

GAMES WORKSHOP LIMITED

GROUP ACCOUNTS

31st May 1991

Registered in England No. 1467092

KPMG PEAT MARWICK McLINTOCK,

St. Nicholas House,  
31 Park Row,  
Nottingham,  
NG1 6FQ.



GAMES WORKSHOP LIMITEDDirector's Report

The director presents his annual report and the audited accounts for the year ended 31st May 1991.

PRINCIPAL ACTIVITIES

The group's principal activities during the year were the manufacture of miniature metal figures and games and the retail and wholesale distribution of these products together with other games.

BUSINESS REVIEW

The year under review can best be described as a mixture of success and sadness.

The company has been successful in its endeavours to expand; both sales and profitability have increased significantly over the previous years, and the relationship with Milton Bradley gets stronger following the continued success worldwide of the Heroquest and Space Crusade games.

The sadness emanates from the resignation of Bryan Ansell. Bryan has been forced to emigrate for health reasons and his unique blend of dynamism, flair, leadership and entrepreneurial skills will be greatly missed.

Few people are born leaders like Bryan, and it is fortunate that over the past few years the company has identified employees whom it considered were natural achievers. These individuals have since been nurtured, educated, trained and generally beaten over the head to ensure that they form part of a strong management team - a team that is able to take on the day to day responsibilities of the company in the absence of its senior personnel. Indeed, the results for this year are mainly due to the achievement by these individuals of the corporate goals set for them.

These individuals now recognise the great opportunity they have to prove themselves, they are committed to ensure that the company will go on to greater things by continuing to expand its sales and profitability as it is thrust forward into an exciting future.

" Some are born great . . . , Some achieve greatness . . .  
and some have greatness thrust upon them. "

RESULTS

The results for the year are shown in the attached profit and loss account.

GAMES WORKSHOP LIMITEDDirector's Report (continued)DIVIDENDS

The director recommends that no dividend be paid.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:-

B. C. Ansell (Chairman)	resigned 15th March 1991
K. Pinfold	

The interests of the directors in Games Workshop Productions Limited are shown in that company's accounts.

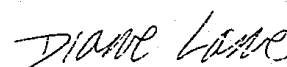
FIXED ASSETS

The movements in fixed assets are shown in the notes to the accounts.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,



Secretary.

REPORT of the AUDITORS, KPMG PEAT MARWICK McLINTOCK,  
to the MEMBERS of

GAMES WORKSHOP LIMITED

We have audited the accounts on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st May 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nottingham.

*KPMG Peat Marwick McLintock*

17th September 1991

Chartered Accountants.

GAMES WORKSHOP LIMITEDConsolidated Profit and Loss Accountfor the year ended 31st May 1991

	Notes	£	1991 £	£	1990 £
TURNOVER	2		12,266,567		10,512,080
Cost of sales			(7,939,706)		(6,765,003)
GROSS PROFIT			4,326,861		3,747,077
Distribution costs		419,374		403,013	
Administrative expenses		3,289,579		2,307,853	
			(3,708,953)		(2,710,866)
			617,908		1,036,211
Other operating income	3		532,619		92,218
OPERATING PROFIT			1,150,527		1,128,429
Interest receivable			4,245		203
Interest payable	4		(148,026)		(155,850)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		1,006,746		972,782
Tax on profit on ordinary activities	7		(385,640)		(421,242)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18		£ 621,106		£ 551,540

The notes on pages 9 to 17 form part of these accounts.

**GAMES WORKSHOP LIMITED**

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**Consolidated Balance Sheet at 31st May 1991**

	Notes	£	1991 £	£	1990 £
<b>FIXED ASSETS</b>					
Tangible assets	9		1,183,256		997,250
<b>CURRENT ASSETS</b>					
Stocks	11	2,004,993		2,080,858	
Debtors	12	1,338,148		1,005,189	
Cash at bank and in hand		303,553		222,185	
		3,646,694		3,308,232	
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,726,266)		(2,305,582)	
<b>NET CURRENT ASSETS</b>			920,428		1,002,650
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,103,684		1,999,900
<b>CREDITORS: Amounts falling due after more than one year</b>	14		(104,191)		(176,892)
<b>NET ASSETS</b>			£1,999,493		£ 1,823,008
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		138,889		138,889
Revaluation reserve	17		276,051		276,051
Profit and loss account	18		1,584,553		1,408,068
			£1,999,493		£1,823,008

The accounts were approved by the director on 17th September 1991

- Director

The notes on pages 9 to 17 form part of these accounts.

