

GAMES WORKSHOP GROUP PLC

Annual report 2014



FINANCIAL HIGHLIGHTS

	2014	2013
Revenue	£123.5m	£134.6m
Revenue at constant currency*	£125.9m	£134.6m
Operating profit – pre-exceptional items and royalties receivable	£15.4m	£20.2m
Exceptional costs	£4.5m	-
Royalties receivable	£1.4m	£1.0m
Operating profit	£12.3m	£21.3m
Profit before taxation	£12.4m	£21.4m
Cash generated from operations	£25.0m	£31.9m
Earnings per share	25.2p	51.5p
Pre-exceptional earnings per share	36.1p	51.5p
Dividends per share declared in the year	-	58p

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*Constant currency revenue is calculated by comparing results in the underlying currencies for 2014 and 2013, both converted at the 2013 average exchange rates as set out on page 8.

CHAIRMAN'S PREAMBLE

Games Workshop has had a really good year.

If your measure of 'good' is the current financial year's numbers, you may not agree. But if your measure is the long-term survivability of a great cash generating business that still has a lot of potential growth, then you will agree.

Having taken on the conversion of our stores to a one man format with all the concomitant complexity of staff changes and new sites and new lease negotiations – a long job not quite finished – we decided to re-arrange the management of our sales channels from a country-based system to a central one. This meant removing four European headquarters, consolidating all trade (third party) sales personnel at our Nottingham base, creating a new continental European grouping of our retail stores, and recruiting new management for these divisions whilst flattening the structure by removing all middle management. At the same time we changed leadership of our retail chain in the North American area, and gave birth to our new web store after many months' labour.

All this has significantly de-risked the business. We have far fewer key personnel to replace if need be, and a much lower cost base (£2 million p.a. less). It has cost, in total, around £4.5 million to accomplish. The new web store allows us to sell online more efficiently. It cost around £4 million.

This augurs well for our long term health and cash flow.

What is really remarkable, however, is that it was all accomplished in five months. The levels of complexity handled by our 'back-office' staff – personnel, IT and accounts – are beyond my descriptive abilities. And yet it was co-operatively done with precision, efficiency and calmness at a ferocious speed.

We all owe these people a big vote of thanks. They have saved the company millions.

Working with people like this is why it is a pleasure to work here.

In the technological world we occupy there is constant debate over who 'innovates' and who merely copies. We have, this last year, spent an indecent amount of your money trying to stop someone stealing our ideas and images. It is a very difficult thing to do when it is done through a legal system designed to prevent people stealing hogs from one another. Our experience has probably been typical of most – far too much money spent on far too little gain. The argument is that we have to do this or we will, bit by bit, lose everything that we hold dear, everything that keeps the business going. Our crops will wither, our children will die piteous deaths and the sun will be swept from the sky. But is it true?

Last year I published the secret that I believe is at the heart of what makes this business great. Steve Jobs once did the same over at heavily litigating Apple. He said they ignored everything that did not lead to 'insanely great products' and that was what made them great. None of the people Apple are suing are trying to do that, so why sue?

I said, 'we recruit for attitude and not for skill'. It is what makes us great. It is those people who design the miniatures; those people who make them and those people who sell them; those people who transformed our business systems in five short months. I have been deluged with two comments about that statement, neither of which was: 'you fool, you just gave away the crown jewels'. Why doesn't everyone do it? Ask them.

Because no one seems able to grasp the essential simplicity of what we do there has always been the search for the Achilles heel, the one thing that Kirby and his cronies have overlooked. These are legion. I run through the list from time to time when someone says that computer games will be the death of us – they are so much more realistic now! – again. This year it is 3-D printing. Pretty soon everyone will be printing their own miniatures and where will we be then, eh?

We know quite a lot about 3-D printers, having been at the forefront of the technology for many years. We know of what we speak. One day 3-D printers will be affordable (agreed), they are now, they will be able to produce fantastic detail (the affordable ones won't) and they will do it faster than one miniature per day (no, they won't, look it up). So we may get to the time when someone can make a poorly detailed miniature at home and have enough for an army in less than a year. That pre-supposes that 3-D scanning technology will be affordable and good enough (don't bet the mortgage on that one) and that everyone will be happy to have nothing but copies of old miniatures.

All of our great new miniatures come from Citadel. It is possible that one day we will sell them direct via 3-D printers to grateful hobbyists around the world. That will not happen in the next few years (or, in City-speak, 'forever') but *if* and when it does it will just mean that we can cut yet more cost out of the supply chain and be making good margins selling Citadel 3-D printers.

At the heart of the delusion is the notion that designing and making miniatures is easy. It isn't.

On the first of January next year I will be stepping down as CEO of Games Workshop. I intend staying on as non-executive Chairman (if the board will have me), so those of you who want to see an end to these preambles (rhymes with rambles), don't get your hopes up just yet.

The board has prepared a job specification for CEO, and the consequential advertisement. The ad. will be published the day after our AGM (September 18th). If you apply, we require that you write a letter saying why you want the job. No letter, no interview. The interviews will take place on November 7th and will be at Nottingham. An announcement will be made the following week. We have not decided what will happen if no suitable candidate is found but I suspect my wife will be livid.

Let me dilate about this letter. Last year I wrote here about our recruitment process, and shortly afterwards we recruited a new non-executive director (NXD) using the method described. We got a great (not good, great) new board member. She is still surprised that I did not read her CV (exasperated would be a more accurate word) but there was no need. Her letter told us what kind of person she was: sincere, open-minded, a learner, excited at the opportunity. The interview told us she had all the qualities needed. It mattered not one jot what her CV said. Appointing NXDs because of their careers rather than *who they are* is at the heart of the rot in the corporate world.



Tom Kirby
Chairman and acting CEO
28 July 2014

STRATEGIC REPORT

Strategy and objectives

Games Workshop's strategy is to make the best fantasy miniatures in the world and sell them globally at a profit, and it intends doing so forever.

This statement includes all the key elements of what we do and why we do it that way.

The first element is the high quality. We consciously and deliberately pursue a niche market model. Not everyone wants to collect miniatures, but those that do demand high quality. All niche market customers are like that. It is what defines the niche — quality above price. Our strategy is to make the best miniatures in the world.

The second element is that we will only ever make fantasy miniatures, and by that we mean those that are in our imaginary worlds. This gives us complete control over the imagery and styles we use and complete ownership of the intellectual property.

The third element is the global nature of our business. Niche market customers are pretty thin on the ground and they need to be searched out all over the world. The main growth in our business will be as a result of this geographic spread.

The fourth element is our desire to make money doing it. We want to be efficiently profitable, partly because we enjoy paying ourselves and our owners well but even more because it allows us to keep going. We want to be in business for as long as possible and that means we need to be profitable in both good times and bad.

There is no fifth element which is a shame as it would have allowed me to indulge in a lot of movie jokes and references.

We measure our success by maintaining a high return on investments. (*Efficiently profitable.*)

The way we go about implementing this strategy is firstly to recruit the best staff we can by looking for the appropriate attitudes and behaviour each role requires, secondly by having flat, efficient management structures and thirdly by controlling costs tightly. There is no difference in our short-term, medium-term and long-term methods. All our strategic decision making is for the extreme long-term.

Business model

We are vertically integrated. We design, manufacture and distribute ourselves; we have our own stores and web store. With the sole, and rapidly declining, exception of products from Tolkien's books we use only our own imaginary worlds. They are rich enough and deep enough to accommodate anything we may want to make, and they remain our property.

We sell to third party retailers under closely controlled terms and conditions. Those terms and conditions mean that we are unlikely to be attractive to heavy discounters, chains or mass-marketers. In other words, I doubt you'll find our products in Toys 'R' Us or Walmart.

We publish two magazines. A weekly (White Dwarf) that announces new products and events and a monthly (Warhammer Visions) that glories in the aesthetics of our miniatures.

Our own stores attract a lot of attention, as they should, because they are the way we recruit the majority of new customers. Their modal style is small (cheap), off the beaten track (cheap), and with only one member of staff, the store manager (cheaper than five staff, but with our performance related pay scheme the managers are capable of earning far more than before). We require all our stores to be profitable. In bad times as well as good. Our growth comes from geographic spread, led by these stores, so it would make no sense to be growing less and less profitable as we went.

Our market is a niche market made up of people who want to collect our miniatures. They tend to be male, middle-class, discerning teenagers and adults. We do no demographic research, we have no focus groups, we do not ask the market what it wants. These things are otiose in a niche.

We control the business centrally. The big sales engines are: our own stores, split into three geographic areas (North America, Europe, Britain and Ireland), trade sales (sales to third parties) and our web store. Each store manager reports to the regional manager (Josh Wimberly in North America, Elmes Duo in Europe and Grant Peacey in Britain and Ireland) and each of them reports to me *qua* CEO. The trade sales manager (John Carter) reports to me, as does the web store manager (Erik Mogensen). Design, manufacturing and distribution is in Nottingham and the manager of that division (Max Bottrill) reports to me as well.

Back office functions are run largely from Nottingham. They are Accounts (Tim Wilson), IT (Karen Lathbury), Personnel (Vicki King), Lenton site (Dave Holmes), Legal and Compliance (Rachel Tongue), Projects (Helen Surgey) and they report to Kevin Rountree, *qua* COO.

Outliers are Australia and New Zealand (Ken Warton), Asia (Chris Harbor), and Forge World (Tony Cottrell) who all report to me, Licensing (Andy Jones) who reports to Kevin and Black Library (Rik Cooper) who reports to George Mann in the main Citadel studio.

Shareholder value

We believe shareholder value is created, primarily, by not destroying it. We have no intention to acquire other companies, nor dispose of any of those we own.

We return all our surplus cash to our owners and try to do so in ever increasing amounts. As a consequence it is probable the share price will rise. But we have no control over that. You do.

Graph of our shareholder value

Shareholder value for this graph is calculated as the price of the shares at year end plus the dividend per share paid in the year.

Review of the year

Structural re-organisation

As part of our constant drive to improve efficiency and reduce costs as well as in response to the realities of trading conditions in southern Europe we reorganised our sales structures during the last five months. These changes will also enable us to focus on the performance of our continental european retail and trade sales channels.

Until January 2014 we had a country based system with management in local countries and all the associated costs. We have closed four european offices (Aix-en-Provence, Dusseldorf, Barcelona and Frascati), consolidating trade sales in Nottingham, and have one manager for all continental european stores based in a new, tiny, office in Dusseldorf (he's mostly on the road, of course). Back office functions take place in Nottingham as far as possible. North american local autonomy was removed and for that region trade sales now reports to Nottingham and a new retail manager was appointed at the same time. Back office functions in North America now report to the appropriate manager in Nottingham.

At the same time we flattened our retail structures completely by removing all middle management.

It is early days but results so far have been encouraging. Sales in the last quarter are up on their equivalent quarter and costs down. There is also a stronger sense of belonging and Games-Workshop-ness. As I said in the preamble with my other hat on, it has been a really good year.

We paid £4.5 million for these benefits and we have classified these as exceptional costs. The costs and benefits are analysed below:

	Cost	Annualised benefit
	£million	£million
Staff	3.0	1.0
Property	0.6	0.6
Other	0.9	0.4
	<u>4.5</u>	<u>2.0</u>

Our operations in Australia and New Zealand and Asia remain unchanged.

STRATEGIC REPORT continued

Return on capital*

During the year our return on capital fell from 59% to 42%. This was driven by both a decline in operating profit and an increase in capital employed.

Sales

Reported sales fell by 8.2% to £123.5 million for the year. On a constant currency basis, sales were down by 6.5% from £134.6 million to £125.9 million; progress was achieved in Other sales businesses (+20.9%) and Export (+2.7%) while sales in UK (-7.1%), Continental Europe (-10.6%), North America (-7.5%), Australia (-9.4%) and Asia (-3.3%) were in decline.

Operating profit

Pre-exceptional core business operating profit (operating profit before royalty income) fell by £4.9 million to £15.4 million (2013: £20.2 million). On a constant currency basis, core business operating profit fell by £3.6 million to £16.7 million. This result was driven by an £8.7 million sales decline, on a constant currency basis, as a direct result of lower volumes and a decline in gross margin.

Operating expenses (excluding exceptional items) fell by £6.2 million; £3.1 million due to a reduction in retail store costs, £1.1 million employee profit share not incurred in the year and £0.3 million reduction in legal costs. Savings of £0.7 million from the continental european reorganisation have been realised. Costs remain a key area of focus.

Capital employed

Average capital employed* increased by £2.1 million to £36.6 million. The book value of tangible and intangible assets increased by £2.2 million whilst trade and other receivables fell by £1.7 million and current liabilities fell by £1.6 million.

Cash generation

During the year, the Group's core operating activities generated £17.9 million (2013: £25.5 million) of cash after tax payments. The Group also received cash of £2.4 million in respect of royalties in the year (2013: £1.1 million). After capital expenditure of £7.2 million there were net funds at the year end of £17.6 million (2013: £13.9 million).

The chart below shows a bridge of operating profit to cash generated.

Bridge of operating profit to cash generated

*We use average capital employed to take account of the significant fluctuation in working capital which occurs as the business builds both inventories and trade receivables in the pre-Christmas trading period. Return is defined as pre-exceptional operating profit before royalty income, and the average capital employed is adjusted by deducting assets and adding back liabilities in respect of cash, borrowings, exceptional provisions, taxation and dividends.

Investments in assets

This is what we have been spending your money on:

	2014	2013
	£million	£million
Shop fits for new and existing stores	1.1	1.2
Production equipment and tooling	2.9	2.7
Computer equipment and software	2.7	4.5
Lenton site (infrastructure)	0.5	0.4
Total capital additions	7.2	8.8

We invested in shop fits: 44 new stores and 4 refurbishments. We invested an additional £0.9 million in the new web store (2013: £3.1 million) and £2.6 million in tooling, and milling and injection moulding machines. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we upgrade our back office systems in Nottingham.

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of 16 pence per share were paid during the year (£5.1 million).

Royalty income

Royalty income increased in the period by £0.4 million to £1.4 million.

Taxation

The pre-exceptional tax rate for the year was 32.0% (2013: 23.7%). The post-exceptional tax rate was 35.4%. We would expect a pre-exceptional rate above that of business activities based solely in the UK, due to higher overseas tax rates.

Sales by channel

42% (2013: 43%) of sales were made through our own stores. 36% (2013: 37%) of sales were to independent retailers and 13% (2013: 11%) mail order. We are moving to this method of counting sales but we are also publishing sales by region, as we have in the past. Next year it will be by channel only.

Continental Europe

UK

North America

Asia and Australia

STRATEGIC REPORT continued

Store openings and closures during the year

	Number of stores at May 13	Opened	Closed	Number of stores at May 14	Number of one man stores
UK	137	9	(4)	142	103
North America	100	10	(23)	87	63
Europe	135	15	(9)	141	99
Australia	37	9	(6)	40	29
Asia	3	1	-	4	3
	412	44	(42)	414	297

Our ability to open new stores is still (and always will be) limited by our ability to find the right people to run them. Although we are getting better at it, it is still our number one priority.

Trade

Sales fell by 9% in the year, partially due to the continental european reorganisation and a disappointing year in North America.

Mail order

Our new online shop was launched this year and our online sales are broadly in line with the prior year.

Treasury

The objective of our treasury operation is the cost effective management of financial risk. The relationship with the Group's external credit facility provider is managed centrally. It operates within a range of board approved policies. No transactions of a speculative nature are permitted.

Funding and liquidity risk

The Group pays for its operations entirely from our cash flow. As a precaution we sometimes have a small facility at the bank (just-in-case, belt-and-braces, rainy days etc.). This year we arranged a short term bank loan of £5 million in case the continental european reorganisation was more expensive than expected. It wasn't. The loan was not needed. It still cost us £38,000 though.

Interest rate risk

Net interest receivable for the year (excluding net foreign exchange gains and unwinding of discounts on provisions) was £106,000 (2013: £176,000). Normally this risk is couched in terms of how much further in debt sudden rate rises would drag us. In our case we say: bring it on.

