



Games Workshop Limited

Annual report and accounts
for the year ended 3 June 2001

Registered number: 1467092



Directors' report

For the year ended 3 June 2001

The directors present their annual report on the affairs of the company, together with the accounts and independent auditors' report, for the year ended 3 June 2001.

Principal activities

The principal activities of the company are the manufacture of miniature figures and games and retail and wholesale distribution of these products.

Business review

Both the level of business and the year end financial position were satisfactory and the directors expect the present level of activity to continue in the foreseeable future.

Results and dividends

The audited accounts for the year ended 3 June 2001 are set out on pages 8 to 23. The profit for the year after taxation was £7,068,000 (2000 - £4,098,000).

The directors declared and paid an interim dividend of £nil (2000 - £1.67) per ordinary share and a final dividend of £36.00 (2000 - £36.00) per ordinary share, resulting in a total dividend for the year of £36.00 (2000 - £37.67) per ordinary share.

Employees

The company's policy is to consult and discuss with employees, at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company operates employee sharesave schemes as a means of further encouraging the involvement of employees in the company's performance.

The company's policy is to consider, for recruitment, disabled workers for those vacancies that they are able to fill. All necessary assistance with training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

The company's policy is to achieve and maintain a high standard of health and safety and the active involvement of employees in all matters of health and safety is encouraged.

Directors' report (continued)

Directors and their interests

The directors who served during the year, and subsequently, were as follows:

T J M Wilson
J A J Stallard
R J Renton
S James
M Sherwin
M Wells (appointed 5 June 2001)

No director had any beneficial interest in the shares of the company at 3 June 2001.

The interests of M Sherwin in the shares of the ultimate parent company, including details of share options held, are disclosed in the consolidated accounts of Games Workshop Group PLC.

The interests of J A J Stallard and M Wells in the shares of the ultimate parent company, including details of share options held, are disclosed in the accounts of Games Workshop International Limited.

The interests of other directors in the shares of the ultimate parent company, Games Workshop Group PLC, are as follows:

	Ordinary shares of 5p each	
	2001 Number	2000 Number
T J M Wilson	11,080	1,500
R J Renton	65,600	49,333

Directors' report (continued)

Directors and their interests (continued)

Share options in existence at the end of the year over ordinary shares of 5p each in the ultimate parent company are as follows:

	29 May 2000 Number	Granted* Number	3 June 2001 Number	Exercise dates		Exercise price
				Commence- ment	Expiry	
T J M Wilson						
<i>Share options</i>	3,154	-	3,154	Aug 1998	Aug 2005	208p
	5,000	-	5,000	Sept 1999	Sept 2006	463p
	-	6,887	6,887	Aug 2003	Aug 2007	141p
	-	205	205	Aug 2003	Aug 2010	141p
<i>Sharesave scheme</i>	-	4,130	4,130	Nov 2003	Apr 2004	106p
R J Renton						
<i>Share options</i>	3,154	-	3,154	Aug 1998	Aug 2005	208p
	10,000	-	10,000	Sept 1999	Sept 2006	463p
<i>Sharesave scheme</i>	-	3,326	3,326	Nov 2003	Apr 2004	106p
<i>Share incentive plan</i>	5,760	-	5,760	June 2004	-	-
	-	14,727	14,727	June 2005	-	-
S James						
<i>Share options</i>	-	7,092	7,092	Aug 2003	Aug 2010	141p
<i>Sharesave scheme</i>	-	3,326	3,326	Nov 2003	Apr 2004	106p

*Number of options granted during the year, or already held on appointment as a director.

The share options above with an exercise price of 106p were granted under the Games Workshop Group PLC 1995 Sharesave Scheme. All of the remaining share options were granted under the Games Workshop Group PLC Executive Share Option Scheme and the Games Workshop Group PLC Worldwide Executive Share Option Scheme.

Directors' report (continued)

Creditor payment policy

The company's current policy concerning the payment of the majority of its trade creditors is to follow the DTI's Prompt Payment Code. For other suppliers, the company's policy is to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

The number of days credit taken by the company from its suppliers at the year end is 42 days (2000 – 36 days).

