 2.14 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## ALAMY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

#### Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

### 4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	7,801,417	7,457,717
Rest of Europe	4,238,820	3,592,107
Rest of the World	10,630,758	11,083,929
	<u>22,670,995</u>	<u>22,133,753</u>

### 5. Operating (loss)/profit

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

	2018 £	2017 £
Exchange differences	(37,399)	13,096
Other operating lease rentals	378,837	331,979
Auditors remuneration	11,100	10,800
	<u></u>	<u></u>

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 6. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	5,728,192	5,262,797	3,668,223	3,230,008
Social security costs	276,701	308,701	221,253	239,711
Cost of defined contribution scheme	209,152	189,933	146,826	136,341
	<u>6,214,045</u>	<u>5,761,431</u>	<u>4,036,302</u>	<u>3,606,060</u>

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

2018 No.	2017 No.
<u>206</u>	<u>198</u>

### 7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	644,780	567,353
Directors pension costs - money purchase schemes	27,498	7,809
	<u>672,278</u>	<u>575,162</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £172,459 (2017 - £371,590).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,481 (2017 - £7,809).

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 8. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	65,436	52,445
<b>Foreign tax</b>		
Foreign tax on income for the year	308,144	158,266
<b>Total current tax</b>	<b>373,580</b>	<b>210,711</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(10,630)	40,655
<b>Total deferred tax</b>	<b>(10,630)</b>	<b>40,655</b>
<b>Taxation on profit on ordinary activities</b>	<b>362,950</b>	<b>251,366</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	(947,437)	1,671,658
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(180,013)	321,588
<b>Effects of:</b>		
Expenses not deductible for tax purposes	449,425	2,249
Research & Development enhanced expenditure relief	(2,799)	(141,706)
Adjustments to tax charge in respect of prior periods	(44,253)	-
Differences in timing of allowances	1,632	40,655
Other short term timing differences	-	(1,217)
Differing tax rates in difference jurisdictions	137,707	26,895
Deferred tax not recognised	1,251	7,309
Adjustment to deferred tax rates	-	(4,407)
<b>Total tax charge for the year</b>	<b>362,950</b>	<b>251,366</b>



# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 9. Dividends

	2018 £	2017 £
Dividends paid	<u>782,612</u>	<u>423,313</u>

### 10. Exceptional items

	2018 £	2017 £
Redundancy costs	267,853	-
Aborted acquisition costs	33,948	-
Loan write off	<u>2,310,000</u>	<u>-</u>

The Directors have decided that it is prudent to provide against the full value of the Videoloft loan as although they consider Videoloft shows potential to be highly profitable and to repay the loan in full that company still continues to be loss making.

### 11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £1,252,300 (2017 - profit £1,246,775).

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

**Group**

	<b>Leasehold improvements £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2018	124,529	220,267	667,242	2,965,503	3,977,541
Additions	-	-	52,888	131,291	184,179
Disposals	-	-	-	(1,173)	(1,173)
Exchange adjustments	1,952	(7,544)	(110,891)	30,004	(86,479)
At 31 December 2018	126,481	212,723	609,239	3,125,625	4,074,068
<b>Depreciation</b>					
At 1 January 2018	104,151	48,175	542,410	2,702,986	3,397,722
Charge for the year on owned assets	8,386	51,558	16,012	204,131	280,087
Disposals	-	-	-	(1,173)	(1,173)
Exchange adjustments	1,952	2,803	(38,012)	(41,410)	(74,667)
At 31 December 2018	114,489	102,536	520,410	2,864,534	3,601,969
<b>Net book value</b>					
At 31 December 2018	11,992	110,187	88,829	261,091	472,099
At 31 December 2017	20,378	172,092	124,832	262,517	579,819

**ALAMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets (continued)**

**Company**

	<b>Leasehold improvements £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>IT equipment &amp; website £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2018	41,929	205,830	160,267	2,396,863	2,804,889
Additions	-	-	2,269	119,887	122,156
Disposals	-	-	-	(1,173)	(1,173)
At 31 December 2018	41,929	205,830	162,536	2,515,577	2,925,872
<b>Depreciation</b>					
At 1 January 2018	21,551	44,185	145,569	2,182,834	2,394,139
Charge for the year on owned assets	8,386	51,458	2,022	133,964	195,830
Disposals	-	-	-	(1,173)	(1,173)
At 31 December 2018	29,937	95,643	147,591	2,315,625	2,588,796
<b>Net book value</b>					
At 31 December 2018	11,992	110,187	14,945	199,952	337,076
At 31 December 2017	20,378	161,645	14,698	214,029	410,750