Foreign exchange

Our big currency exposures are the euro and dollar:

	euro		US dollar	
	2014	2013	2014	2013
Year end rate used for the balance sheet	1.23	1.17	1.68	1.52
Average rate used for earnings	1.20	1.22	1.62	1.57

The net impact in the year of these exchange rate fluctuations on our operating profit was a reduction of £1.3 million (2013: £0.6 million).

Gender diversity, greenhouse gases, social, community and human rights, and employees

Our reporting on these topics is discussed in the directors' report on pages 12 to 13.

Product changes and initiatives

If we were planning radical changes in our products I certainly wouldn't publish them here.

Risks and uncertainties

That we are ex-growth is a big risk seen by some. As I said above I do not believe it. But if it is true we have built a wonderfully efficient cash-generating machine.

The bigger risk is the same one I repeat each year, and that is management. So long as we have great people we will be fine. Problems will arise if the board allows egos and private agendas to rule.

We also need a constant flow of great managers for our stores. In the end that is still the most important thing of all.

The future

Next year, internally, there will be some disruption remaining from the big reorganisation we have just made and from the one man store programme. Nevertheless I, and all the rest of Games Workshop, still believe we should be growing by opening new stores; particularly in North America and Germany.

External events that may affect us are only those things that bother everyone: interest rates, tax rates, exchange rates, directives from Brussels, war, pestilence and disease. What will not change is the eternal desire for some always to want yet more of the small, jewel-like objects of magic and wonder that we call Citadel miniatures.

Beyond next year, the business ought to be able to increase sales (single digit growth, not more) for many years and to provide owners with a steady flow of dividends. I say 'ought to' because no plan survives contact with the enemy and we will not promise what we cannot deliver — in particular our policy of only returning surplus cash as dividends will remain. We will not borrow (nor engage in fancy financial engineering) to pay a coupon.

Nevertheless, with or without growth, I expect to see dividends. I am not planning to sell any of my shares.

A handwritten signature in black ink, appearing to read 'Tom Kirby', with a stylized, cursive script.

Tom Kirby
Chairman and acting CEO
28 July 2014

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and independent auditors' report for the year ended 1 June 2014.

General information

Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of Hobby centres, independent retailers and direct via the internet and mail order. The Group has manufacturing activities in the UK and sells mainly in Continental Europe, North America and Asia Pacific.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom. The Company's ordinary share capital is listed on the London Stock Exchange.

Substantial shareholdings

The following interests in 3% or more of the issued share capital of the Company as at 25 July 2014 have been disclosed to the Company:

	No. of shares	%
Investec Asset Management Limited	3,087,765	9.7
Ruffer LLP	2,492,260	7.8
Phoenix Asset Management Partners Limited	1,865,218	5.9
FIL Limited	1,753,900	5.5
Legal & General Group plc	1,683,901	5.3
Schroders plc	1,677,861	5.3
Aberforth Partners LLP	1,636,300	5.1
Artemis Investment Management LLP	1,620,001	5.1

The Company has not been notified of any other substantial shareholdings other than those of the directors, which are disclosed in the remuneration report on page 24.

Dividends

Dividends of 16 pence per share were paid during the year (£5.1 million). After the balance sheet date a dividend of 20 pence per share, amounting to a total dividend of £6,372,000 was declared and paid on 4 July 2014.

Directors

The present directors of the Company are listed on page 27. All of the directors were members of the board throughout the year and up to the date of signing the financial statements with the exception of E O'Donnell who was appointed on 28 November 2013.

Under the Company's articles of association one third of the directors are required to retire by rotation at each annual general meeting. Those who retire are the longest in office since their election or last re-election. Under this formula, at this year's annual general meeting, K D Rountree is seeking re-election. E O'Donnell will also be seeking her election since appointment to the board in November 2013. In addition, as a result of their long service, non-executive directors C J Myatt and N J Donaldson are required to retire and are seeking re-election. In relation to the non-executive directors, the chairman has confirmed that, following formal performance evaluation, the performance of C J Myatt and N J Donaldson continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time to board and committee meetings and other duties. C J Myatt and N J Donaldson are considered by the board to be independent of the Group, as set out in the corporate governance report.

Directors' interests

The interests of the directors in the shares of the Company, together with details of share options granted to the directors, are disclosed in the remuneration report on page 24. None of the directors had a material interest in any contract of significance to which the Company, or any of its subsidiaries, was a party during the year.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, as permitted by section 234 of the Companies Act 2006, which were in force during the year and up to 28 July 2014.

Information on executive directors

T H F Kirby (age 64), chairman and acting CEO. Tom Kirby joined Games Workshop in April 1986 as general manager and led the management buy-out in December 1991, becoming chief executive at that time. Between 1998 and 2000 he took on the role of non-executive chairman, returning to the role of chief executive in September 2000. He performed the role of chairman from December 2007 to January 2013 when he became chairman and acting CEO. Prior to joining Games Workshop, Tom worked for six years for a distributor of fantasy games in the UK and was previously an Inspector of Taxes.

Information on executive directors continued

K D Rountree (age 44), COO. Kevin Rountree joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, licensing and Sabertooth Games). Kevin was appointed CFO in September 2009. During the year ended 29 May 2011, he took on the responsibility of managing the Group's service centres globally. To reflect this, his title was changed to chief operating officer from chief financial officer. He, however, still retains responsibility for all financial matters within Games Workshop. He qualified as a chartered management accountant in August 2001. Prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited and trained at Price Waterhouse.

Information on non-executive directors

C J Myatt (age 70). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He was formerly managing director of a division of Tarmac PLC, chairman and non-executive director of a number of manufacturing companies and treasurer of Keele University.

N J Donaldson (age 60). Nick Donaldson was appointed to the board on 18 April 2002. A barrister by profession, Nick is a partner of London Bridge Capital Limited. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is chairman of DP Poland PLC and a director of The Fulham Shore plc.

E O'Donnell (age 43). Elaine O'Donnell was appointed to the board on 28 November 2013. A chartered accountant by profession, until recently Elaine was a corporate finance partner with EY.

Auditors

As at 28 July 2014, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Share capital, share rights and other information

As at 25 July 2014, the Company's authorised share capital was £2,100,000 divided into 42,000,000 ordinary shares of 5p each nominal value ('ordinary shares'). On 25 July 2014 there were 31,860,894 (2013: 31,732,576) ordinary shares in issue. These ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally with respect to voting rights and the right to receive dividends. Shares acquired through the Company's share schemes rank *pari passu* with the shares in issue and have no special rights. The holders of ordinary shares are entitled to receive the Company's annual report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any class of share and no requirements for prior approval of any transfers. The directors may refuse to register a transfer of shares if there is a failure to comply with certain requirements of the Company's articles of association. None of the shares carries any special rights with regard to control of the Company.

In accordance with the Company's articles of associations, each share (other than those held in treasury) entitles the holder to one vote at general meetings of the Company on votes taken on a poll. On a show of hands at a meeting, every member present in person or by one or more proxies and entitled to vote has one vote. Unless the directors decide otherwise, if a shareholder is given notice that he has failed to provide information required in relation to any shares pursuant to a notice under section 793 of the Companies Act 2006, that member will be unable to vote on those shares both in a general meeting and at a meeting of the shareholders of that class. If such shareholder holds more than 0.25% of the issued shares of a class (excluding treasury shares) and is in default of a section 793 notice, the directors may also state in the notice that: (i) the payment of any dividend shall be withheld; and (ii) that there can be no transfer of the shares held by such shareholder.

Subject to the provision of law, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interest, but no dividend may exceed the amount recommended by the directors. The directors may also declare and pay interim dividends. Subject to shareholder approval, the directors may pay dividends by issuing shares credited as fully paid up in lieu of cash dividends. If dividends remain unclaimed for 12 years they are forfeited and revert to the Company.

A director appointed by the board holds office only until the next annual general meeting ('AGM'). At each AGM one third of the directors will retire by rotation and be eligible for re-election. The directors to retire will be those who wish to retire and those who have been longest in office since their last appointment or re-appointment.

The rules about the appointment and replacement of directors are contained in the Company's articles of association. The Company's articles of association state that a director may be appointed by an ordinary resolution of the shareholders or by the directors, either to fill a vacancy or as an addition to the existing board but so that the total number of directors does not exceed the maximum number of directors allowed pursuant to the Company's articles of association. The Company's articles of association do not currently specify a maximum number of directors. The Company may by ordinary resolution remove a director from the board of directors.

The Company's articles of association also state that the board of directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's constitutional documentation. The powers of the directors set out in the Company's articles of association include those in relation to the issue and buy-back of shares.

DIRECTORS' REPORT continued

Share capital, share rights and other information continued

Changes to the articles of association must be approved by the shareholders in accordance with the legislation in force from time to time.

As at 1 June 2014, the Company had an unexpired authority to repurchase shares up to a maximum of 4,728,153 shares. During the year no shares were purchased in the market for cancellation.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that the provisions of the Company's sharesave scheme may cause options to be exercised on a takeover.

Constructive use of the annual general meeting

The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the annual general meeting. Separate resolutions are proposed for substantially separate issues at the meeting and the chairman of the Company will declare the number of proxy votes received both for and against each resolution.

Corporate governance

The Company's statement on corporate governance is included in the corporate governance report on pages 14 to 17.

Conflicts of interest

The Company's articles of association take account of certain provisions of the Companies Act 2006 relating to directors' conflict of interest. These provisions permit the board to consider and, if thought fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interest of the Company. The board has adopted procedures for the approval of such conflicts. The board's powers to authorise conflict are operating effectively and the procedures are being followed.

Health, safety and environment

Games Workshop aims to make the best fantasy miniatures in the world without adversely affecting anyone's safety or health. Our health and safety policy commits us to the following objectives:

- Aiming, as a minimum, to comply with all relevant health and safety legislation
- Protecting staff from any risks to their health and safety so far as is reasonably practicable by assessing risks staff are exposed to, eliminating risks where practicable, introducing adequate control measures, adopting safe working practices and providing information, instruction, training and supervision
- Providing customers with the same standard of protection as our staff
- Record, investigate and learn from safety and ill health incidents
- Monitor the work of contractors on our properties to control risks

We require all staff to promote these objectives at all times and they apply worldwide.

The number of reported minor accidents at our Nottingham site decreased in the year (29 in 2013/14 versus 40 in 2012/13). There were two RIDDOR reportable accidents in the year (causing an absence of seven days or more). The IOSH Managing Safely course and the Working Safely course have been used extensively over the past two years to educate staff in best practice for health and safety at work.

Greenhouse gas emissions

Under the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013, enforced under the Companies Act 2006, we have addressed our Greenhouse Gas (GHG) reporting requirements.

We have used the Environmental Reporting Guidelines from DEFRA to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) global CO₂ emissions. We have considered the six main GHG's and report in CO₂ equivalent. Our data includes all manufacturing, office and retail sites controlled globally by Games Workshop. All calculations have used the 2013 DEFRA conversion factors.

- Scope 1 covers activities owned or controlled by Games Workshop that release emissions straight into the atmosphere – gas boilers, vehicle operation, air conditioning.
- Scope 2 covers activities that are not owned or controlled by Games Workshop but create emissions as a result of our activities – electricity consumption.

	2014
Scope 1 – tonnes CO ₂ e	767
Scope 2 – tonnes CO ₂ e	4,421
Total tonnes CO ₂ e	5,188
Tonnes CO ₂ e per sq metre	0.082
Tonnes CO ₂ e per £000 of revenue	0.042

This is the first year of reporting, in accordance with the Regulations, so there is no comparable data from previous years. The intensity ratios will provide meaningful comparisons for future results.

Waste management

In 2013/14 we sent 70% of our waste by weight from our Nottingham site for re-use or recycling (2013: 65%). 30% of our waste was sent for heat recovery at the Nottingham City Council incinerator (2013: 35%).

Nottingham Workplace Parking Levy and travel to work

Games Workshop will continue its policy of not recharging employees the Workplace Parking Levy (which increased by 8% in April 2014 to £362 per year for each used workplace parking space). We continue to promote our cycle to work scheme and have a very high ratio of cyclists (over 10% of employees) at our Nottingham site.

Employees

The Group'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 Group's performance.

The Group operates an employee sharesave scheme as a means of further encouraging the involvement of employees in the Group's performance.

The Group'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.

Diversity

The board has noted the changes to the UK Corporate Governance Code (the 'Code') announced by the FRC in October 2011 to strengthen the principle of boardroom diversity, which was first introduced into the Code in June 2010. The Company supports the provision that boards should consider the benefits of diversity, including gender, when making appointments and is committed to ensuring diversity not just at board level, but also throughout the workforce. The board believes that business benefits from the widest range of perspectives and backgrounds. The Company's aim as regards composition of the board is that it should have a balance of attitudes and knowledge to enable each director and the board as a whole to discharge their duties effectively. The Company does not consider that diversity can be best achieved by establishing specific quotas and targets and appointments will continue to be made based on merit.

As at 1 June 2014 the workforce is comprised as follows:

	Male	Female	Total
The board	4	1	5
Senior management	7	1	8
Total workforce	1,482	271	1,753

Social, community and human rights

The Group has policies that encompass a set of global sourcing principles covering fair terms of employment, human rights, health and safety, equal opportunities and good environmental practice. We seek to work with suppliers who adopt an ethical approach to human rights, working conditions and the environment in line with our own values. Our buyers are required to review supplier compliance with these policies, identify any areas of non-conformance and take action where appropriate. The Group monitors the quality and availability of all sourced components, to ensure high standards are maintained.

Employees continue to carry out fund raising events for their chosen charities. Although we have decided that we will no longer make cash donations to charities, we are fully supportive of the work our employees do.

Research and development

The Group does not undertake research activities. Development activities relate to the development of new product lines. The charge to the income statement for the year in respect of development activities is detailed in note 9 to the financial statements.

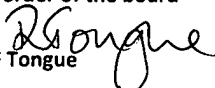
Future developments

The future developments for the Group are discussed in the strategic report on page 9.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

By order of the board


R F Tongue
Company secretary
28 July 2014

CORPORATE GOVERNANCE REPORT

The Listing Rules of the Financial Conduct Authority require listed companies to disclose, in relation to section 1 of the UK Corporate Governance Code 2012 (the 'Code'), how they have applied its principles and whether they have complied with its provisions throughout the accounting period. The UK Corporate Governance Code can be found at www.frc.org.uk.

This statement, together with the remuneration report on pages 18 to 25, explains how the Company has applied the principles and complied with the provisions set out in the Code.

The board operates through monthly meetings which senior executives attend on a regular basis. Major strategic decisions and the approval of any significant capital expenditure are reserved for decision by the board. The board is updated about operational decisions through the monthly meetings. Terms of reference for the board committees (as set out below) are available on the Company's website.

A review of the performance of the Group's main business activities are included in the strategic review. The board presents these reviews, together with the directors' report on pages 10 to 13, to give a fair, balanced and understandable assessment of the Group's position and prospects.

The board

The board comprises the chairman and acting CEO, the COO and three non-executive directors following the appointment of E O'Donnell during the year. It is chaired by the chairman and acting CEO, T H F Kirby. This arrangement does not comply with provision A.2.1 of the Code, which states that the roles of chairman and chief executive should not be exercised by the same person.

On 18 January 2013, the Company announced that M N Wells, the Company's CEO for five years, was stepping down from that role and that, pending the appointment of a new CEO, the chairman, T H F Kirby, would be chairman and acting CEO.

Before concluding that this interim arrangement was in the best interests of the Company and the shareholders as a whole, the board considered carefully the existing division of responsibilities between the chairman and the CEO and the likely requirements of the Company in the future, in terms of leadership, to underpin and promote its successful development. The Company's remuneration and nomination committee discussed the matter and came to the unanimous conclusion that the interim arrangement described above was appropriate.

The senior independent director is C J Myatt. The senior independent director is the lead non-executive director. His principal responsibilities include:

- to be available to shareholders if they have concerns which contact through the normal channels of the chairman and acting CEO, or the COO, has failed to resolve, or for which such contact is not appropriate
- to ensure that the performance evaluation of the chairman is conducted effectively

The three non-executive directors have a breadth of successful commercial and professional experience and are considered by the board to be independent of the Group. The Code states that the board should identify each non-executive director it considers to be independent, and the Code then lists various circumstances which may appear relevant to its determination. This includes (amongst others) if the director has served on the board for more than nine years.