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Willow Road
Lenton
Nottingham
NG7 2WS

By order of the Board

M Sherwin

Director



21 November 2001

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the Shareholders of Games Workshop Limited:

We have audited the financial statements of Games Workshop Limited for the year ended 3 June 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes numbered 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

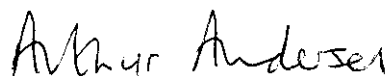
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 3 June 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Four Brindleyplace

Birmingham

B1 2HZ

21 November 2001

Profit and loss account

For the year ended 3 June 2001

	Notes	2001 £'000	2000 £'000
Turnover	2	51,682	43,138
Cost of sales	4	(22,326)	(20,466)
Gross profit		29,356	22,672
Other operating expenses (net)	3, 4	(18,111)	(16,514)
Operating profit		11,245	6,158
Income from shares in group undertakings		-	232
Interest receivable and similar income		164	87
Interest payable and similar charges	5	(654)	(537)
Profit on ordinary activities before taxation	6	10,755	5,940
Tax on profit on ordinary activities	9	(3,687)	(1,842)
Profit on ordinary activities after taxation		7,068	4,098
Dividends paid on equity shares	10	(5,000)	(5,232)
Retained profit (loss) for the year	20	2,068	(1,134)

Turnover and operating profit derive entirely from continuing activities.

The accompanying notes are an integral part of this profit and loss account.

Statement of total recognised gains and losses

For the year ended 3 June 2001

	Notes	2001 £'000	2000 £'000
Profit for the financial year		7,068	4,098
Total recognised gains and losses relating to the year		7,068	4,098
Prior year adjustment	11	274	
Total gains and losses recognised since last annual report		7,342	

Note of historical cost profits and losses

For the year ended 3 June 2001

	2001 £'000	2000 £'000
Reported profit on ordinary activities before taxation	10,755	5,940
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	4	4
Historical cost profit on ordinary activities before taxation	10,759	5,944
Historical cost profit (loss) for the year retained after taxation and dividends	2,072	(1,130)

The accompanying notes are an integral part of this statement of total recognised gains and losses and this note of historical cost profits and losses.

Balance sheet

3 June 2001

	Notes	2001 £'000	Restated 2000 £'000
Fixed assets			
Tangible assets	12	11,644	10,915
Investments	13	-	-
		<u>11,644</u>	<u>10,915</u>
Current assets			
Stocks	14	7,618	7,363
Debtors	15	4,744	4,028
Cash at bank and in hand		2,208	400
		<u>14,570</u>	<u>11,791</u>
Creditors: Amounts falling due within one year	16	<u>(12,012)</u>	<u>(12,299)</u>
Net current assets (liabilities)		<u>2,558</u>	<u>(508)</u>
Total assets less current liabilities		<u>14,202</u>	<u>10,407</u>
Creditors: Amounts falling due after more than one year	17	<u>(4,618)</u>	<u>(3,312)</u>
Provisions for liabilities and charges	18	<u>(921)</u>	<u>(500)</u>
Net assets		<u>8,663</u>	<u>6,595</u>
Capital and reserves			
Called-up share capital	19	139	139
Revaluation reserve	20	201	205
Profit and loss account	20	<u>8,323</u>	<u>6,251</u>
Equity shareholders' funds	21	<u>8,663</u>	<u>6,595</u>

The accounts on pages 8 to 23 were approved by the board of directors and signed on its behalf by:

M Sherwin

Director



21 November 2001

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

3 June 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, except for the policy on deferred tax which has been changed as explained in note 11 to comply with Financial Reporting Standard 19 "Deferred tax", is set out below.

a) Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The accounts are drawn up for the 53 weeks ended 3 June 2001 and for the 52 weeks ended 28 May 2000.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Games Workshop Group PLC which prepared publicly available consolidated accounts that incorporate the results of the company. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement.

b) Development expenditure

Product development and design expenditure is written off as it is incurred.

c) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

d) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	- 2%
Plant and equipment	- 20% to 33%
Motor vehicles	- 33%
Fixtures and fittings	- 15% to 33%
Moulding tools	- 25%

Leasehold premises are amortised over the period of the lease. Freehold land is not depreciated.

e) Revaluation of properties

The company has taken advantage of the transitional provisions of Financial Reporting Standard 15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to the implementation of the standard.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Operating leases and hire purchase contracts

Costs in respect of operating leases and any benefits received as an incentive to sign a lease, are charged or credited on a straight line basis over the lease term.

Hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hire purchase commitment is shown as obligations under hire purchase contracts. The capital element of the payment is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

g) Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of finished goods, cost includes appropriate production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

h) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year or at rates of exchange fixed using forward currency contracts where they exist. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction and exchange differences are taken to the profit and loss account in the year in which they arise.

i) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

j) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Notes to accounts (continued)

1 Accounting policies (continued)

k) Pension costs

The company participates in the Games Workshop Group PLC group personal pension plan, which is a defined contribution scheme. Pension contributions are charged to the profit and loss account as they accrue.

2 Turnover

The geographical analysis of turnover by destination, which arose wholly from the company's principal activity in the UK, is as follows:

	2001 £'000	2000 £'000
United Kingdom	25,260	21,594
Continental Europe	15,785	14,044
The Americas	8,367	5,126
Asia Pacific	2,099	2,200
Other	171	174
	<u>51,682</u>	<u>43,138</u>

3 Other operating expenses (net)

	2001 £'000	2000 £'000
Selling and distribution costs	12,569	12,069
Administrative expenses	6,431	5,197
Design and development costs	2,954	2,362
Other operating income - royalty income	(3,843)	(3,114)
	<u>18,111</u>	<u>16,514</u>

Design and development costs represent the administration and running costs of the design studio.

4 Operating exceptional items reported before operating profit

Cost of sales, administrative expenses and selling and distribution costs include £405,000 (2000 - £1,060,000), £449,000 (2000 - £1,286,000) and £218,000 (2000 - £220,000) respectively in relation to operating exceptional items. The operating exceptional items relate to the plan, announced by Games Workshop Group PLC in January 2000, to restructure the business and include costs incurred in simplifying the supply chain together with related property and people costs.

Taxation credits on the operating exceptional items were £271,000 (2000 - £523,000).

Notes to accounts (continued)

5 Interest payable and similar charges

	2001 £'000	2000 £'000
Bank loans and overdrafts	302	292
Hire purchase contracts	17	18
Discount on convertible loan stock	330	225
Other interest	5	2
	<u>654</u>	<u>537</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	2,261	2,399
- held under finance leases and hire purchase contracts	62	71
Operating lease rentals		
- plant and machinery	178	156
- other	2,421	2,268
Auditors' remuneration for audit services	<u>32</u>	<u>27</u>

Amounts payable to Arthur Andersen by the company in respect of non-audit services were £nil (2000 - £11,000).

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2001 Number	Restated 2000 Number
Production	311	347
Selling and distribution	870	794
Administration	100	96
	<u>1,281</u>	<u>1,237</u>

The prior year numbers have been restated to recategorise warehouse staff from production to selling and distribution.

Notes to accounts (continued)

7 Staff costs (continued)

Their aggregate remuneration comprised:

	2001 £'000	2000 £'000
Wages and salaries	14,789	12,488
Social security costs	1,206	981
Other pension costs (see note 23)	270	198
	<u>16,265</u>	<u>13,667</u>

8 Directors' remuneration

Remuneration

	2001 £'000	2000 £'000
Emoluments	199	229
Company contributions to money purchase schemes	<u>7</u>	<u>7</u>
	<u>206</u>	<u>236</u>
Compensation for loss of office	<u>-</u>	<u>31</u>

The services of M Sherwin are provided by Games Workshop Group PLC and no part of his remuneration is specifically attributed to his services to Games Workshop Limited.

Pensions

The number of directors who were members of pension schemes and also remunerated by the company was as follows:

	2001 Number	2000 Number
Money purchase schemes	<u>4</u>	<u>4</u>

Highest-paid director

The above emoluments include the following in respect of the highest-paid director:

	2001 £'000	2000 £'000
Emoluments	68	55
Company contributions to money purchase schemes	<u>3</u>	<u>2</u>
	<u>71</u>	<u>57</u>

Notes to accounts (continued)

9 Tax on profit on ordinary activities

The tax charge comprises:

	2001 £'000	2000 £'000
Current tax		
UK corporation tax	2,748	1,209
Amounts due to group undertakings in respect of group relief surrendered	804	763
Adjustments in respect of prior years		
- UK corporation tax	4	(130)
- Amounts due to group undertakings in respect of group relief surrendered	132	-
	<u>3,688</u>	<u>1,842</u>
Deferred tax		
Origination and reversal of timing differences	(1)	-
Tax on profit on ordinary activities	<u>3,687</u>	<u>1,842</u>

	2001 £'000
Profit on ordinary activities before taxation	10,755
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	3,227
Effects of:	
- expenses not deductible for tax purposes	382
- capital allowances for year in excess of depreciation	(57)
- adjustments to tax charge in respect of previous years	136
Current tax charge for the year	<u>3,688</u>