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 13. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	444,038
At 31 December 2018	<u>444,038</u>

Name	Class of shares £	Holding £	Principal activity £
Alamy Images India Private Limited	Ordinary	100%	Image Distribution
Alamy Inc	Ordinary	100%	Image Distribution
Alamy Australia Pty Limited	Ordinary	100%	Image Distribution

### 14. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	232,486	1,182,930
Other debtors	599,000	2,014,000	599,000	2,014,000
	<u>599,000</u>	<u>2,014,000</u>	<u>831,486</u>	<u>3,196,930</u>
<b>Due within one year</b>				
Trade debtors	2,516,351	1,985,720	1,528,537	1,185,789
Amounts owed by group undertakings	-	-	1,118,933	-
Other debtors	461,890	362,902	140,990	45,233
Prepayments and accrued income	424,199	432,881	350,301	365,075
Deferred taxation	70,245	20,958	10,630	-
	<u>4,071,685</u>	<u>4,816,461</u>	<u>3,980,877</u>	<u>4,793,027</u>

The amounts owed by group undertakings relate to a loan to Alamy Inc of £232,486 (2017 - £227,118). Interest of £4,533 (2017 - £4,896) was charged by Alamy Limited at a rate of 2.04% per annum. This loan is not secured and has no fixed repayment date.

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 15. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	<u>1,799,521</u>	<u>3,299,280</u>	<u>757,660</u>	<u>2,105,124</u>

### 16. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	3,520,814	3,445,171	3,507,471	3,418,381
Amounts owed to group undertakings	-	-	-	309,811
Corporation tax	55,862	45,124	55,661	44,453
Other taxation and social security	449,597	426,016	224,294	286,129
Other creditors	251,220	285,558	155,059	90,357
Accruals and deferred income	657,469	921,767	550,248	666,242
	<u>4,934,962</u>	<u>5,123,636</u>	<u>4,492,733</u>	<u>4,815,373</u>

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 £164,910 (2017 - £309,811).

### 17. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	1,799,521	3,299,280	757,660	2,105,124
Financial assets that are debt instruments measured at amortised cost	3,577,242	4,362,622	3,619,947	4,427,952
	<u>5,376,763</u>	<u>7,661,902</u>	<u>4,377,607</u>	<u>6,533,076</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(4,362,413)	(3,730,729)	(4,333,847)	(3,818,549)

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors and amounts owed to group undertakings.

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 18. Deferred taxation

#### Group

	2018 £	2017 £
At beginning of year	20,958	65,649
Charged to other comprehensive income	49,287	(44,691)
<b>At end of year</b>	<b>70,245</b>	<b>20,958</b>

The deferred tax asset is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Decelerated capital allowances	70,245	20,958	10,630	(40,655)

### 19. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,300,000 (2017 - 1,300,000) 'A' Ordinary shares of £0.001 each	1,300	1,300
1 (2017 - 1) 'B' share of £1.000	1	1
	<b>1,301</b>	<b>1,301</b>

### 20. Reserves

#### Share premium account

The share premium account includes all amounts paid in excess of nominal value for ordinary shares issued less the cost of issuing the shares.

#### Foreign exchange reserve

The foreign exchange reserve includes differences arising upon translation of foreign denominated balances as part of the consolidation process.

#### Profit & loss account

The profit and loss account includes all current and prior year period profits and losses.

# ALAMY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 21. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £209,152 (2017: £189,933). There are no amounts outstanding at the year end.

### 22. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	185,192	187,095	105,000	105,000
Later than 1 year and not later than 5 years	468,288	653,479	288,750	393,750
	<u>653,480</u>	<u>840,574</u>	<u>393,750</u>	<u>498,750</u>

### 23. Related party transactions

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

Alamy Limited made contributions totalling £268,230 (2017: £303,846) to the Fischer Family Charitable Trust. Mr MD Fischer and Mr J West are directors of Alamy Limited and Trustees of the Fischer Family Charitable Trust.

Alamy Limited paid dividends to Mr MD Fischer, a director of the Company totalling £369,232 (2017: £80,000).

Alamy Limited paid dividends to Mr J West, a director of the Company totalling £115,385 (2017: £25,000).

Alamy Limited paid dividends to Mr T Pearson, a director of the Company totalling £4,615 (2017: £1,000).

Alamy Limited is owed £2,909,000 (2017: £2,014,000) by Videoloft Limited, a Company with common directors of which, £2,310,000 was provided for at the year end (see note 10). The loan is repayable after one year and interest on balances outstanding is being charged at 6% per annum.

### 24. Controlling party

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