At Games Workshop the board has had to confront one of these circumstances as two of the non-executive directors, C J Myatt and N J Donaldson, have served for more than nine years.

In making this assessment as to independence, the board has taken into account the personal attributes of each director in relation to the current and future needs of the board. In the opinion of the board, independence (like judgement and wisdom) is not an attribute which can be measured by reference to a checklist. It is rather an attribute which the members of the board can observe being demonstrated by a director in his actions and interactions with other members of the board as it faces the various issues which are placed before it. Independence is the absence of complacency, lazy thinking and acceptance of the status quo.

Regarding the specific Code circumstance of service of over nine years, the board's position is as follows:

The 'nine year rule' is a helpful guide to the risk of directors becoming 'stale'. The board considers this risk periodically, but has not yet found it to be an issue at Games Workshop. If it did, it would react accordingly. At present the board feels that the requirement for members of the board to have a real understanding of, and empathy with, the Games Workshop Hobby to be a point in favour of retaining the experience which the board currently has.

Based upon its assessment, which focuses on each director's attitude towards making his best contribution to the progress of the Company, the board considers that both of these non-executive directors are independent.

During the year E O'Donnell, a third non-executive director, was appointed to the board.

The board operates primarily through its monthly meetings and is responsible for leading and controlling the Group and monitoring executive management. It meets at least nine times a year. In 2013/14 the board had 10 scheduled meetings, each of which was attended by all members of the board.

The board continued

All directors bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct. The board considers that it has been supplied with sufficient timely and accurate information to enable it to discharge its duties.

All members of the board have access to the services and advice of the Company secretary. There is a procedure for directors to take independent professional advice at the Company's expense where relevant to the execution of their duties. The executive directors attach great importance to ensuring that the non-executive directors are provided with accurate, timely and clear information on the Group. In addition, the non-executive directors are actively encouraged to update continually their knowledge of and familiarity with the Group and the issues affecting it, so as to enable them to fulfil effectively their roles on both the board and its committees.

The board has established a process for the ongoing assessment of its own performance and that of its committees. The board is currently undergoing an internal review process to determine and define the role that the board performs. An internal assessment will then be undertaken to review the board's performance against those objectives in 2014/15. This will be an iterative process which will inform the board's development agenda on a regular basis.

Board committees

The board has three principal committees, all with written terms of reference which are published on the Company's website and which are available on application to the Company secretary at the Company's registered office. The Company secretary serves as secretary to all three committees. The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the Company's annual general meeting.

Audit committee

The audit committee comprises the three non-executive directors under the chairmanship of C J Myatt, who is a chartered management accountant and has significant relevant financial and accounting knowledge and experience. The audit committee's terms of reference include monitoring the appropriateness of accounting policies, financial reporting, internal control and risk assessment and keeping under review the scope, results and effectiveness of the external and internal audits and the independence of the Company's external auditors.

Significant issues considered by the audit committee

The committee had three meetings during the year which were attended by all members of the committee. It has an agenda linked to the events in the Group's financial calendar. The external auditors met with the committee without management being present and the chairman and members of the committee have direct contact with the audit partner as required. During the year the committee:

- reviewed the half-year and full-year results
- received and considered, as part of the review of the annual financial statements, reports from the external auditors in respect of the auditors' review of the audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditors to address and conclude upon key estimates and other key audit areas, the basis on which the auditors assess materiality, the terms of engagement for the auditors and an ongoing assessment of the impact of future accounting developments on the Group
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2014 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2014 annual report taken as a whole was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year
- considered the effectiveness and independence of the external auditors and made a recommendation to the board regarding the re-appointment of PricewaterhouseCoopers LLP as external auditors
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal risks and uncertainties

CORPORATE GOVERNANCE REPORT continued

Significant issues considered by the audit committee continued

The committee received, reviewed and challenged reports from management and the external auditors setting out the significant issues in relation to the 2014 annual report. These issues were discussed and challenged with management during the year. They were also discussed with the auditors at the time the committee reviewed and agreed the auditors' Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed were:

- Profit in inventory calculation: following a review of the methodology used by management, the committee concluded that the method of calculating the profit in inventory was appropriate.
- Inventory provisions: the committee considered and agreed that the inventory provisions were appropriate given the robust formulaic process applied and the level of risk.
- Capitalisation of software and development costs: the committee concluded that the accounting for and disclosure of software, following the launch of the new web store was appropriate. The committee reviewed the accounting and disclosure of development costs and concluded that this was appropriate but that management should continue to closely monitor this in the context of product release cycles and underlying sales trends.
- Exceptional costs: the committee was comfortable with management's assessment that the costs identified as a result of the restructuring of the business to a channel management structure, which were in accord with those identified in the original project proposal on which the action was agreed, should be recognised as exceptional.
- Continental european reorganisation and deferred tax recognition: the committee, having made enquiries of management and having considered the opinions given by of the Group's tax advisers, are comfortable that the costs associated with and deferred tax asset arising on the reorganisation of the business have been appropriately recorded and will be utilised in the foreseeable future.

The committee reviews the independence of the external auditors by assessing the arrangements for the day to day management of the audit relationship as well as reviewing the auditors' report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditors' independence, the committee has also established the policy that the primary role of the external auditors is to perform services directly related to their audit responsibilities. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 9.

The committee calls upon the external auditors, the internal auditors and the executive directors to attend formal meetings as required. These meetings are held at least three times a year. The external and internal auditors are given the opportunity to raise any matters or concerns they may have in the absence of the executive directors at separate meetings with the audit committee or its chairman.

The audit committee considers the reappointment of the external auditors each year, as well as remuneration and other terms of engagement. PricewaterhouseCoopers LLP have acted as external auditors of the Group since the 2005 year end, which was the last time the external audit process was put out to tender. There are no contractual obligations which restrict the choice of external auditors. The committee will next tender the position for external auditors in the Autumn of 2014.

City committee

The City committee comprises the non-executive directors and is chaired by N J Donaldson. It normally meets at least twice a year and is responsible for corporate governance, investor relations, City presentations and liaison with City advisers. The City committee held two meetings during the year, each of which was attended by all members of the committee.

Remuneration and nomination committee

The remuneration and nomination committee comprises the non-executive directors and is chaired by N J Donaldson. It normally meets at least twice a year and is responsible for making recommendations to the board on remuneration policy for all executive directors (including determining specific remuneration packages, terms of employment and performance incentive arrangements). It is also responsible for nominating, for approval by the board, candidates for appointment to the board. The procedures and guidelines used by the remuneration and nomination committee in determining remuneration are outlined in the separate remuneration report. The remuneration and nomination committee held three meetings in the year, which were attended by all members of the committee. The committee meets without the executive directors at least annually to appraise the executive directors' performance.

Appointments to the board

On 28 November 2013, E O'Donnell was appointed to the board as a non-executive director, effective from that date. Following the Company's recruitment procedures, discussed elsewhere in this document, the board determined that E O'Donnell would be a suitable and valuable addition to the board. Open advertising was used in respect of this appointment but an external search consultancy was not considered appropriate.

Newly appointed directors are given training appropriate to the level of their previous experience. Non-executive directors meet regularly with members of the executive and other staff within the Group. In addition, site visits ensure that the non-executive directors gain first hand experience of developments within the Group.

Any director appointed during the year is required, under the provisions of the Company's articles of association, to retire and seek election by the shareholders at the next annual general meeting.

Internal control

The directors recognise that they have overall responsibility for ensuring that the Group maintains a sound system of internal control to safeguard shareholders' investment and the Group's assets, and for reviewing its effectiveness. The system is designed to manage risks that may prevent the Group from achieving its business objectives, rather than to eliminate these risks. However, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place from the start of the year until the date of approval of this report. This process is regularly reviewed by the board throughout the period in accordance with the document 'Internal Control: Revised Guidance for Directors on the Combined Code' (the revised Turnbull guidance).

The effectiveness of the Group's system of internal control is continuously reviewed by the board. The review covers all material controls, including financial, operational and compliance controls and risk management. The monitoring of control procedures is achieved through regular review by the COO, reporting to the board. This review process considers whether significant risks have been identified, evaluated and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. Regular reporting by senior management ensures that, as far as possible, the controls and safeguards are being operated appropriately. This process is considered by the audit committee, alongside the external auditors' reports.

The Group has continued its programme of internal audit reviews during the year. The audit committee agrees an annual internal audit plan, focusing on business specific issues. Actions agreed by management, in response to recommendations made, are followed up.

The board, with advice from the audit committee, has completed its annual review of the system of internal control in accordance with the guidance as set out in the revised Turnbull guidance, and is satisfied that it has acted appropriately and in accordance with that guidance. During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions is not considered appropriate.

Communication with shareholders

The Company attaches great importance to its annual general meeting, which it considers to be the primary platform of communication between the Company and its shareholders. On a continuing basis the Company encourages two way communication with its institutional and private shareholders and responds promptly to queries received verbally, in writing or directly through its investor relations website investor.games-workshop.com.

The chairman and acting CEO and the COO are available to meet with shareholders in Nottingham to discuss any issues which shareholders may have. Any issues arising at such meetings are reported to and considered by the board.

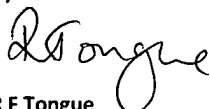
Remuneration report

The Company's policy on executive remuneration and details of the executive directors' salaries, profit share and pensions, and fees for the non-executive directors are set out in the board report on remuneration on pages 18 to 25.

Statement of compliance with the UK Corporate Governance Code

With the exception of provision A.2.1, the Company has complied with all of the provisions set out in section 1 of the Code.

By order of the board



R F Tongue
Company secretary
28 July 2014

REMUNERATION REPORT

Introduction

The remuneration report for the year ended 1 June 2014 has been prepared on behalf of the board by the remuneration committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

The remuneration report is split into two parts:

- The directors' remuneration policy, which sets out the Company's proposed policy on directors' remuneration, which will apply with effect from this year's annual general meeting ('AGM') and the key factors that were taken into account in setting the policy. The directors' remuneration policy is subject to a binding shareholder vote at this year's AGM and after that at least every third year.
- The annual report on remuneration, which sets out payments made to executive directors and non-executive directors and details the link between company performance and remuneration for the 2013/2014 financial year. This report on remuneration is subject to an advisory shareholder vote at the 2014 AGM.

2013/14 – A year in review

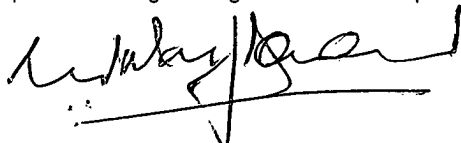
As described by the chairman and acting CEO earlier in this annual report, the 2013/14 financial year has been a year of significant change for the Company.

The committee undertook a review of the executive directors' base salaries at the start of the 2013/14 financial year, taking into account general economic and market conditions. At that time the base annual salary of T H F Kirby was increased from £350,000 to £450,000 for so long as he maintained the joint roles of chairman and acting CEO; the base annual salary of T H F Kirby of £350,000 had remained unchanged since 2005. The base annual salary of K D Rountree was increased at the start of the 2013/14 financial year from £210,000 to £240,000 (before salary sacrifice arrangements for pension contributions) in view of his increased responsibilities.

The proposal for base salaries payable to the executive directors in the year ahead is for T H F Kirby, whilst he maintains his joint roles of chairman and acting CEO, to continue to be remunerated at the rate of £450,000 per annum, and for K D Rountree to continue to be remunerated at the rate of £240,000 per annum.

2014/15 – The year ahead

The committee also undertook a review of the consistency of remuneration policy across the Group and is satisfied that an appropriate reward structure exists below board level to recognise and retain the Group's top talent, particularly while the Group goes through a period of change management with the implementation of new business systems to support future growth.



N J Donaldson

Chairman

Remuneration and nomination committee

28 July 2014

Policy report

This part of the report sets out the directors' remuneration policy to apply from the AGM to be held on 17 September 2014 and which will be subject to a binding vote by shareholders during that meeting. The policy, once approved, will apply until the AGM in 2017, unless revised by a vote of shareholders before that time.

Games Workshop is a most individual business. We have a simple strategy: we make the best fantasy miniatures in the world and sell them globally at a profit and we intend to do this forever. We embrace long-term thinking, and hence we do not operate bonus schemes of the usual kind or incentive schemes as we believe they can sow the seeds of short-termism. We seek to pay the right remuneration for the job – our real 'bonus' is the opportunity to work at Games Workshop and grow the business.

In terms of senior management, Games Workshop is in a phase of transition. T H F Kirby, our chairman for 16 years, has been chairman and acting CEO since M N Wells left the business in January 2013. We believe he is being compensated appropriately for his additional responsibilities.

The aim of the Group's remuneration policy is to reward fairly, attract, motivate and retain high quality management. The total size of the remuneration package for executive directors is judged by comparison with the remuneration packages of similar companies, having regard to:

- the size of the company, its turnover, profits and number of people employed
- the diversity and complexity of the business
- the geographical spread of the business
- the growth and expansion profile

Non-executive directors are remunerated with fees in line with market rates. They do not receive any pension or other benefits, other than the reimbursement of reasonable expenses, and they do not participate in any bonus or share schemes.

Remuneration policy table

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Salary	Core element of fixed remuneration, reflecting the size and scope of the role.	Reviewed annually and usually fixed for 12 months from 1 June. There is no entitlement to an annual increase.	There is no prescribed maximum annual increase in salary.	Not applicable, although the individual's contribution and overall performance is one of the considerations in determining the level of any salary increase.
		Takes into consideration the director's role and attitudes.	Salaries are reviewed taking into consideration salary increases across the Group.	
	Purpose is to recruit and retain directors of the calibre required for the business.	Takes into account prevailing market conditions and is aligned with staff pay reviews.	Increases out of line with the workforce are carefully considered but may be awarded taking all relevant factors into account, for example, increases in scope and responsibility or salary falling significantly below market positioning.	
		Externally benchmarked by independent remuneration consultants from time to time against companies of a similar size and complexity.		

REMUNERATION REPORT continued

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the business. Participation in the sharesave scheme creates staff alignment with the Group and promotes a sense of ownership.	T H F Kirby receives fuel and private medical insurance. The executive directors both receive life assurance cover. The sharesave scheme is a HMRC approved monthly savings scheme facilitating the purchase of shares at a discount. Where appropriate other benefits may be offered including allowances for relocation and other expatriate benefits.	Set at a level which the committee considers appropriate against the market and provides a sufficient level of benefit based on individual circumstances. Sharesave contributions are as permitted in accordance with the relevant tax legislation.	Not applicable.
Pension	To provide cost effective retirement benefits.	Participation in a group personal pension scheme (or other such plan as may be deemed appropriate).	Up to 10% of salary.	Not applicable.
Profit share	Rewards performance against annual targets linked to the achievement of sustainable profit growth.	Targets are set annually and any pay out is determined by the committee after the period end, based on performance against those targets. All staff participate equally in the scheme. Awards are payable in cash.	Maximum potential value is £1,000 per person per year.	The financial target is based on growth in core business operating profit from the prior year. Payments range from nil to £1,000 dependent on the level of increase in operating profit from the prior year.
Non-executive directors' fees	Sole element of non-executive director remuneration set at a level that reflects market conditions.	Fees are reviewed annually taking into account time commitment, responsibilities and fees paid by comparable companies. Additional fees are paid to the senior independent director to reflect additional responsibilities. Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties.	Fees are based on the level of fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity.	Not applicable.

Explanation of the performance metrics chosen

The performance measures selected are aligned with the Company's strategy and business objectives. For the profit share, this is based on growth in core business operating profit.

Illustration of application of the policy

The charts below show the relative split of remuneration between fixed pay (base salary, benefits and pension) and variable pay (profit share) for each executive director on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration.

T H F Kirby

K D Rountree

	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is at 1 June 2014 and the value of benefits has been assumed to be equivalent to that included in the single figure remuneration table on page 22.	As per minimum.	As per minimum.
Profit share	Nil	Up to £1,000 per annum.	£1,000 per annum.