Notes to accounts (continued)

10 Dividends paid on equity shares

	2001 £'000	2000 £'000
Interim paid of £nil (2000 - £1.67) per ordinary share	-	232
Final paid of £36.00 (2000 - £36.00) per ordinary share	5,000	5,000
	<u>5,000</u>	<u>5,232</u>

11 Prior year adjustment

Deferred taxation

The company's policy for accounting for deferred tax has changed to comply with Financial Reporting Standard 19 "Deferred tax". Previously deferred tax was only provided to the extent that timing differences were expected to reverse in the future without being replaced. Deferred tax is now provided in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The statement of accounting policies describes the full deferred tax policy.

The effects of the change in policy are summarised below:

	£'000
Balance Sheet	
Increase in deferred tax asset and retained earnings as at 28 May 2000	274
Deferred tax credit in the profit and loss account for the year	<u>1</u>
Deferred tax asset as at 3 June 2001	<u>275</u>

The directors consider that the impact of the change in accounting policy on the tax charge for the current and prior year is not significant.

Notes to accounts (continued)

12 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Short leasehold premises £'000	Plant, equipment and vehicles £'000	Fixtures and fittings £'000	Moulding tools £'000	Total £'000
Cost or valuation							
At 29 May 2000	765	6,289	97	4,676	3,676	5,109	20,612
Additions	3	26	-	908	382	717	2,036
Disposals	-	-	-	(185)	(65)	-	(250)
Group transfers	762	-	-	504	113	-	1,379
Reclassifications	(70)	-	-	5	65	-	-
Exchange adjustments	-	-	-	(9)	-	-	(9)
At 3 June 2001	1,460	6,315	97	5,899	4,171	5,826	23,768
Depreciation							
At 29 May 2000	433	353	97	2,959	2,752	3,103	9,697
Charge for the year	26	126	-	832	511	828	2,323
Disposals	-	-	-	(161)	(60)	-	(221)
Group transfers	70	-	-	200	61	-	331
Reclassifications	(28)	-	-	4	24	-	-
Exchange adjustments	-	-	-	(6)	-	-	(6)
At 3 June 2001	501	479	97	3,828	3,288	3,931	12,124
Net book value							
At 28 May 2000	332	5,936	-	1,717	924	2,006	10,915
At 3 June 2001	959	5,836	-	2,071	883	1,895	11,644

The net book value of tangible fixed assets includes an amount of £163,000 (2000 - £251,000) in respect of assets held under hire purchase contracts.

Certain freehold land and buildings were professionally valued on an open market basis in December 1991 at £400,000, with subsequent additions at cost.

If land and buildings had not been revalued they would have been included at the following amounts:

	2001 £'000	2000 £'000
Cost	1,275	580
Depreciation	(503)	(439)
Net book value	772	141

Notes to accounts (continued)

13 Fixed asset investments

	2001 £	2000 £
Subsidiary undertakings	<u>78</u>	<u>78</u>

The company has investments in the following subsidiary undertakings. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of shares held	Principal business activity
Games Workshop Deutschland Limited	England and Wales	£1 ordinary	100%	Distributor of games and miniatures
Games Workshop Retail Limited	England and Wales	£1 ordinary	100%	Supplier of casual retail labour
Warhammer Historical Wargames Limited	England and Wales	£1 ordinary	76%	Manufacturer and distributor of historical wargame books

The subsidiary undertakings operate principally in their country of incorporation or registration, with the exception of Games Workshop Deutschland Limited which operates in Germany.

14 Stocks

	2001 £'000	2000 £'000
Raw materials and consumables	1,464	1,235
Finished goods and goods for resale	<u>6,154</u>	<u>6,128</u>
	<u>7,618</u>	<u>7,363</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes to accounts (continued)

15 Debtors

	2001 £'000	Restated 2000 £'000
Amounts falling due within one year:		
Trade debtors	1,769	1,449
Amounts owed by group undertakings	1,696	1,793
Other debtors	136	177
Prepayments and accrued income	868	335
Deferred taxation	146	88
	<u>4,615</u>	<u>3,842</u>
Amounts falling due after more than one year:		
Deferred taxation	129	186
Total	<u>4,744</u>	<u>4,028</u>

Deferred taxation

Deferred tax provided can be analysed over the following timing differences.