# **GAMES WORKSHOP LIMITED**

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## **Balance Sheet at 31st May 1991**

	Notes	£	1991 £	£	1990 £
<b>FIXED ASSETS</b>					
Tangible assets	9		1,004,101		910,381
Investments	10		768,819		268,819
			<u>1,772,920</u>		<u>1,179,200</u>
<b>CURRENT ASSETS</b>					
Stocks	11	1,626,104		1,505,934	
Debtors	12	1,644,177		1,523,815	
Cash at bank and in hand		221,164		5,057	
		<u>3,491,445</u>		<u>3,040,806</u>	
<b>CREDITORS: Amounts falling due within one year</b>	13	(2,643,084)		(2,077,201)	
<b>NET CURRENT ASSETS</b>			<u>848,361</u>		<u>963,695</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,621,281</u>		<u>2,142,805</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(104,191)		(172,232)	
		<u>2,517,090</u>		<u>1,970,573</u>	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(34,000)		(54,707)	
<b>NET ASSETS</b>			<u>£2,483,090</u>		<u>£1,915,866</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16	138,889		138,889	
Revaluation reserve	17	276,051		276,051	
Profit and loss account	18	2,068,150		1,500,926	
		<u>£2,483,090</u>		<u>£1,915,866</u>	

The accounts were approved by the director on 17th September 1991

Director

The notes on pages 9 to 17 form part of these accounts.

**GAMES WORKSHOP LIMITED**

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**Consolidated Statement of Source and Application of Funds**

**for the year ended 31st May 1991**

SOURCE OF FUNDS	£	1991 £	£	1990 £
Profit on ordinary activities before taxation		1,006,746		972,782
Adjustments for items not involving the movement of funds:				
Depreciation		294,325		206,013
Loss/(profit) on sale of tangible fixed assets		3,105		(61,872)
Exchange movements		(49,011)		92,673
<b>TOTAL GENERATED FROM OPERATIONS</b>		<b>1,255,165</b>		<b>1,209,596</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Proceeds of sale of tangible fixed assets	16,995		126,221	
Increase in creditors due after more than one year	9,618		24,653	
		26,613		150,874
		<b>1,281,778</b>		<b>1,360,470</b>
<b>APPLICATION OF FUNDS</b>				
Purchase of tangible fixed assets	499,298		322,586	
Tax paid	74,331		467,148	
Repayment of other loans	70,000		-	
Acquisition of subsidiary (as detailed on page 8)	500,000		-	
Decrease in bank loan due after more than one year	82,319		15,551	
		(1,225,948)		(805,285)
<b>INCREASE IN WORKING CAPITAL</b>	£ 55,830		£ 555,185	
<b>COMPONENTS OF INCREASE IN WORKING CAPITAL</b>				
Stocks		(92,251)		143,247
Debtors		98,646		(144,733)
Creditors		(288,046)		212,280
		(281,651)		210,794
<b>Movement in net liquid funds:</b>				
Cash at bank and in hand	74,186		172,274	
Bank overdraft	263,295		172,117	
		337,481		344,391
	£ 55,830		£ 555,185	



Consolidated Statement of Source and Application of Fundsfor the year ended 31st May 1991 (continued)

The acquisition is represented as follows:-

	£
Fixed assets	1,645
Stocks	16,386
Debtors	155,319
Cash at bank	7,182
Creditors due within one year	(75,630)
	<hr/>
Goodwill	104,902
	395,098
	<hr/>
Discharged by cash	£500,000
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Notes to the Accounts

for the year ended 31st May 1991

1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts.

(a) **Basis of accounting:**

These accounts have been prepared in accordance with applicable accounting standards.

(b) **Basis of consolidation:**

The accounts consist of the holding company and its subsidiaries for the year ended 31st May 1991. The company has not published its profit and loss account as allowed by S228 of the Companies Act 1985.

(c) **Goodwill:**

Items of purchased goodwill and goodwill on consolidation, representing the difference between the cost of investments in certain businesses and subsidiaries and the value of net assets acquired is written off directly to reserves.