Differences in policy from the wider employee population

The Company aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the Company operates the same core principles as it does for the executive directors, namely;

- to remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long-term growth
- to seek to remunerate fairly and consistently for each role with due regard to the market place and internal consistency
- to apply the profit share equally to all employees, including the executive directors
- to encourage employees to own shares through the operation of the sharesave scheme

Remuneration policy for new directors

When setting the remuneration package for a new executive director, the committee would seek to apply the same principles and implement the policy framework as set out above.

Base salary will be set at a level appropriate to the role and the experience of the director being appointed. Benefits, pension and profit share will be in line with the stated policy.

Non-executive director fees will be set at a competitive market level, reflecting the skills, knowledge, experience, responsibilities and time commitment.

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
T H F Kirby	4 June 2009	Rolling contract	12 months
K D Rountree	25 February 2009	Rolling contract	12 months
Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
C J Myatt	18 April 1996	18 September 2013	6 months
N J Donaldson	18 April 2002	18 September 2013	6 months
E O'Donnell*	28 November 2013	n/a	6 months

* Elaine O'Donnell will stand for election at the 2014 AGM

In accordance with best practice and as set out in the Code, notice periods in new service contracts for executive directors are set at one year.

Non-executive director appointments are made through letters of appointment for a one year term, subject to election and re-election by the Company's shareholders in accordance with the Company's articles and the Code.

REMUNERATION REPORT continued

Policy on payment for loss of office

If an executive director's employment is to be terminated, the committee's policy in respect of the service agreement (in the absence of a breach of the service agreement by the director) is to agree a termination payment based on the value of base salary and contractual pension and other benefits that would have accrued to the director during the contractual notice period. Depending on the particular circumstances, a director may work the notice period, be placed on garden leave for some or all of the notice period or receive a payment in lieu of notice in accordance with the service agreement. The committee will consider mitigation to reduce the termination payment to a leaving director when appropriate to do so, having regard to the specific circumstances.

Non-executive directors' letters of appointment may be terminated without compensation but with six months' notice.

External appointments

The executive directors may accept one external appointment with the prior approval of the board from which any fees may be retained. At present, neither of the executive directors holds any outside directorships.

Consideration of employment conditions elsewhere in the Group

The Group aims to provide a remuneration package to all employees that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the employee population, taking into account local employment market conditions.

All employees receive a base salary, may join a pension scheme, when eligible, or have equivalent state provided pension benefits. Employees are also eligible to participate in the sharesave scheme when an invitation is made to do so.

The committee takes into account the general basic salary increase being offered to employees elsewhere in the Group when annually reviewing the salary increase and remuneration of the executive directors. Employees are not consulted in respect of board remuneration.

Consideration of shareholder views

The committee takes into account shareholder feedback received on remuneration matters, including comments in relation to the AGM plus any additional comments in correspondence direct with the Company. The committee would seek to engage directly with major shareholders should any material changes be made to the policy.

Annual report on remuneration (subject to audit)

The tables below set out in a single figure the total remuneration, including each element, for each person who served as a director of the Company during the financial years ended 2 June 2013 and 1 June 2014.

Year ended 1 June 2014

	Salary/fees £000	Taxable benefits £000	Profit share £000	Sharesave £000	Pension related benefits £000	Total £000
T H F Kirby	450	4	-	12	45	511
K D Rountree	229	-	-	2	28	259
C J Myatt	60	-	-	-	-	60
N J Donaldson	52	-	-	-	-	52
E O'Donnell*	21	-	-	-	-	21
Total	812	4	-	14	73	903

*appointed 28 November 2013

Year ended 2 June 2013

	Salary/fees £000	Taxable benefits £000	Compensation for loss of office £000	Profit share £000	Sharesave £000	Pension related benefits £000	Total £000
T H F Kirby	352	5	-	1	2	35	395
K D Rountree	202	11	-	1	2	24	240
M N Wells*	177	2	569	-	-	26	774
C J Myatt	50	-	-	-	-	-	50
N J Donaldson	42	-	-	-	-	-	42
Total	823	18	569	2	4	85	1,501

* resigned 31 January 2013

Annual report on remuneration (subject to audit) continued

The figures in the single figure tables above are derived as follows:

Salary/fees – the amount of salary/fees received in the year, after any salary sacrifice arrangements for pension contributions.

Taxable benefits – the taxable value of benefits received during the year. These include fuel and private medical insurance.

Profit share – the amount of profit share earned in the year.

Sharesave – the value of the sharesave options granted is based on the fair value of the options at grant. On exercise the value is based on the gain made between the option price and the market value of the shares on the date of exercise.

Pension related benefits – the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme (in the case of K D Rountree) and into T H F Kirby's self invested personal pension plan.

In addition, Mrs K Kirby (Lathbury) received £117,461 (2013: £73,620) during the year from the Group for her work as interim head of IT.

During 2013/14 there were no payments made for loss of office. There were also no payments made to past directors (2013: £nil).

CEO remuneration

	M N Wells				T H F Kirby	
	2010	2011	2012	2013*	2013	2014
	£000	£000	£000	£000	£000	£000
Total remuneration	282	309	319	774	132	511
% of maximum profit share paid	100	-	48	-	54	-

*M N Wells resigned on 31 January 2013 and so all of his remuneration for 2012/13, including the payment for compensation for loss of office is included in this table.

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary in 2013 and 2014 compares with the percentage change in the average salary of all employees within the Group. The committee has selected the Group entire staff population (excluding the CEO) as these represent the most appropriate comparator.

	CEO	Wider workforce
Salary	+28.5%	+1.7%

Relative importance of spend on pay

The following table sets out the percentage change in dividends, pre-exceptional profit attributable to owners and employee remuneration for the year 1 June 2014, compared to the year ended 2 June 2013.

	2013	2014	% change
Total staff costs	51,002	48,614	-4.7
Pre-exceptional profit attributable to owners	16,318	11,487	-29.6
Dividends	18,404	-	n/a

Statement of voting at the last AGM

At the last AGM, votes on the remuneration report were cast as follows:

	Votes for	% of vote	Votes against	% of vote	Votes withheld
To approve the remuneration report	13,497,220	71.9%	3,950,793	21.1%	1,315,546

Implementation statement

A summary of the remuneration arrangements in 2013/14 and how the policy will be applied during 2014/15 is set out below:

Salary and fees

In May 2013 the committee undertook a benchmarking exercise performed by external remuneration advisers. This reviewed the salaries of the executive and non-executive directors in order to assess how they compared with prevailing market levels of remuneration. This review resulted in the increases in salary shown above as it was highlighted that executive and non-executive directors' salaries were below the market average for companies of a similar size and complexity as the Group.

The remuneration policy for the non-executive directors is determined by the board and is reviewed every year. Fees were externally benchmarked, as discussed above, taking account of the duties and responsibilities placed on the non-executive directors. The non-executive directors do not participate in the Group's sharesave scheme or profit share scheme nor do they receive any benefits or pension contributions.

REMUNERATION REPORT continued

Implementation statement continued

Profit share

The maximum profit share that is payable is £1,000 per person per year. The performance targets are based upon operating profit growth in the core business.

Sharesave

A further award of options will be made under the sharesave scheme during the year on the same basis as previous years.

Remuneration committee

The committee is appointed by the board and membership comprises N J Donaldson (chairman), C J Myatt and E O'Donnell (from 28 November 2013). The committee is responsible for setting the remuneration packages of the executive directors as well as approving their service contracts. The terms of reference are available on the investor relations website.

Advisers

In May 2013 the committee was assisted in its work by Innecto, a remuneration consultancy which was appointed by the Company in consultation with the committee. The committee assessed whether Innecto was independent in the provision of its advice and concluded that it was independent. The amount paid to Innecto during the 2013/14 year for their advice was £5,000.

Directors' interests in shares of the Company

The directors' interests (including their families) in the shares of the Company were as follows:

	As at 1 June 2014 ordinary shares of 5p each		As at 2 June 2013 ordinary shares of 5p each	
	Beneficial	Non- beneficial	Beneficial	Non- beneficial
T H F Kirby	2,108,650	25,385	2,106,009	25,385
K D Rountree	12,274	-	12,028	-
C J Myatt	66,500	-	66,500	-
N J Donaldson	20,000	-	20,000	-
E O'Donnell	-	-	-	-

Share options

Share options granted to the directors under the sharesave scheme were as follows:

	At 2 June 2013	Exercised	Number as at 1 June 2014	Exercise dates		Exercise price
				Commencement	Expiry	
K D Rountree	2,513	-	2,513	Nov-14	Apr-15	358p
T H F Kirby	2,641	(2,641)	-	Nov-13	Apr-14	340.7p

The options above were granted under the Games Workshop Group PLC 2005 Savings-Related Share Option Scheme which grants options at a 20% discount on the market price at grant. Participants save a fixed amount monthly for three years in order to fund the exercise of the option. At exercise an individual may choose to exercise their option or have their savings repaid to them. This scheme is open to all eligible employees and directors who satisfy a service qualification of at least three months. There are no performance targets associated with these options.

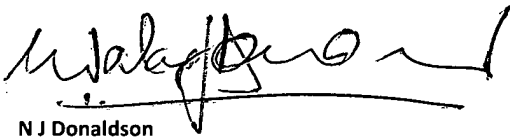
There were no other movements in directors' share options during the year. No other directors have been granted share options in the shares of the Company.

On 4 July 2014, K D Rountree acquired 396 of the Company's shares under the Company's dividend reinvestment plan. This is the only movement in directors' interests in shares of the Company between 1 June 2014 and the date of this report.

Performance graph

The graph below represents the comparative total shareholder return performance of the Company against that of the index of the FTSE small cap companies during the previous five years. The index of the FTSE small cap companies has been used because the constituents of this index most appropriately reflect the Company's size when compared to alternative indices.

On behalf of the board

A handwritten signature in black ink, appearing to read 'N J Donaldson', written over a horizontal line.

N J Donaldson

Chairman

Remuneration and nomination committee

28 July 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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.

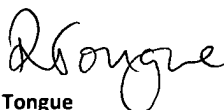
The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the directors, whose names and functions are listed on page 27, confirms that, to the best of his/her knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the board



R F Tongue
Company secretary
28 July 2014

COMPANY DIRECTORS AND ADVISERS

Directors

T H F Kirby, chairman and acting chief executive officer

K D Rountree, chief operating officer

C J Myatt, senior non-executive director

N J Donaldson, non-executive director

E O'Donnell, non-executive director

Company Secretary

R F Tongue

Registered office

Willow Road, Lenton, Nottingham, NG7 2WS

Registered number

2670969

Financial advisers and stockbrokers

Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET

Principal bankers

Bank of Scotland, 2nd Floor, 125 Colmore Row, Birmingham, B3 3SF

Chartered accountants and independent statutory auditors

PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, DE74 2UZ

Registrars

Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA

Solicitors

Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU

INDEPENDENT AUDITORS' REPORT

To the members of Games Workshop Group PLC

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the Group's and of the Company's affairs as at 1 June 2014 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the 'financial statements'), which are prepared by Games Workshop Group PLC, comprise:

- the Group and Company balance sheets as at 1 June 2014;
- the consolidated income statement and the consolidated and Company statements of comprehensive income for the year then ended;
- the consolidated and Company cash flow statements for the year then ended;
- the consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the group financial statements as a whole to be £850,000. This represents approximately 5% of operating profit before exceptional items. We consider this to be the key financial benchmark of the Group.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £50,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

The Group is a vertically integrated business and the group financial statements are a consolidation of 51 reporting units, comprising the Group's sales, manufacturing and distribution businesses and centralised functions.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the reporting units, and at the Group level, to give us the evidence we needed for our opinion on the consolidated financial statements as whole.

Areas of particular audit focus

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the audit committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 16.

Area of focus	How the scope of our audit addressed the area of focus
Capitalisation of software and development costs We focused on this area due to the significant level of costs which are capitalised in respect of both product development and computer software. There is a risk that such costs should not have been capitalised. Further, there is a risk that costs that have been capitalised are not supported by the future cash inflows expected to be generated.	<ul style="list-style-type: none">• We tested capitalised product development and software costs by agreeing them to source documentation, including invoices and timesheets.• We obtained the latest forecasts in respect of projects to confirm recoverability of the capitalised costs.• We evaluated management's assessment of useful economic lives.• We assessed future sales forecasts by evaluating historic accuracy and applying that accuracy in sensitivity analysis.
Classification of expenditure as exceptional We focused on this area because the decision to classify items of expenditure as exceptional is inherently judgemental and is considered material in the context of the Group's financial statements due to the presentation of underlying and non-underlying results on the face of the group income statement.	<ul style="list-style-type: none">• We agreed items of expenditure classified as exceptional to supporting documentation to confirm that they were incurred in connection with the reorganisation.• We considered the appropriate classification as either exceptional or non-exceptional based on the accounting policy set out in note 2 to the financial statements.
Tax implications of the continental european reorganisation We focused on this area as non-compete payments for trade (third party) sales made between reporting units in the european territory, result in a deferred tax position on consolidation.	<ul style="list-style-type: none">• We reviewed the underlying contracts to confirm the appropriateness of the payments made.• We tested the recognition of the deferred tax position through agreement of the appropriate accounting treatment of payments made in the underlying reporting units.• We agreed the rates used in the calculation of deferred tax to the underlying tax rates enacted in the relevant territories.
Inventory valuation The Group holds significant inventory. We focused on this area because of the judgement in determining the inventory provision and the inherent complexity in the elimination of intergroup profit held in inventory.	<ul style="list-style-type: none">• We tested that the provision for obsolete inventory held is calculated in accordance with the Group policy.• We tested the future stock sales forecasts, by understanding the process by which they were drawn up and how they were challenged and stress-tested by management.• We tested the assumptions around future sales forecasts by assessing historic forecast accuracy and we tested the integrity of the underlying calculations.• We considered historic levels of inventory write downs and the actual utilisation of previous provisions.• We tested that the internally generated profit which results from movement of inventory within the group has been appropriately eliminated on consolidation.
Fraud in revenue recognition ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve planned results, as well as the significance of reported revenue in the context of the financial statements.	<ul style="list-style-type: none">• We evaluated the relevant IT systems and internal controls surrounding the recognition of revenue.• We tested the reconciliations between the revenue systems used by the Group and its financial ledgers and journal entries posted to revenue accounts to identify unusual or irregular items.• We agreed revenue transactions to cash receipts or other supporting documentation and assessed that revenue was recognised in line with the revenue recognition policies detailed in note 2 of the financial statements.

INDEPENDENT AUDITORS' REPORT continued

Area of focus	How the scope of our audit addressed the area of focus
Fraud due to management override of internal controls ISAs (UK & Ireland) require that we consider this risk as a result of management's ability to override the internal controls in place in the Group.	<ul style="list-style-type: none"> • We assessed the overall control environment of the Group, including the arrangements for staff to highlight inappropriate actions. • We examined the significant accounting estimates and judgements relevant to the financial statements for evidence of bias by the directors that may represent a risk of material misstatement or fraud. • In addition, we tested manual journal entries based on certain risk criteria, including size and nature.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 13, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the corporate governance report set out on pages 14 to 17 in the annual report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance report

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent company. We have no exceptions to report arising from this responsibility. Under the Listing Rules we are required to review the part of the corporate governance report relating to the Company's compliance with nine provisions of the UK Corporate Governance Code (the 'Code'). We have nothing to report having performed our review.

On page 26 of the annual report, as required by the Code provision C.1.1, the directors state that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy. On page 16, as required by C.3.8 of the Code, the audit committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the directors is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit; or
- the section of the annual report describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

We have no exceptions to report arising from this responsibility.