	2001 £'000	Restated 2000 £'000
Accelerated capital allowances	129	186
Short term timing differences	146	88
Deferred tax asset	<u>275</u>	<u>274</u>

The company had no unprovided deferred tax at either year end.

16 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts	112	73
Bank overdrafts	97	5,230
Trade creditors	3,340	1,967
Amounts owed to group undertakings	3,072	2,180
Corporation tax	1,963	855
Other taxation and social security	608	457
Other creditors	1,235	1,043
Accruals and deferred income	1,585	494
	<u>12,012</u>	<u>12,299</u>

Notes to accounts (continued)

17 Creditors: Amounts falling due after more than one year

	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts	20	145
Amounts owed to group undertakings	4,598	3,167
	<u>4,618</u>	<u>3,312</u>

Amounts owed to group undertakings includes £3,900,000 unsecured convertible redeemable loan stock 1997-2002, issued in 1997/98 at a discount of £1,334,000. Accrued finance costs at the year end amounted to £931,000 (2000 - £601,000). The loan stock is repayable on or at any time after 29 September 2002 and each holder is entitled to require the issuer to convert each £1 nominal value of loan stock into £1 ordinary shares.

Obligations under finance leases and hire purchase contracts are repayable as follows:

	2001 £'000	2000 £'000
Within one year	112	73
Between one and two years	20	145
	<u>132</u>	<u>218</u>

18 Provisions for liabilities and charges

	Bonus & incentive £'000	Property £'000	Total £'000
At 29 May 2000	-	500	500
Charged to profit and loss account	421	58	479
Utilised in the year	-	(58)	(58)
At 3 June 2001	<u>421</u>	<u>500</u>	<u>921</u>

Notes to accounts (continued)

19 Called-up share capital

	2001 £'000	2000 £'000
<i>Authorised</i>		
3,900,000 preference shares of £1 each	3,900	3,900
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called-up and fully-paid</i>		
138,889 ordinary shares of £1 each	139	139
	<hr/>	<hr/>

20 Reserves

	Restated Profit and loss account £'000	Revaluation reserve £'000
At 29 May 2000	5,977	205
Prior year adjustment	274	-
	<hr/>	<hr/>
As restated	6,251	205
Retained profit for the year	2,068	-
Transfer from revaluation reserve	4	(4)
	<hr/>	<hr/>
At 3 June 2001	8,323	201
	<hr/>	<hr/>

21 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the year	7,068	4,098
Dividends paid on equity shares	(5,000)	(5,232)
	<hr/>	<hr/>
Net movement in shareholders' funds	2,068	(1,134)
Opening shareholders' funds (originally £6,321,000 restated for prior year adjustment of £274,000)	6,595	7,455
	<hr/>	<hr/>
Closing shareholders' funds	8,663	6,321
	<hr/>	<hr/>

Notes to accounts (continued)

22 Financial commitments

a) Capital commitments

The company had no capital commitments at either year end.

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	315	232	247	149
- between two and five years	544	36	486	95
- after five years	1,385	-	1,469	-
	<u>2,244</u>	<u>268</u>	<u>2,202</u>	<u>244</u>

23 Pension arrangements

The company makes contributions to the Games Workshop Group PLC group personal pension plan, which is a defined contribution scheme. The pension cost charge for the year amounted to £270,000 (2000 - £198,000).

24 Contingent liabilities

The company has guaranteed the bank overdrafts and loans of certain other group undertakings. The aggregate amount outstanding under these arrangements at the balance sheet date was £nil (2000 - £3,446,000).

25 Related party disclosures

In accordance with the exemption permitted by Financial Reporting Standard 8 "Related party disclosures", related party transactions between members of the group, headed by Games Workshop Group PLC, are not disclosed as more than 90% of the company's voting rights are controlled within the group and consolidated accounts, which incorporate the results of the company, are publicly available.

During the year the company recharged £5,000 (2000 - £5,000) to Warhammer Historical Wargames Limited, a subsidiary in which the company has 76 per cent ownership of share capital. The directors consider that these transactions were conducted on an arms-length basis.

26 Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Games Workshop Group PLC. The directors regard Games Workshop Group PLC, a company registered in England and Wales, as the ultimate parent company and controlling party.

Games Workshop Group PLC is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of group accounts are available from The Secretary, Games Workshop Group PLC, Willow Road, Lenton, Nottingham, NG7 2WS.