(d) **Depreciation:**

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life. The following rates are used, calculated on the straight line basis:-

Freehold buildings	2%
Office equipment	20% - 50%
Fixtures and fittings	15%
Motor vehicles	25%
Short leasehold premises	over the period of the lease

(e) **Stocks and work in progress:**

Stocks and work in progress are valued on a first in first out basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads. Product development and design costs are carried forward on games projects where the outcome of the game has been assessed with reasonable certainty as to its commercial viability and are recovered over the first production run of the product.

(f) **Deferred taxation:**

Deferred taxation is provided using the liability method. Provision is made for long term timing differences where it is considered that such liabilities will become payable within the foreseeable future.

Notes to the Accounts (continued)1. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (g) Foreign exchange:

Transactions denominated in foreign currencies are translated into sterling and recorded at the average rate of exchange for the accounting period. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences arising on the translation of net investments in overseas subsidiaries and the profit and loss accounts at average rates are dealt with as movements on reserves. Other exchange differences are dealt with in the profit and loss account.

## (h) Leasing:

Items of plant, machinery and vehicles acquired under finance leases and hire purchase agreements have been capitalised and depreciated in accordance with the group's depreciation policy. The capital elements of future lease payments are included under creditors due within or after one year, as appropriate.

Rentals under operating leases are charged to profit and loss account in the year in which they are incurred.

## (i) Pensions:

The group operates a defined benefit pension scheme. Contributions are charged to the profit and loss account so as to spread the regular cost over the average service life of employees in accordance with the advice of qualified actuaries. Actuarial surpluses are spread forward over the average remaining service life of employees.

2. TURNOVER

Turnover represents amounts invoiced in respect of goods sold during the year excluding value added tax. The analysis of turnover by geographical area arising from the principal activity is as follows:-

	1991 £	1990 £
United Kingdom	7,882,152	6,420,795
United States of America	2,867,095	2,911,254
Rest of Europe	1,300,996	967,247
Other	216,324	212,784
	<hr/>	<hr/>
	£12,266,567	£10,512,080
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Notes to the Accounts (continued)3. OTHER OPERATING INCOME

	1991	1990
Royalties	£532,619	£92,218

4. INTEREST PAYABLE

	£	£
On bank overdraft and loans repayable within five years	114,013	137,768
On hire purchase agreements	34,013	18,082
	£148,026	£155,850

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:-

	£	£
Directors' emoluments, including pension contributions	128,025	26,934
Auditors' remuneration	25,000	16,500
Depreciation	294,325	206,013
Operating leases	147,167	94,251
Exchange loss	525	11,513
Group management charge	853,500	550,000

The remuneration of the chairman and highest paid director, excluding pension contribution, was £117,647 (1990 - £nil). No other director received any remuneration in 1991 or 1990.

6. STAFF NUMBERS AND COSTS

The average number of persons employed by the group (including directors) during the year was 246 (1990 - 240).

The costs of employment were:-

	1991 £	1990 £
Wages and salaries	2,269,378	2,229,010
Social security costs	198,028	172,519
Other pension costs	12,323	26,934
	£2,479,729	£2,428,463

Notes to the Accounts (continued)7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:-	1991 £	1990 £
UK Corporation tax at 33.8% (1990 - 35%)	419,169	376,690
Overseas taxation	(33,529)	46,850
Deferred taxation at 33% (1990 - 35%)	-	(2,298)
	<u>£385,640</u>	<u>£421,242</u>

8. COMPANY PROFIT AND LOSS ACCOUNT

Advantage has been taken of the exemption from the requirement to prepare a separate profit and loss account for Games Workshop Limited. Included within the consolidated profit and loss account are profits after tax of £567,224 (1990 - £551,464) attributable to Games Workshop Limited.