Other information in the annual report

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Mark Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands

28 July 2014

CONSOLIDATED INCOME STATEMENT

		Pre-exceptional items £000	Exceptional items* £000	Total Year ended 1 June 2014 £000	Restated** Year ended 2 June 2013 £000
	Notes				
Revenue	3	123,501	-	123,501	134,597
Cost of sales		(36,766)	-	(36,766)	(36,772)
Gross profit		86,735	-	86,735	97,825
Operating expenses	4,5	(71,380)	(4,500)	(75,880)	(77,596)
Other operating income - royalties receivable		1,442	-	1,442	1,025
Operating profit	3	16,797	(4,500)	12,297	21,254
Finance income	7	106	-	106	176
Finance costs	8	(7)	-	(7)	(35)
Profit before taxation	9	16,896	(4,500)	12,396	21,395
Income tax expense	10	(5,409)	1,020	(4,389)	(5,077)
Profit attributable to owners of the parent	28	11,487	(3,480)	8,007	16,318

Earnings per share for profit attributable to the owners of the parent during the period (expressed in pence per share):

	Notes		
Basic earnings per ordinary share	12	25.2p	51.5p
Diluted earnings per ordinary share	12	25.1p	51.2p
Basic earnings per ordinary share – pre-exceptional items	12	36.1p	51.5p
Diluted earnings per ordinary share – pre-exceptional items	12	36.0p	51.2p

STATEMENTS OF COMPREHENSIVE INCOME

	Group		Company	
	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
Profit/(loss) attributable to owners of the parent	8,007	16,318	(1,798)	17,050
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	(1,233)	445	-	-
Other comprehensive (expense)/income for the period	(1,233)	445	-	-
Total comprehensive income/(expense) attributable to owners of the parent	6,774	16,763	(1,798)	17,050

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements.

The notes on pages 36 to 59 are an integral part of these financial statements.

* See note 5 for a description of the exceptional item. There were no exceptional items in the prior year.

**Prior periods have been restated to reflect a change in the classification of translator costs within the income statement with effect from 3 June 2012 (see note 11).

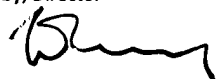
BALANCE SHEETS

	Notes	Group		Company	
		1 June 2014 £000	2 June 2013 £000	1 June 2014 £000	2 June 2013 £000
Non-current assets					
Goodwill	14	1,433	1,433	-	-
Other intangible assets	15	8,683	8,033	-	-
Property, plant and equipment	16	21,027	20,604	-	-
Investments in subsidiaries	17	-	-	30,584	30,584
Trade and other receivables	20	1,408	1,638	3,900	3,900
Deferred tax assets	18	4,715	7,221	6	5
		37,266	38,929	34,490	34,489
Current assets					
Inventories	19	8,035	8,170	-	-
Trade and other receivables	20	9,145	10,864	313	1,142
Current tax assets		636	524	-	-
Cash and cash equivalents	21	17,550	13,931	266	5,727
		35,366	33,489	579	6,869
Total assets		72,632	72,418	35,069	41,358
Current liabilities					
Trade and other payables	23	(12,765)	(19,637)	(583)	(5,801)
Current tax liabilities		(587)	(2,863)	-	-
Provisions	25	(3,009)	(946)	(10)	(9)
		(16,361)	(23,446)	(593)	(5,810)
Net current assets/(liabilities)		19,005	10,043	(14)	1,059
Non-current liabilities					
Other non-current liabilities	24	(360)	(360)	-	-
Provisions	25	(517)	(758)	-	-
		(877)	(1,118)	-	-
Net assets		55,394	47,854	34,476	35,548
Capital and reserves					
Called up share capital	26	1,593	1,586	1,593	1,586
Share premium account	26	9,490	9,059	9,490	9,059
Other reserves	27	1,655	2,888	101	101
Retained earnings	28	42,656	34,321	23,292	24,802
Total equity		55,394	47,854	34,476	35,548

The notes on pages 36 to 59 are an integral part of these financial statements.

The financial statements on pages 32 to 59 were approved by the board of directors on 28 July 2014 and were signed on its behalf by:

T H F Kirby, Director



K D Rountree, Director



Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 27) £000	Retained earnings (note 28) £000	Total equity £000
At 3 June 2012 and 4 June 2012	1,579	8,737	2,443	35,848	48,607
Profit for the year to 2 June 2013	-	-	-	16,318	16,318
Exchange differences on translation of foreign operations	-	-	445	-	445
Total comprehensive income for the period	-	-	445	16,318	16,763
Transactions with owners:					
Share-based payments	-	-	-	286	286
Shares issued under employee sharesave scheme	7	322	-	-	329
Deferred tax credit relating to share options	-	-	-	41	41
Current tax credit relating to exercised share options	-	-	-	232	232
Dividends to Company shareholders	-	-	-	(18,404)	(18,404)
Total transactions with owners	7	322	-	(17,845)	(17,516)
At 2 June 2013 and 3 June 2013	1,586	9,059	2,888	34,321	47,854
Profit for the year to 1 June 2014	-	-	-	8,007	8,007
Exchange differences on translation of foreign operations	-	-	(1,233)	-	(1,233)
Total comprehensive (expense)/income for the period	-	-	(1,233)	8,007	6,774
Transactions with owners:					
Share-based payments	-	-	-	288	288
Shares issued under employee sharesave scheme (note 26)	7	431	-	-	438
Deferred tax charge relating to share options	-	-	-	(34)	(34)
Current tax credit relating to exercised share options	-	-	-	74	74
Total transactions with owners	7	431	-	328	766
At 1 June 2014	1,593	9,490	1,655	42,656	55,394

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 3 June 2012 and 4 June 2012	1,579	8,737	101	25,870	36,287
Profit for the year to 2 June 2013	-	-	-	17,050	17,050
Total comprehensive income for the period	-	-	-	17,050	17,050
Transactions with owners:					
Share-based payments	-	-	-	286	286
Shares issued under employee sharesave scheme	7	322	-	-	329
Dividends to Company shareholders	-	-	-	(18,404)	(18,404)
Total transactions with owners	7	322	-	(18,118)	(17,789)
At 2 June 2013 and 3 June 2013	1,586	9,059	101	24,802	35,548
Profit for the year to 1 June 2014	-	-	-	(1,798)	(1,798)
Total comprehensive income for the period	-	-	-	(1,798)	(1,798)
Transactions with owners:					
Share-based payments	-	-	-	288	288
Shares issued under employee sharesave scheme	7	431	-	-	438
Total transactions with owners	7	431	-	288	726
At 1 June 2014	1,593	9,490	101	23,292	34,476

The notes on pages 36 to 59 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

		Group		Company	
		Year ended	Year ended	Year ended	Year ended
		1 June 2014	2 June 2013	1 June 2014	2 June 2013
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	29	24,997	31,908	(887)	17,750
UK corporation tax paid		(4,492)	(4,291)	-	-
Overseas tax paid		(229)	(976)	-	-
Net cash from operating activities		20,276	26,641	(887)	17,750
Cash flows from investing activities					
Purchases of property, plant and equipment		(5,673)	(5,361)	-	-
Proceeds on disposal of property, plant and equipment	29	54	113	-	-
Purchases of other intangible assets		(1,522)	(3,398)	-	-
Expenditure on product development		(4,652)	(3,531)	-	-
Interest received		104	176	79	90
Net cash from investing activities		(11,689)	(12,001)	79	90
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		438	329	438	329
Interest paid		-	(13)	-	-
Dividends paid to Company shareholders		(5,077)	(18,381)	(5,077)	(18,381)
Net cash from financing activities		(4,639)	(18,065)	(4,639)	(18,052)
Net increase/(decrease) in cash and cash equivalents		3,948	(3,425)	(5,447)	(212)
Opening cash and cash equivalents		13,931	17,358	5,727	5,932
Effects of foreign exchange rates on cash and cash equivalents		(329)	(2)	(14)	7
Closing cash and cash equivalents	21	17,550	13,931	266	5,727

The notes on pages 36 to 59 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of Hobby centres, independent retailers and direct via the internet and mail order. The Group has manufacturing activities in the UK and sells mainly in Continental Europe, North America and Asia Pacific.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom.

The Company's ordinary share capital is listed on the London Stock Exchange.

2. Summary of significant accounting policies

The principal accounting policies applied in these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs), International Financial Reporting Interpretations Committee (IFRIC) interpretations and Standing Interpretations Committee (SIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

The consolidated financial statements are prepared in accordance with the historical cost convention, except for the measurement of certain financial instruments to their fair value.

Basis of consolidation

The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the years ended 1 June 2014 and 2 June 2013. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. The financial statements of all subsidiaries are prepared to the same reporting date as the parent Company with the exception of the financial statements of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd which are prepared to 31 December. The management accounts of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd, prepared to 1 June 2014 and 2 June 2013 have been used for consolidation purposes.

Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or when an indicator of impairment arises, and is carried at cost less accumulated impairment losses. Provision is made for any impairment by comparing the value in use to the net carrying value. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill arising on acquisitions prior to 31 May 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet.

Other intangible assets

Development costs

Costs incurred in respect of product design and development activities are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets' and are wholly attributable to specific projects. Product development costs recognised as intangible assets are amortised on a straight line basis over periods ranging between 1 and 48 months to match the expenditure incurred to the expected revenue generated from the subsequent product release.

Computer software

Acquired computer software licences and related development expenditure are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Computer software licences are held at cost and amortised on a straight line basis over the expected useful lives of the assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets'.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The principal annual amortisation rates are:

	% of cost
Core business systems computer software	15-33
Web store computer software	20
Other computer software	33-50

2. Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets concerned to write down to the assets residual value and commences from the date the asset is available for use. The principal annual depreciation rates are:

	% of cost
Freehold buildings	2-4
Plant and equipment and vehicles	15-33
Fixtures and fittings	20-25
Moulding tools	25

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the period of the lease. These assets are included within fixtures and fittings. Freehold land is not depreciated.

Trade receivables

Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost thereafter. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in the income statement immediately.

Leases

Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group's commitment in respect of its Hobby centres is included within this category. Payments in respect of operating leases and any benefits received as an incentive to sign a lease, are charged or credited to the income statement on a straight line basis over the period of the entire lease term.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using a standard costing method taking into account variances. In respect of finished goods, cost includes raw materials, direct labour, other direct costs and related production overheads based on a normal level of production. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary, provisions are made for obsolete, slow moving and defective inventories.

Foreign currency translation

The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Monetary assets and liabilities expressed in currencies that are not the functional currency are translated into the functional currency at rates of exchange ruling at the balance sheet date. The financial statements of overseas subsidiary companies prepared in functional currencies other than sterling are translated into sterling as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at the average rate for the period;
- All resulting exchange differences are recognised as a separate component of equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and bank and cash balances, net of overdrafts.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other employee benefits

Pension costs

The Group operates defined contribution schemes and a group personal pension plan. Pension contributions are charged to the income statement as they accrue. There are no further obligations to the Group once payment has been made.

Bonus and incentive plans

The costs of annual bonus schemes are charged to the income statement as they accrue.

Long service benefits

The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The costs of these benefits are accrued over the period of employment based on expected staff retention rates and the anticipated future employment costs discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Investments

Shares and loans in subsidiary undertakings are stated at cost less provision for impairment.

Revenue

Revenue, which excludes value added tax and sales between group companies, represents the invoiced value of goods supplied (net of trade discounts for sales to independent retailers). Revenue is recognised on dispatch of goods to the customer for sales via the global web store or mail order and for sales to independent retailers. This represents when the significant risks and rewards of ownership of the goods have transferred to the customer. For revenue earned through the Group's Hobby centres and for digital products, revenue is recognised at the point of sale. Revenue for magazine subscriptions is recognised on a straight line basis over the subscription period.

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2013: no more than 3%).

Royalty income

Royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance, after allowing for expected returns and price protection claims, as notified to the Group by the licensee and following validation of the amounts receivable by the Group. Cash received as guarantees and advances are deferred on balance sheet whilst it is considered probable that future royalty earnings will at least equal the amounts received. Such amounts are recognised in the income statement at the point at which they are earned as royalties. In the event that it is no longer considered probable that future royalty earnings will at least equal the guarantees and advances received, the guarantee and advance payments are taken to the income statement on a straight line basis over the remaining term of the licence agreement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except where it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividend distributions are recognised in the financial statements in the period in which they are declared.

Impairment of assets

Assets are tested for impairment in accordance with IAS 36 'Impairment Of Assets'. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units – equivalent to the reportable segments within note 3). Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Provisions

Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'.

Provisions are made for committed costs outstanding under onerous or vacant property leases and the estimated liability is discounted to its present value. Provisions are made for property dilapidations where a legal obligation exists and when the decision has been made to exit a property, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made. The estimated employee benefit liability arising from the 10 Year Veterans incentive scheme is classified within provisions. Amounts relating to employees who reach 10 years' service in more than one year are classified as non-current. Provisions are made for redundancy costs once the employees affected have a valid expectation that their roles will become redundant.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies continued

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingencies at the balance sheet date. If in future such estimates and assumptions, which are based on management's best judgement at the date of the consolidated financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change. The following areas are considered of greater complexity and/or particularly subject to the exercise of judgement:

- management estimates and judgements are required in assessing the impairment of assets, including capitalised development costs and fixtures and fittings within loss making Hobby centres, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.
- judgement is involved in assessing the exposures in the provisions (including inventory, loss making Hobby centres, other property, bad debt and returns) and hence in setting the level of the required provisions.
- management estimates and judgements are required in assessing the recognition of deferred tax assets, particularly in relation to the timing and amount of future profits.

Exceptional items

Costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. These items are costs that have been incurred in relation to the continental european reorganisation.

New accounting standards

New accounting standards or interpretations effective in the current period which are relevant to the Group are a revision to IAS 1 'Presentation of financial statements', a revision to IAS 19 'Employee benefits', a new standard in IFRS 13 'fair value measurement' and an amendment to IFRS 7 on financial asset and liability offsetting. These have not had a material impact on the financial statements of the Group and Company and are unlikely to have a material impact in the future.

New standards, amendments to standards and interpretations which have been published but are not yet effective are not expected to have a significant impact on the Group or Company.

3. Segment information

The chief operating decision-maker has been identified as the executive directors. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the segments based on these reports.

As Games Workshop is a vertically integrated business, management assess the performance of sales businesses and manufacturing and distribution businesses separately. The segment information reported to the executive directors is organised as follows:

- Sales businesses. These businesses sell product to external customers, through the Group's network of Hobby centres, independent retailers and direct via the global web store. The sales businesses have been aggregated into segments where they sell products of a similar nature, have similar production processes, similar customers, similar distribution methods and are affected by similar economic factors. The segments are as follows:
 - UK. This sales business operates in the UK and Ireland.
 - Continental Europe. This combines the France, Germany, Italy, Spain and Northern Europe sales businesses.
 - North America. This combines the United States and Canada sales businesses.
 - Australia. This is the Australia sales business.
 - Export. This is the export sales business selling into emerging market territories.
 - Asia. This combines the Japan, China retail and Asia trade sales businesses.
 - Other. This includes the other operating segments reviewed by the chief operating decision-maker. These are the Forge World business, the Black Library business, digital sales and Warhammer World.
- Product and Supply. This includes the design and manufacture of the products and incorporates production facilities in the UK and, until March 2013, in North America.
- Logistics and stock management. This represents the warehousing and distribution activities needed to supply product to the sales businesses and includes facilities in the UK, Australia and North America.
- Licensing costs. These are the costs of running the licensing department.
- Service centre costs. Service centres are established in the UK and in North America to provide support services (IT, accounting, payroll, personnel, supplier development, legal and customer services) to activities across the Group.
- Web costs. These are the costs associated with the running of the Games Workshop global web store.
- Central costs. These include the Company's overheads, head office site costs and the costs of running the Games Workshop Academy.
- Profit in stock. This includes adjustments for profit in stock arising from inter-segment sales.
- Royalty income. This is royalty income earned from third party licensees.

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

The chief operating decision-maker assesses the performance of each business based on operating profit, excluding share option charges recognised under IFRS 2, 'Share-based payment' and charges in respect of the Group's profit share scheme. This has been reconciled to the Group's total profit before taxation below.

The segment information reported to the executive directors for the year ended 1 June 2014 is as follows:

	External revenue		Internal revenue		Total	
	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
<i>Sales businesses</i>						
UK	28,535	30,922	-	-	28,535	30,922
Continental Europe	35,739	39,452	-	-	35,739	39,452
North America	32,652	36,688	-	-	32,652	36,688
Australia	8,633	10,943	-	-	8,633	10,943
Export	1,785	1,741	-	-	1,785	1,741
Asia	1,677	1,854	-	-	1,677	1,854
All other sales businesses	14,480	12,997	1,316	1,719	15,796	14,716
<i>Other segments</i>						
Product and Supply	-	-	57,428	67,062	57,428	67,062
Total	123,501	134,597	58,744	68,781	182,245	203,378
Intra-group sales eliminations	-	-	(58,744)	(68,781)	(58,744)	(68,781)
Total revenue	123,501	134,597	-	-	123,501	134,597

Segment revenue and segment profit include transactions between business segments; these transactions are eliminated on consolidation. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement.

Total segment operating profit is as follows and is reconciled to profit before taxation below:

	Year ended 1 June 2014 £000	Restated* Year ended 2 June 2013 £000
Operating profit		
<i>Sales businesses</i>		
UK	2,244	5,227
Continental Europe	4,790	5,218
North America	3,720	3,336
Australia	557	756
Export	581	457
Asia	223	155
All other sales businesses	7,403	6,554
<i>Other segments</i>		
Product and Supply	18,930	27,824
Total segment core business operating profit	38,448	49,527
Logistics and stock management	(10,138)	(10,980)
Licensing costs	(372)	(321)
Service centre costs	(9,773)	(9,391)
Web costs	(2,324)	(1,673)
Central costs	(5,402)	(5,610)
Profit in stock	704	51
Share-based payment charge	(288)	(286)
Profit share scheme charge	-	(1,088)
Total group core business operating profit	10,855	20,229
Royalty income	1,442	1,025
Total group operating profit	12,297	21,254
Finance income	106	176
Finance costs	(7)	(35)
Profit before taxation	12,396	21,395

3. Segment information continued

Costs of £928,000 for the year ended 2 June 2013 relating to finance, IT and personnel teams based in Australia have been restated since the last annual report into Service centre costs rather than being shown in Product and Supply. This reflects the current management structure in place.

Costs of £529,000 for the year ended 2 June 2013 relating to European language translation costs have been restated since the last annual report into Product and Supply rather than being shown in Continental Europe, as well as being reclassified from operating expenses to cost of sales to reflect a change in the classification of translation costs with effect from 3 June 2012 (see note 11). This reflects the current management structure in place.

Exceptional costs of £4,500,000 for the year ended 1 June 2014 are included within Product and Supply (£4,060,000), Continental Europe (£115,000) and Central costs (£325,000).

Operating profit as reported above includes impairment, depreciation and amortisation charges as follows:

	Impairment		Depreciation and amortisation	
	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
<i>Sales businesses</i>				
UK	(12)	3	332	331
Continental Europe	(9)	10	407	477
North America	(8)	(77)	404	468
Australia	-	(5)	165	188
Asia	-	-	21	35
All other sales businesses	-	-	1,304	1,070
<i>Other segments</i>				
Product and Supply	(175)	-	6,449	5,445
Total segment charges	(204)	(69)	9,082	8,014
Logistics and stock management	-	-	455	584
Web costs	-	-	340	379
Total group (credit)/charge	(204)	(69)	9,877	8,977

An impairment reversal of £29,000 (2013: £69,000) relates to fixtures and fittings within loss making retail stores previously written down to estimated value in use for which impairment is no longer required. An impairment reversal of £175,000 (2013: £nil) relates to the previous write down of the warehouse floor. All items have been credited in selling costs in the current period.

Operating expenses by segment are regularly reviewed by the executive directors and are provided below:

	Year ended 1 June 2014 £000	Restated* Year ended 2 June 2013 £000
<i>Operating expenses</i>		
<i>Sales businesses</i>		
UK	13,651	13,767
Continental Europe	17,240	19,379
North America	12,507	13,792
Australia	4,057	5,449
Export	288	260
Asia	865	964
All other sales businesses	1,942	1,892
<i>Other segments</i>		
Product and Supply	7,415	3,664
Total segment operating expenses	57,965	59,167
Logistics and stock management	(9)	131
Licensing costs	374	321
Service centre costs	9,775	9,391
Web costs	1,882	1,775
Central costs	5,605	5,437
Share-based payment charge	288	286
Profit share scheme charge	-	1,088
Total group operating expenses	75,880	77,596

*Prior periods have been restated to reflect a change in the classification of translator costs within the income statement with effect from 3 June 2012 (see note 11).

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

External revenue analysed by customer geographical location is as follows:

	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
UK	34,406	34,316
Continental Europe	39,673	43,519
North America	36,776	40,693
Asia Pacific	11,229	13,979
Rest of the World	1,417	2,090
	123,501	134,597

The Group is not reliant on any one individual customer.

Non-current assets (excluding deferred tax assets) are located in the following countries:

	2014 £000	2013 £000
UK	28,930	27,896
All other countries	3,621	3,812
Total non-current assets (excluding deferred tax assets)	32,551	31,708

Tangible and intangible asset additions included within the UK were £10,155,000 (2013: £11,292,000) and all other countries were £1,552,000 (2013: £970,000).

Other non-cash charges and significant costs included in operating profit are as follows:

	Net charge/(credit) to inventory provisions		Impairment/(reversal of impairment) of receivables		Redundancy costs and compensation for loss of office		Net charge/(credit) to property provisions	
	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
<i>Sales businesses</i>								
UK	4	99	(90)	88	49	134	3	50
Continental Europe	-	-	70	89	443	453	7	44
North America	63	65	32	16	390	57	106	38
Australia	-	(1)	15	7	71	75	(7)	(37)
Asia	(2)	(5)	-	-	38	-	-	-
All other sales businesses	-	-	110	79	55	5	-	-
<i>Other segments</i>								
Product and Supply	646	1,124	-	-	3,006	346	-	(58)
Total segment expense	711	1,282	137	279	4,052	1,070	109	37
Logistics and stock management	-	-	-	-	25	18	-	-
Licensing costs	-	-	-	-	14	-	-	-
Service centre costs	-	-	-	-	51	72	-	-
Web costs	-	-	38	59	6	-	-	-
Central costs	-	-	-	-	47	865	-	-
Total group expense	711	1,282	175	338	4,195	2,025	109	37

Asset and liability information is not reported to the chief operating decision-maker on a segment basis and therefore has not been disclosed.

4. Operating expenses – pre-exceptional items

	Year ended 1 June 2014 £000	Restated* Year ended 2 June 2013 £000
Selling costs	43,193	47,725
Administrative expenses	28,187	29,871
	71,380	77,596

*Prior periods have been restated to reflect a change in the classification of translator costs within the income statement with effect from 3 June 2012 (see note 11).

5. Exceptional items

The exceptional items relate to the continental european reorganisation announced in January 2014. As part of this reorganisation, £2,987,000 has been incurred in redundancy and severance costs, £608,000 in closing local country head offices and £905,000 in professional fees and other costs.

6. Directors and employees

	Group		Company	
	Year ended 1 June 2014	Year ended 2 June 2013	Year ended 1 June 2014	Year ended 2 June 2013
	£000	£000	£000	£000
Total directors' and employees' costs:				
Wages and salaries	41,809	43,888	1,487	1,522
Social security costs	4,867	5,272	190	183
Other pension costs	1,650	1,556	115	109
Share-based payment	288	286	-	-
	48,614	51,002	1,792	1,814

Details of capitalised salary costs, included in the above, are provided in note 15. Redundancy costs and compensation for loss of office, not included in the above, are provided in note 9.

Key management compensation

The remuneration of the directors and other key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	Year ended 1 June 2014	Year ended 2 June 2013
	£000	£000
Short-term employee benefits	972	1,157
Post-employment benefits	98	148
Share-based payment	2	4
Other long term employee benefits	4	17
Termination benefits	-	569
	1,076	1,895

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 22 to 24.

Key management are the directors of the Company and the head of Product and Supply. In the prior year key management also included the head of sales.

Employee numbers

	Group	
	Year ended 1 June 2014	Year ended 2 June 2013
	Number	Number
Monthly average number of employees (including executive directors) by activity:		
Design and development	203	145
Production	150	168
Selling:		
- Full time	844	916
- Part time	191	232
Administration	365	414
	1,753	1,875

The monthly average number of employees for the Company was 11 (2013: 13).

7. Finance income

	Year ended 1 June 2014	Year ended 2 June 2013
	£000	£000
Interest income:		
- On cash and cash equivalents	105	175
- Other interest income receivable	1	1
	106	176

8. Finance costs

	Year ended 1 June 2014	Year ended 2 June 2013
	£000	£000
Interest expense:		
- Unwinding of discount on provisions	3	12
- Other interest payable	-	14
- Net foreign exchange losses on financing activities	4	9
	7	35

NOTES TO THE FINANCIAL STATEMENTS continued

9. Profit before taxation

	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	4,907	5,099
- Reversal of impairment of property, plant and equipment	(204)	(69)
Amortisation:		
- Owned computer software	849	1,178
- Development costs	4,121	2,700
Non-capitalised development costs	1,831	2,087
Staff costs (excluding capitalised salary costs shown in note 15 and non-capitalised development costs above)	43,585	45,997
Impairment of trade receivables	175	338
Operating leases:		
- Hobby centres	8,474	9,945
- Other property	860	920
- Plant and equipment	140	105
- Other	149	210
Cost of inventories included in cost of sales	19,417	21,381
Net inventory provision creation (note 19)	711	1,282
Loss/(profit) on disposal of property, plant and equipment	370	(7)
Loss on disposal of intangible assets	333	403
Redundancy costs and compensation for loss of office	4,195	2,025
Net charge to property provisions including closed or loss making Hobby centres (note 25)	109	37

Auditors' remuneration and services provided

Services provided by the Group's auditors and network firms are analysed as follows:

	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
Audit services		
Audit of the Group and Company's financial statements	61	61
Other services		
The audit of the Company's subsidiaries pursuant to legislation	141	143
All other services	10	10
Total services provided	212	214

10. Income tax expense

	Pre-exceptional items £000	Exceptional items £000	Total Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
Current UK taxation:				
UK corporation tax on profits for the period	2,956	(1,051)	1,905	4,200
Over provision in respect of prior periods	(54)	-	(54)	(104)
	2,902	(1,051)	1,851	4,096
Current overseas taxation:				
Overseas corporation tax on profits for the period	908	-	908	802
Over provision in respect of prior periods	(360)	-	(360)	(107)
Total current taxation	3,450	(1,051)	2,399	4,791
Deferred taxation:				
Origination and reversal of timing differences	1,645	31	1,676	192
Under provision in respect of prior periods	314	-	314	94
Tax expense recognised in the income statement	5,409	(1,020)	4,389	5,077
Current tax credit relating to sharesave scheme	(74)	-	(74)	(232)
Deferred tax charge/(credit) relating to sharesave scheme	34	-	34	(41)
Credit taken directly to equity	(40)	-	(40)	(273)

The tax on the Group's profit before taxation differs from the standard rate of corporation tax in the UK as follows:

	Year ended 1 June 2014 £000	Year ended 2 June 2013 £000
Profit before taxation	12,396	21,395
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 22.67% (2013: 23.83%)	2,810	5,098
Effects of:		
Items not deductible/(assessable) for tax purposes	662	(384)
Movement in deferred tax not recognised	(10)	-
Higher tax rates on overseas earnings	1,027	480
Adjustments to tax charge in respect of prior periods	(100)	(117)
Total tax charge for the period	4,389	5,077

10. Income tax expense continued

Included within the £4,389,000 disclosed above, £3,000 relates to changes in rates of UK corporation tax in the year. The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. Further reductions were included in the Finance Act 2013, which have been substantively enacted, to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £16,000.

11. Change of accounting policy

Since the last annual report the Group has changed the application of its accounting policy for the classification of translator costs within the income statement. Previously translator costs were recognised in the income statement within operating expenses. Under the new policy, translator costs are recognised in the income statement within cost of sales. Comparative amounts have been restated for the prior period as if the application of the new accounting policy had always been applied in accordance with IAS 1 (revised), 'Presentation of financial statements'. The Group believes that the new policy results in a fairer reflection of the nature of translator costs in the Group income statement.

There is no impact on assets or liabilities reported at either 2 June 2013 or 3 June 2012, hence no balance sheet has been presented as at 3 June 2012.

The change in accounting policy has resulted in an increase in cost of sales and a decrease in operating expenses of £529,000 in the income statement for the year to 2 June 2013.

The impact of the change in policy for the current financial period is an increase in cost of sales and a decrease in operating expenses of £717,000 in the income statement.

12. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	Year ended 1 June 2014	Year ended 2 June 2013
Profit attributable to owners of the parent (£000)	8,007	16,318
Weighted average number of ordinary shares in issue (thousands)	31,805	31,671
Basic earnings per share (pence per share)	25.2	51.5

Basic earnings per share - pre-exceptional items

Basic earnings per share - pre-exceptional items is calculated by dividing the profit attributable to owners of the parent, before exceptional items, by the weighted average number of ordinary shares in issue during the period.

	Year ended 1 June 2014	Year ended 2 June 2013
Pre-exceptional profit attributable to owners of the parent (£000)	11,487	16,318
Weighted average number of ordinary shares in issue (thousands)	31,805	31,671
Basic earnings per share - pre-exceptional items (pence per share)	36.1	51.5

Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit attributable to owners of the parent and the weighted average number of shares in issue throughout the period, adjusted for the dilutive effect of share options outstanding at the period end.

	Year ended 1 June 2014	Year ended 2 June 2013
Profit attributable to owners of the parent (£000)	8,007	16,318
Weighted average number of ordinary shares in issue (thousands)	31,805	31,671
Adjustment for share options (thousands)	129	192
Weighted average number of ordinary shares for diluted earnings per share (thousands)	31,934	31,863
Diluted earnings per share (pence per share)	25.1	51.2

Diluted earnings per share - pre-exceptional items

The calculation of diluted earnings per share - pre-exceptional items has been based on the profit attributable to owners of the parent, before exceptional items, and the weighted average number of shares in issue throughout the period, adjusted for the dilutive effect of share options outstanding at the period end.

	Year ended 1 June 2014	Year ended 2 June 2013
Pre-exceptional profit attributable to owners of the parent (£000)	11,487	16,318
Weighted average number of ordinary shares in issue (thousands)	31,805	31,671
Adjustment for share options (thousands)	129	192
Weighted average number of ordinary shares for diluted earnings per share (thousands)	31,934	31,863
Diluted earnings per share - pre-exceptional items (pence per share)	36.0	51.2

NOTES TO THE FINANCIAL STATEMENTS continued

13. Dividends per share

A dividend of 18 pence per share, amounting to a total dividend of £5,711,000 and a dividend of 24 pence per share, amounting to a total dividend of £7,616,000 were declared and paid during the year ended 2 June 2013. A further dividend of 16 pence per share, amounting to a total dividend of £5,077,000 was declared during the year ended 2 June 2013 and paid during the current period.

After the balance sheet date, a dividend of 20 pence per share, amounting to a total dividend of £6,372,000 was declared and it was paid on 4 July 2014.

14. Goodwill

Group	£000
Cost	
At 2 June 2013 and 3 June 2013	2,355
Additions	54
Exchange differences	(1)
At 1 June 2014	2,408
Accumulated amortisation	
At 2 June 2013 and 3 June 2013	(922)
Impairment charge	(54)
Exchange differences	1
At 1 June 2014	(975)
Net book value at beginning of period and end of period	1,433

The Company had no goodwill at either period end.

Impairment tests for goodwill

The goodwill arose on the acquisition of TJA Tooling Limited and Triple K Plastic Injection Moulding Limited.

During the year EURL Games Workshop entered into an agreement to purchase the lease associated to Heroic Diffusion SARL. Under IFRS this amounted to the purchase of a business. The cost of €64,000 was fully impaired during the year to reflect the carrying value of the business to the Group.

In accordance with the requirements of IAS 36 'Impairment of Assets' the Group completed a review of the carrying value of goodwill as at each period end. The impairment review was performed to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use. The key assumptions for the recoverable amount of the goodwill are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 'Impairment of Assets' and does not reflect the long-term planning assumptions used by the Group for any other assessments.