9. TANGIBLE FIXED ASSETS

GROUP	Freehold premises £	Short leasehold premises £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation:					
At 1st June 1990	450,000	45,219	755,616	388,051	1,638,886
Exchange differences	-	-	(525)	(260)	(785)
Reclassification	-	-	4,418	(4,418)	-
Acquisition	-	-	2,215	-	2,215
Additions	-	128,150	272,214	98,934	499,298
Disposals	-	(10,000)	(189,410)	(97,005)	(296,415)
At 31st May 1991	<u>450,000</u>	<u>163,369</u>	<u>844,528</u>	<u>385,302</u>	<u>1,843,199</u>
Depreciation:					
At 1st June 1990	1,200	12,099	398,493	229,844	641,636
Exchange differences	-	-	(182)	(91)	(273)
Acquisition	-	-	570	-	570
Charge for year	7,200	29,368	176,829	80,928	294,325
Disposals	-	(9,999)	(169,880)	(96,436)	(276,315)
At 31st May 1991	<u>8,400</u>	<u>31,468</u>	<u>405,830</u>	<u>214,245</u>	<u>659,943</u>
Net book value:					
At 31st May 1991	<u>£441,600</u>	<u>£131,901</u>	<u>£438,698</u>	<u>£171,057</u>	<u>£1,183,256</u>
At 31st May 1990	<u>£448,800</u>	<u>£ 33,120</u>	<u>£357,123</u>	<u>£158,207</u>	<u>£ 997,250</u>

GAMES WORKSHOP LIMITEDNotes to the Accounts (continued)9. TANGIBLE FIXED ASSETS (continued)

COMPANY	Freehold premises £	Short leasehold premises £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation:					
At 1st June 1990	450,000	45,219	670,864	339,472	1,505,555
Additions	-	57,500	209,851	75,764	343,115
Disposals	-	(10,000)	(177,075)	(97,005)	(284,080)
At 31st May 1991	450,000	92,719	703,640	318,231	1,564,590
Depreciation:					
At 1st June 1990	1,200	12,099	367,621	214,254	595,174
Charge for year	7,200	15,683	135,903	72,252	231,038
Disposals	-	(9,999)	(159,288)	(96,436)	(265,723)
At 31st May 1991	8,400	17,783	344,489	190,070	560,489
Net book value:					
At 31st May 1991	£441,600	£74,936	£359,404	£128,161	£1,004,101
At 31st May 1990	£448,800	£33,120	£303,243	£125,218	£ 910,381

The freehold property was revalued in 1990 by an independent Chartered Surveyor on an open market value basis.

Freehold premises includes land valued at £100,000 (1990 - £100,000) which is not depreciated.

The amounts at which the revalued freehold premises would be stated in accordance with the historical cost convention are as follows:-

	1991 £	1990 £
Cost	195,238	195,238
Accumulated depreciation	(24,211)	(20,306)
Net book value	£171,027	£174,932

Included in the above for the group and the company, are assets acquired under hire purchase agreements with a net book value of £299,418 (1990 - £210,968). The depreciation charged on the assets was £86,679 (1990 - £40,279).

GAMES WORKSHOP LIMITEDNotes to the Accounts (continued)10. INVESTMENTS

COMPANY	1991	1990 £
At 1st June 1990	268,819	268,819
Shares in group companies acquired during the year at cost	500,000	-
At 31st May 1991	£768,819	£268,819

On the 31st May 1991 Games Workshop Productions Limited acquired the entire share capital of Marauder Miniatures Limited and on the same day transferred this investment to Games Workshop Limited for £500,000 cash. Details of the assets acquired are contained in the note to the Consolidated Statement of Source and Application of Funds on page 8.

11. STOCKS

	1991		1990	
	Group £	Company £	Group £	Company £
Raw materials	421,628	373,465	272,383	272,383
Work in progress	429,414	406,907	567,151	567,151
Finished goods	1,153,951	845,732	1,241,324	666,400
	£2,004,993	£1,626,104	£2,080,858	£1,505,934

12. DEBTORS

	£	£	£	£
Trade debtors	909,338	615,996	843,585	590,837
Amounts owed by group companies	-	705,442	-	801,168
Other debtors	324,115	218,091	64,969	46,175
Prepayments and accrued income	104,695	104,648	91,635	91,635
	£1,338,148	£1,644,177	£1,005,189	£1,529,815

GAMES WORKSHOP LIMITEDNotes to the Accounts (continued)13. CREDITORS: Amounts falling due within one year

	1991		1990	
	Group £	Company £	Group £	Company £
Bank loans and overdraft	122,412	122,412	385,707	385,707
Other loans	-	-	70,000	70,000
Trade creditors	806,155	789,575	626,834	600,559
Amounts owed to group companies	488,890	535,446	202,185	62,195
Other creditors	153,418	151,742	105,666	98,272
Corporation and overseas tax	849,868	776,536	401,237	368,759
Other taxes and social security	49,374	44,498	47,194	47,194
Accruals	256,149	222,875	466,759	444,515
	<u>£2,726,266</u>	<u>£2,643,084</u>	<u>£2,305,582</u>	<u>£2,077,201</u>

Bank loans and overdrafts are secured by charges over all the group's assets.