In determining the value in use, the calculations use cash flow projections for a period no greater than five years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long term growth rate no higher than 2% (2013: 2%). The estimated future cash flows expected to arise from the continuing use of the assets are calculated using a pre-tax discount rate of 10% (2013: 10.25%).

Management reviewed the planned sales growth and gross margin on the investment in future product releases and initiatives currently being undertaken, to deliver the expected future performance.

Goodwill is allocated to the Group's cash-generating units (CGUs) for impairment testing. All of the current goodwill arises in the Product and Supply segment. Sensitivity analysis has not been disclosed in these financial statements since management consider that there is no reasonably possible change in the key assumptions that would cause the carrying value of goodwill to fall below its recoverable amount.

15. Other intangible assets

Group	Computer software £000	Development costs £000	Total £000
Cost			
At 3 June 2012 and 4 June 2012	10,905	21,205	32,110
Additions	3,605	3,531	7,136
Exchange differences	58	-	58
Disposals	(1,617)	(2,722)	(4,339)
At 2 June 2013 and 3 June 2013	12,951	22,014	34,965
Additions	1,316	4,652	5,968
Exchange differences	(247)	-	(247)
Disposals	(4,395)	(1,754)	(6,149)
At 1 June 2014	9,625	24,912	34,537
Accumulated amortisation			
At 3 June 2012 and 4 June 2012	(8,041)	(18,892)	(26,933)
Amortisation charge	(1,178)	(2,700)	(3,878)
Exchange differences	(57)	-	(57)
Disposals	1,214	2,722	3,936
At 2 June 2013 and 3 June 2013	(8,062)	(18,870)	(26,932)
Amortisation charge	(849)	(4,121)	(4,970)
Exchange differences	232	-	232
Disposals	4,062	1,754	5,816
At 1 June 2014	(4,617)	(21,237)	(25,854)
Net book amount			
At 2 June 2013	4,889	3,144	8,033
At 1 June 2014	5,008	3,675	8,683

Amortisation of £4,394,000 (2013: £2,949,000) has been charged in cost of sales and £576,000 (2013: £929,000) in operating expenses.

The net book amount of internally generated intangible assets is £4,203,000 (2013: £3,561,000) and acquired intangible assets is £4,480,000 (2013: £4,472,000). All development costs are internally generated and £3,004,000 (2013: £2,569,000) is capitalised salary costs.

Salary costs of £195,000 (2013: £349,000) were capitalised during the period as part of computer software.

Assets in the course of development, and not amortised, amount to £189,000 (2013: £3,142,000). In both years these were included in computer software. The current year assets relate to trade CRM modules, and in the prior year related to the new web store which was launched in April 2014.

The Company had no other intangible assets at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

16. Property, plant and equipment

Group	Freehold land and buildings £000	Plant and equipment and vehicles £000	Fixtures and fittings £000	Moulding tools £000	Total £000
Cost					
At 3 June 2012 and 4 June 2012	14,763	19,428	21,607	25,209	81,007
Additions	7	1,556	1,472	2,091	5,126
Exchange differences	-	110	424	(13)	521
Disposals	-	(2,398)	(2,007)	(1,032)	(5,437)
At 2 June 2013 and 3 June 2013	14,770	18,696	21,496	26,255	81,217
Additions	246	1,701	1,548	2,244	5,739
Exchange differences	-	(345)	(972)	(6)	(1,323)
Disposals	(210)	(3,757)	(3,265)	(2,295)	(9,527)
At 1 June 2014	14,806	16,295	18,807	26,198	76,106
Accumulated depreciation					
At 3 June 2012 and 4 June 2012	(4,443)	(15,621)	(19,213)	(21,163)	(60,440)
Charge for the period	(265)	(1,702)	(1,308)	(1,824)	(5,099)
Exchange differences	-	(100)	(387)	13	(474)
Impairment	-	-	69	-	69
Disposals	-	2,365	1,996	970	5,331
At 2 June 2013 and 3 June 2013	(4,708)	(15,058)	(18,843)	(22,004)	(60,613)
Charge for the period	(243)	(1,557)	(1,262)	(1,845)	(4,907)
Exchange differences	-	294	839	1	1,134
Impairment	175	-	29	-	204
Disposals	-	3,632	3,180	2,291	9,103
At 1 June 2014	(4,776)	(12,689)	(16,057)	(21,557)	(55,079)
Net book amount					
At 2 June 2013	10,062	3,638	2,653	4,251	20,604
At 1 June 2014	10,030	3,606	2,750	4,641	21,027

Depreciation expense of £2,917,000 (2013: £3,292,000) has been charged in cost of sales, £1,226,000 (2013: £1,446,000) in selling costs and £764,000 (2013: £361,000) in administrative expenses.

Freehold land amounting to £3,836,000 (2013: £3,836,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £943,000 (2013: £140,000). £500,000 (2013: £140,000) of these are included in moulding tools, £327,000 (2013: £nil) is included in plant and equipment and vehicles, £90,000 (2013: £nil) is included in freehold land and buildings, and £26,000 (2013: £nil) is included in fixtures and fittings above.

An impairment reversal of £29,000 (2013: £69,000) relates to fixtures and fittings within loss making retail stores previously written down to estimated value in use for which impairment was no longer required. This has been credited or charged in selling costs in both periods. £175,000 (2013: £nil) relates to the previous write down of the warehouse floor. This has been credited in selling costs in the current period.

The Company held no property, plant and equipment at either period end.

17. Investments in subsidiaries

	2014	2013
Company	£000	£000
Shares in group undertakings – cost		
Beginning of period and end of period	30,584	30,584

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

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A list of principal subsidiary undertakings is given below.

Interests in group undertakings

The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the Group:

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by:		Principal business activity
			Company	Subsidiary Company	
Games Workshop Limited	England and Wales	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Retail Inc.	United States of America	\$1 common stock		100%	Distributor and retailer of games and miniatures
Games Workshop (Queen Street) Limited	Canada	Can \$1		100%	Distributor and retailer of games and miniatures
EURL Games Workshop	France	euro 1		100%	Distributor and retailer of games and miniatures
Games Workshop SL	Spain	euro 1		100%	Distributor and retailer of games and miniatures
Games Workshop Oz Pty Limited	Australia	Aus \$1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Germany	euro 1		100%	Distributor and retailer of games and miniatures
Games Workshop Limited	New Zealand	NZ \$1		100%	Distributor and retailer of games and miniatures
Games Workshop Italia SRL	Italy	euro 1		100%	Distributor and retailer of games and miniatures
Games Workshop International Limited	England and Wales	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	England and Wales	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	England and Wales	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	China	Owners capital		100%	Retailer of games and miniatures

All of the above entities are included in the consolidated accounts for the Group and 100% of the voting rights of all entities is held.

All of the above companies operate principally in their country of incorporation or registration.

The directors consider the value of the investments is supported by the underlying assets of the relevant subsidiary.

NOTES TO THE FINANCIAL STATEMENTS continued

18. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts are as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Deferred tax assets:				
- deferred tax asset to be recovered after more than 12 months	2,227	2,704	2	2
- deferred tax asset to be recovered within 12 months	2,488	4,517	4	3
	4,715	7,221	6	5

The gross movement on the deferred tax account is as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Beginning of period	7,221	7,335	5	6
Exchange differences	(482)	131	-	-
Income statement (charge)/credit	(1,990)	(286)	1	(1)
(Charged)/credited directly to retained earnings	(34)	41	-	-
End of period	4,715	7,221	6	5

Analysis of the movement in deferred tax assets and liabilities is as follows:

Group	Accelerated depreciation	Development costs	Losses available for offset	Other	Total
	£000	£000	£000	£000	£000
At 3 June 2012 and 4 June 2012	2,179	(555)	3,622	2,089	7,335
(Charged)/credited to the income statement	(197)	(168)	(284)	363	(286)
Credited to equity	-	-	-	41	41
Exchange differences	43	-	69	19	131
At 2 June 2013 and 3 June 2013	2,025	(723)	3,407	2,512	7,221
Charged to the income statement	(442)	(49)	(895)	(604)	(1,990)
Charged to equity	-	-	-	(34)	(34)
Exchange differences	(104)	-	(285)	(93)	(482)
At 1 June 2014	1,479	(772)	2,227	1,781	4,715

Other deferred tax assets include deferred tax on adjustments for profit in stock arising from intra-group sales of £921,000 (2013: £1,480,000).

Deferred tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability in the country concerned. There was no unrecognised deferred tax at 2 June 2013 or 1 June 2014 in either the Group or the Company.

The Group did not obtain a current tax benefit from previously unrecognised tax losses in either of the periods presented.

Company	Accelerated depreciation	Other	Total
	£000	£000	£000
At 3 June 2012 and 4 June 2012	2	4	6
Charged to the income statement	-	(1)	(1)
At 2 June 2013 and 3 June 2013	2	3	5
Credited to the income statement	-	1	1
At 1 June 2014	2	4	6

19. Inventories

	2014	2013
Group	£000	£000
Raw materials	182	534
Work in progress	213	594
Finished goods and goods for resale	7,640	7,042
	8,035	8,170

The Group holds no inventories at fair value less costs to sell.

During the period, the Group utilised an inventory provision of £1,175,000 (2013: £935,000) and £711,000 (2013: £1,282,000) has been charged to the income statement.

The Company holds no inventories at either period end.

20. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade receivables	4,806	6,555	-	-
Less provision for impairment of receivables	(370)	(416)	-	-
Trade receivables - net	4,436	6,139	-	-
Prepayments and accrued income	4,361	4,427	44	35
Other receivables	1,756	1,936	16	-
Receivables from related parties	-	-	253	1,107
Loans to related parties	-	-	3,900	3,900
Total trade and other receivables	10,553	12,502	4,213	5,042
Non-current receivables:				
Prepayments and accrued income	177	205	-	-
Other receivables	1,231	1,433	-	-
Loans to related parties	-	-	3,900	3,900
Non-current portion	1,408	1,638	3,900	3,900
Current portion	9,145	10,864	313	1,142

Trade receivables are recorded at amortised cost, reduced by estimated allowances for doubtful debts. The fair value of trade and other receivables does not differ materially from the book value.

The effective interest rate on non-current loans to related parties is charged at LIBOR plus 1% in both periods.

There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of customers which are internationally dispersed.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of asset above. The Group does not hold any collateral over these balances.

All non-current receivables are due within five years of the balance sheet date.

Trade receivables that are more than three months past due are considered to be impaired unless a payment plan has been agreed with the customer and is being adhered to. Trade receivables that are less than three months past due are not considered impaired unless amounts are specifically identified as irrecoverable. The ageing analysis of the Group's past due trade receivables is as follows:

	2014			2013		
	Not impaired	Impaired	Total	Not impaired	Impaired	Total
	£000	£000	£000	£000	£000	£000
Up to 3 months past due	264	72	336	350	63	413
3 to 12 months past due	2	152	154	135	255	390
Over 12 months past due	35	30	65	-	62	62
	301	254	555	485	380	865

In addition to the above, current debt of £116,000 (2013: £36,000) has been impaired.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Trade and other receivables continued

Provision for impairment of receivables

Movements on the provision for impairment of trade receivables are as follows:

Group	£000
At 3 June 2012 and 4 June 2012	684
Charge for the period	362
Unused amounts reversed	(24)
Receivables written off during the period as uncollectible	(606)
At 2 June 2013 and 3 June 2013	416
Charge for the period	189
Unused amounts reversed	(14)
Receivables written off during the period as uncollectible	(221)
At 1 June 2014	370

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2014 £000	2013 £000
Sterling	4,658	4,835
Euro	2,714	3,507
US dollar	1,781	2,418
Other currencies	1,400	1,742
Total trade and other receivables	10,553	12,502

21. Cash and cash equivalents

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Cash at bank and in hand	16,432	13,019	266	5,727
Short-term bank deposits	1,118	912	-	-
Cash and cash equivalents	17,550	13,931	266	5,727

The Group's cash and cash equivalents are repayable on demand and include a right of set-off between sterling and other currencies held in the UK. Cash and cash equivalents and short-term deposits are floating rate assets which earn interest at various rates with reference to the prevailing interest rates. Short-term deposits have an average maturity of 7 days (2013: 95 days).

There were no utilised borrowing facilities at 2 June 2013 or 1 June 2014.

22. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk, capital risk and credit risk. The Group's financial risk management objective is to understand the nature and impact of the financial risks and exposures facing the business.

Foreign currency risk

The majority of the Group's business is transacted in sterling, euros and US dollars. The principal currency of the Group is sterling.

The Group is exposed to foreign exchange risk principally via:

- transactional exposure arising from the future sales and purchases that are denominated in a currency other than the functional currency of the transacting company.
- translation exposure arising on investments in foreign operations, where the net assets are denominated in a currency other than sterling.
- loans to non-UK subsidiaries.

The Group does not use foreign currency borrowings or forward foreign currency contracts to hedge foreign currency risk. The level of the Group's exposure to foreign currency risk is regularly reviewed by the Group's chief operating officer and the Group's treasury policies, including hedging policies, are reviewed to ensure they remain appropriate.

Foreign exchange sensitivity

The impact on the Group's financial assets and liabilities from foreign currency volatility is shown in the sensitivity analysis below.

The sensitivity analysis has been prepared based on all material financial assets and liabilities held at the balance sheet date and does not reflect all the changes in revenue or expenses that may result from changing exchange rates. The analysis is prepared for the euro and US dollar given that these represent the major foreign currencies in which financial assets and liabilities are denominated. The sensitivities shown act as a reasonable benchmark considering the movements in currencies over the last two financial periods.

The following assumptions were made in calculating the sensitivity analysis:

- financial assets and liabilities (including financial instruments) are only considered sensitive to movements in foreign currency exchange rates where they are not in the functional currency of the entity that holds them.
- translation of results of overseas subsidiaries is excluded.

22. Financial risk factors continued

Using the above assumptions, the following table shows the sensitivity of the Group's income statement to movements in foreign exchange rates on US dollar and euro financial assets and liabilities:

	2014 Income gain £000	2013 Income gain/(loss) £000
Group		
10% appreciation of the US dollar (2013: 10%)	500	887
10% appreciation of the euro (2013: 10%)	116	(374)

A depreciation of the stated currencies would have an equal and opposite effect.

There is no impact on equity gains or losses.

Interest rate risk

The Group no longer has a significant exposure to interest rate risk following repayment of its borrowings and hence no interest rate sensitivity has been shown.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to independent retailers. The Group controls credit risk from a treasury perspective by only entering into transactions involving financial instruments with authorised counter-parties with a credit rating of at least 'A', and by ensuring that such positions are monitored regularly. Credit risk on cash and short-term deposits is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed. Policies are also in place to ensure the wholesale sales of products are made to customers with an appropriate credit history and credit limits are periodically reviewed. Amounts recoverable from customers are reviewed on an ongoing basis and appropriate provision made for bad and doubtful debts (note 20). Provision requirements are determined with reference to ageing of invoices, credit history and other available information.

Sales made through our own Hobby centres or via mail order are made in cash or with major credit cards.

Capital risk

The capital structure of the Group consists of net funds (see note 30) and owners' equity (see note 28). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long-term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle if required.

The Group manages its capital structure and makes adjustments to it in light of changes to economic conditions and its strategic objectives. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them or issue new shares. The Group uses return on capital employed to assess capital asset performance.

Liquidity risk

Liquidity is managed by maintaining sufficient cash balances to meet working capital needs.

Cash flow requirements are monitored by short and long-term rolling forecasts both within the local operating units and for the overall Group. In addition, the Group's liquidity management policy involves projecting cash flows in the major currencies and considers the level of liquid assets necessary to meet these, monitoring working capital levels and liquidity ratios.

The undiscounted contractual cash flows of the Group's financial liabilities, including interest charges where applicable, are shown below. All trade payables are contractually due within 12 months and therefore the fair values do not differ from their carrying values.