14. CREDITORS: Amounts falling due after more than one year

	£	£	£	£
Bank loans	-	-	82,319	82,319
Other creditors	104,191	104,191	94,573	89,913
	<u>£104,191</u>	<u>£104,191</u>	<u>£176,892</u>	<u>£172,232</u>

15. PROVISION FOR LIABILITIES AND CHARGES

	Group £	Company £
Deferred taxation:		
Balance at 1st June 1990	-	54,707
Profit and loss charge	-	(20,707)
Transfers	-	-
Balance at 31st May 1991	<u>£ -</u>	<u>£34,000</u>

The amounts provided and not provided for deferred taxation using the liability method are as set out below:-

	1991		1990	
GROUP	Not provided £	Provided £	Not provided £	Provided £
Accelerated capital allowances	-	34,000	-	54,707
Other timing differences	-	(34,000)	(37,602)	(54,707)
Potential capital gain on revaluation of fixed assets	96,618	-	96,618	-
	<u>£96,618</u>	<u>£ -</u>	<u>£59,016</u>	<u>£ -</u>



GAMES WORKSHOP LIMITEDNotes to the Accounts (continued)15. PROVISION FOR LIABILITIES AND CHARGES (continued)

COMPANY	1991		1990	
	Not provided £	Provided £	Not provided £	Provided £
Accelerated capital allowances	-	34,000	-	54,707
Potential capital gain on revaluation of fixed assets	96,618	-	96,618	-
	<u>£96,618</u>	<u>£34,000</u>	<u>£96,618</u>	<u>£54,707</u>

16. SHARE CAPITAL

Authorised:	1991 and 1990	
Ordinary shares of £1 each	<u>£1,000,000</u>	
Allotted, called up and fully paid:	Number	
Ordinary shares of £1 each	<u>138,889</u>	<u>£138,889</u>

17. REVALUATION RESERVE

GROUP AND COMPANY	1991 £	1990 £
Balance at 1st June 1990	276,051	117,251
Revaluation	-	158,800
Balance at 31st May 1991	<u>£276,051</u>	<u>£276,051</u>

18. MOVEMENT ON RESERVES

	1991		1990	
	Group £	Company £	Group £	Company £
Profit brought forward	1,408,068	1,500,926	766,689	949,462
Profit in the year	621,106	567,224	551,540	551,464
Exchange movement	(49,523)	-	89,839	-
Goodwill on acquisition	(395,098)	-	-	-
Balance at 31st May 1991	<u>£1,584,553</u>	<u>£2,068,150</u>	<u>£1,408,068</u>	<u>£1,500,926</u>

GAMES WORKSHOP LIMITEDNotes to the Accounts (continued)**19. FINANCIAL COMMITMENTS****Capital**

There were no capital commitments at 31st May 1991 (1990 - £nil).

**Operating leases**

The company has the following annual commitments under non-cancellable operating leases:-

	<b>Fixtures and fittings</b>		<b>Land and buildings</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring within one years	30,292	20,068	32,127	3,800
Within two to five years	111,977	74,183	261,101	68,210
Within more than five years	-	-	621,664	378,520
	<u>£142,269</u>	<u>£94,251</u>	<u>£914,892</u>	<u>£450,530</u>

**20. SUBSIDIARIES**

<b>Name</b>	<b>Country of Incorporation</b>	<b>Proportion of shares held</b>	<b>Nature of Business</b>
Games Workshop Inc.	United States of America	100%	Retailer and wholesale distributor of games and miniatures
Citadel Miniatures Limited	England	100%	Dormant
Marauder Miniatures Limited (acquired 31st May 1991)	England	100%	Manufacturer and distributor of miniatures

**21. TRANSACTIONS WITH RELATED PARTIES**

During the year the group has sold goods on an arms length basis to the value of £117,958 to a company in which the director has a substantial interest.

During the year the group has purchased goods on an arms length basis to the value of £96,863 from a company in which the director has a substantial interest.

B. C. Ansell was paid a fee of £12,282 in respect of rights on games.

**22. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Games Workshop Productions Limited, a company incorporated in England.