	2014				2013			
	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Group								
Trade and other payables	9,521	-	-	-	16,728	-	-	-
Provisions for redundancies and property	303	173	4	-	633	147	142	-
Exceptional provisions	2,470	-	-	-	-	-	-	-
	12,294	173	4	-	17,361	147	142	-

	2014 Within 1 year £000	2013 Within 1 year £000
Company		
Trade and other payables	548	5,782
	548	5,782

NOTES TO THE FINANCIAL STATEMENTS continued

22. Financial risk factors continued

Financial instruments by category

	Group		Company	
	Loans and receivables		Loans and receivables	
	2014	2013	2014	2013
	£000	£000	£000	£000
Financial assets as per balance sheet				
Trade receivables	4,436	6,139	-	-
Accrued income	139	166	-	-
Other receivables	1,756	1,936	16	-
Receivables from related parties	-	-	253	1,107
Loans to related parties	-	-	3,900	3,900
Cash and cash equivalents	17,550	13,931	266	5,727
Total	23,881	22,172	4,435	10,734

Within the Group net cash and cash equivalents are overdrafts of £2,810,000 (2013: £8,969,000) which are subject to a master netting arrangement.

Prepayments have been excluded from the above as they are not financial assets.

	Group		Company	
	Financial liabilities at amortised cost		Financial liabilities at amortised cost	
	2014	2013	2014	2013
	£000	£000	£000	£000
Financial liabilities as per balance sheet				
Trade payables	5,136	4,899	13	154
Other payables	2,286	3,945	13	18
Accruals	2,099	2,807	189	155
Payables to related parties	-	-	333	378
Dividends payable to Company shareholders	-	5,077	-	5,077
Total	9,521	16,728	548	5,782

Deferred income balances and other taxes and social security payables have been excluded from the above as they are not financial liabilities.

23. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Current				
Trade payables	5,136	4,899	13	154
Other taxes and social security	1,008	872	35	19
Other payables	2,286	3,945	13	18
Accruals	2,798	3,556	189	155
Deferred income	1,537	1,288	-	-
Payables to related parties	-	-	333	378
Dividends payable to Company shareholders	-	5,077	-	5,077
	12,765	19,637	583	5,801

The fair value of trade and other payables does not materially differ from the book value.

24. Other non-current liabilities

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Accruals	360	360	-	-
	360	360	-	-

The fair value of other non-current liabilities does not materially differ from the book value.

The carrying amounts of the Group's trade and other payables and other non-current liabilities are denominated in the following currencies:

	2014	2013
	£000	£000
Sterling	8,205	12,841
Euro	1,963	3,604
US dollar	1,896	2,201
Other currencies	1,061	1,351
Total trade and other payables and other non-current liabilities	13,125	19,997

25. Provisions

Analysis of total provisions:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Current	3,009	946	10	9
Non-current	517	758	-	-
	3,526	1,704	10	9

	Exceptional items	Employee benefits	Property	Total
	£000	£000	£000	£000
Group				
At 2 June 2013	-	751	953	1,704
Charged/(credited) to the income statement:				
- Additional provisions	2,470	33	274	2,777
- Unused amounts reversed	-	(95)	(165)	(260)
Exchange differences	-	(46)	(44)	(90)
Discount unwinding (note 8)	-	-	3	3
Utilised	-	(75)	(533)	(608)
At 1 June 2014	2,470	568	488	3,526

	Employee benefits	Total
	£000	£000
Company		
At 2 June 2013	9	9
Charged to the income statement:		
- Additional provisions	1	1
At 1 June 2014	10	10

The fair value of provisions does not differ from the book value.

Employee benefits

The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The cost of this benefit is accrued over the period of employment based on expected staff retention rates and the anticipated employment costs and are utilised once an employee reaches 10 years of employment.

Property provisions

Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2016. The estimated liability is discounted to its present value using a discount rate of 4.0% (2013: 3.0%).

Exceptional provisions

Exceptional provisions relate to committed costs associated with the continental european reorganisation announced in January 2014. The provision is expected to be utilised by 2015.

26. Share capital

	Number of shares	Ordinary shares	Share premium account	Total
	(thousands)	£000	£000	£000
Group and Company				
At 3 June 2012	31,589	1,579	8,737	10,316
Shares issued under employee sharesave scheme	144	7	322	329
At 2 June 2013	31,733	1,586	9,059	10,645
Shares issued under employee sharesave scheme	127	7	431	438
At 1 June 2014	31,860	1,593	9,490	11,083

During the period 127,385 ordinary shares were issued (2013: 143,805). The total authorised number of shares is 42,000,000 shares (2013: 42,000,000 shares) with a par value of 5p per share (2013: 5p per share). All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS continued

27. Other reserves

Group	2014				2013			
	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000
Beginning of period	101	3,837	(1,050)	2,888	101	3,392	(1,050)	2,443
Exchange differences on translation of foreign operations	-	(1,233)	-	(1,233)	-	445	-	445
End of period	101	2,604	(1,050)	1,655	101	3,837	(1,050)	2,888

The other reserve was created on flotation following a payment to the previous holders of the Company's ordinary shares.

As at 1 June 2014, the Company's capital redemption reserve was £101,000 (2013: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

28. Retained earnings

Group	£000
At 3 June 2012 and 4 June 2012	35,848
Profit attributable to owners of the parent	16,318
Deferred tax on share options	41
Current tax on share options	232
Share-based payments	286
Dividends to Company shareholders	(18,404)
At 2 June 2013 and 3 June 2013	34,321
Profit attributable to owners of the parent	8,007
Deferred tax on share options	(34)
Current tax on share options	74
Share-based payments	288
At 1 June 2014	42,656

29. Reconciliation of profit/(loss) to net cash from operating activities

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating profit/(loss)	12,297	21,254	(2,408)	(2,766)
Depreciation of property, plant and equipment	4,907	5,099	-	-
Net impairment reversal on property, plant and equipment	(204)	(69)	-	-
Loss/(profit) on disposal of property, plant and equipment (see below)	370	(7)	-	-
Loss on disposal of intangible assets (see below)	333	403	-	-
Amortisation of capitalised development costs	4,121	2,700	-	-
Amortisation of other intangibles	849	1,178	-	-
Share-based payments	288	286	-	-
Dividend income from investments in subsidiary undertakings	-	-	14	19,101
Changes in working capital:				
- (Increase)/decrease in inventories	(468)	1,422	-	-
- Decrease in trade and other receivables	1,545	315	1,056	975
- (Decrease)/increase in trade and other payables	(952)	17	450	440
- Increase/(decrease) in provisions	1,911	(690)	1	-
Net cash from operating activities	24,997	31,908	(887)	17,750

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	2014 £000	2013 £000
Net book amount	424	106
(Loss)/profit on sale of property, plant and equipment	(370)	7
Proceeds from sale of property, plant and equipment	54	113

The Company sold no property, plant and equipment during either period.

The Group disposed of intangible assets with a net book amount of £333,000 during the period (2013: £403,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

The Company sold no other intangibles during either period.

30. Analysis of net funds

	As at 2 June 2013	Cash flow	Exchange movement	As at 1 June 2014
Group	£000	£000	£000	£000
Cash at bank and in hand	13,931	3,948	(329)	17,550
Net funds	13,931	3,948	(329)	17,550

	As at 2 June 2013	Cash flow	Exchange movement	As at 1 June 2014
Company	£000	£000	£000	£000
Cash at bank and in hand	5,727	(5,447)	(14)	266
Net funds	5,727	(5,447)	(14)	266

31. Reconciliation of net cash flow to movement in net funds

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Increase/(decrease) in cash and cash equivalents in the period resulting from cash flows	3,948	(3,425)	(5,447)	(212)
Change in net funds resulting from cash flows	3,948	(3,425)	(5,447)	(212)
Exchange movement	(329)	(2)	(14)	7
Net funds at start of period	13,931	17,358	5,727	5,932
Net funds at end of period	17,550	13,931	266	5,727

32. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2014	2013
Group	£000	£000
Property, plant and equipment	478	484

The Company had no capital commitments at either period end.

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

	Hobby centres	2014 Other property	Other	Hobby centres	2013 Other property	Other
Group	£000	£000	£000	£000	£000	£000
Within 1 year	6,519	548	183	6,161	673	228
Between 2 and 5 years inclusive	9,890	1,051	198	14,289	1,269	299
In over 5 years	503	-	-	2,028	52	-
	16,912	1,599	381	22,478	1,994	527

The Company had no operating lease commitments at either period end.

Inventory purchase commitments

	2014	2013
Group	£000	£000
Raw materials	365	214

The Company had no inventory purchase commitments at either period end.

Pension arrangements

The Group and Company operate defined contribution schemes. Commitments in respect of pensions are included within prepayments and accruals.

NOTES TO THE FINANCIAL STATEMENTS continued

33. Contingencies

The Group and Company had no contingent liabilities that are expected to give rise to material liabilities at either period end.

The Group has contingent liabilities in respect of the potential reversionary interest in sub-let leasehold properties amounting to £139,000 (2013: £189,000).

The Company provides indemnities to third parties in respect of contracts regarding their use of the Group's intellectual property, under commercial terms in the normal course of business.

The Company has also guaranteed the bank overdrafts of certain Group undertakings for which the aggregate amount outstanding under these arrangements at the balance sheet date was £1,586,000 (2013: £1,585,000).

For the year ended 1 June 2014, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual statutory accounts by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company Registration No.
Games Workshop Limited	England and Wales	1467092
Games Workshop International Limited	England and Wales	2924330
Games Workshop US Limited	England and Wales	7462905
Games Workshop US (Holdings) Limited	England and Wales	4428814

34. Related-party transactions

During the period the Company provided management and similar services to Games Workshop Limited, a subsidiary undertaking.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group.

The Group had no related-party transactions in the current or prior period.

Transactions between the Company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	2014 £000	2013 £000
Games Workshop International Limited	Dividends receivable	16	1,000
Games Workshop Limited	Recharges	407	405
	Dividends receivable	-	14,500
Games Workshop Retail Inc.	Dividends receivable	-	3,601

Receivables/(payables) outstanding between the Company and its subsidiaries are shown below:

Subsidiary	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
	2014 £000	2013 £000	2014 £000	2013 £000
Games Workshop Group PLC Employee Share Trust	50	48	-	-
Games Workshop Limited	172	897	-	-
Games Workshop Retail Inc.	13	-	-	(87)
EURL Games Workshop	-	4	(2)	-
Games Workshop SL	8	13	-	-
Games Workshop Oz Pty Limited	-	3	(10)	-
Games Workshop Deutschland GmbH	4	11	-	-
Games Workshop International Limited	-	-	(319)	(291)
Games Workshop (Queen Street) Limited	-	5	(2)	-
Games Workshop Italia SRL	4	120	-	-
Games Workshop Stockholm AB	1	5	-	-
Games Workshop Limited (New Zealand)	1	1	-	-
	253	1,107	(333)	(378)

Non-current loans outstanding between the Company and its subsidiaries are shown below:

Subsidiary	Amounts owed by subsidiaries	
	2014 £000	2013 £000
Games Workshop Interactive Limited	6,779	6,779
Less provision for impairment	(6,779)	(6,779)
Games Workshop Limited	3,900	3,900
	3,900	3,900

Mrs K Kirby (Lathbury) received £117,461 (2013: £73,620) during the year from the Group for her work as interim head of IT.

FIVE YEAR SUMMARY

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Revenue	123,501	134,597	131,009	123,052	126,511
Operating profit – pre-exceptional items and royalties receivable	15,355	20,229	15,603	12,789	12,989
Exceptional items	(4,500)	-	-	-	-
Royalties receivable	1,442	1,025	3,537	2,455	3,991
Operating profit	12,297	21,254	19,140	15,244	16,980
Finance income	106	176	434	132	442
Finance costs	(7)	(35)	(100)	(89)	(367)
Profit before taxation	12,396	21,395	19,474	15,287	17,055
Income tax expense	(4,389)	(5,077)	(4,760)	(4,047)	(1,302)
Profit attributable to owners of the parent	8,007	16,318	14,714	11,240	15,753
Basic earnings per ordinary share	25.2p	51.5p	46.8p	36.0p	50.6p
Pre-exceptional earnings per ordinary share	36.1p	51.5p	46.8p	36.0p	50.6p

FINANCIAL CALENDAR

Annual general meeting	17 September 2014
Announcement of half year results	January 2015
Financial year end	31 May 2015
Announcement of final results	July 2015

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Games Workshop Group PLC (the 'Company') will be held at the Company's registered office, Willow Road, Lenton, Nottingham, NG7 2WS at 10.00am on 17 September 2014 for the following purposes:

Ordinary business

As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 8 as ordinary resolutions:

Resolution 1

To receive the Company's annual accounts for the year ended 1 June 2014 together with the directors' report, the remuneration report and the auditor's report on those accounts, the auditable part of the remuneration report and the directors' report.

Resolution 2

To re-elect K D Rountree as a director.

Resolution 3

To elect E O'Donnell as a director.

Resolution 4

To re-elect C J Myatt as a director.

Resolution 5

To re-elect N J Donaldson as a director.

Resolution 6

To re-appoint PricewaterhouseCoopers LLP as auditors to hold office until the conclusion of the next general meeting at which accounts are laid by the Company and to authorise the directors to fix their remuneration.

Resolution 7

To approve the remuneration report (excluding the directors' remuneration policy set out on pages 19 to 22) for the year ended 1 June 2014.

Resolution 8

To approve the directors' remuneration policy set out on pages 19 to 22, such remuneration policy to take effect from the date on which the resolution is passed.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 9 will be proposed as an ordinary resolution and resolutions 10 and 11 will be proposed as special resolutions.

Resolution 9

That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £525,704 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 16 December 2015 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities. Relevant Securities means: (i) shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act), a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; (ii) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

Resolution 10

That subject to the passing of resolution 9 above, the directors of the Company be given the general power pursuant to sections 570 to 573 of the Companies Act 2006 (the 'Act') to allot or make offers or agreements to allot equity securities for cash, either pursuant to the authority conferred by resolution 9 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
- (b) the allotment of equity securities up to an aggregate nominal amount of £79,652.

The power granted by this resolution will expire on 16 December 2015 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 11

That the Company be and is hereby granted general and unconditional authority for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors may from time to time determine provided that:

- (a) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 16 December 2015 whichever is the earlier;
- (b) the maximum aggregate number of ordinary shares that may be purchased is 4,747,273;
- (c) the minimum price (excluding expenses) which may be paid for an ordinary share is 5p;
- (d) the maximum price (excluding expenses) which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out;
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the board



R F Tongue
Company secretary
28 July 2014

Registered office:
Willow Road, Lenton
Nottingham
NG7 2WS
Registered in England and Wales under number 2670969

NOTICE OF ANNUAL GENERAL MEETING continued

Notes

1. Only those members registered on the Company's register of members at 6.00 pm on 15 September 2014 or, if this meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. Appointment of a proxy does not preclude you from attending the meeting and voting in person.
11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
12. As at 28 July 2014 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 31,860,894 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 28 July 2014 is 31,860,894. The website referred to in note 21 will include information on the number of shares and voting rights.
13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
14. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below); and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (a) the matter of business must not be defamatory of any person, frivolous or vexatious; (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

17. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the meeting. The request may be in hard copy form or in electronic form (see note 19 below), either set out the statement in full, or if supporting a statement sent by another member, clearly identify the statement which is being supported, must be authenticated by the person or persons making it (see note 19 below), and be received by the Company at least one week before the meeting.
18. In order to be able to exercise the members' right to require circulation of a resolution to be proposed at the meeting (see note 15); a matter of business to be dealt with at the meeting (see note 16) or the Company to publish audit concerns (see note 17), the relevant request must be made by a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital. For information on voting rights, including the total number of voting rights, see note 12 above and the website referred to in note 21.
19. Where a member or members wishes to request the Company to circulate a resolution to be proposed at the meeting (see note 15), include a matter of business to be dealt with at the meeting (see note 16) or publish audit concerns (see note 17) such request must be made in accordance with one of the following ways: (a) a hard copy request which is signed by you, which states your full name and address and is sent to Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham NG7 2WS; or (b) a request which states your full name and address, and is sent to rachel.tongue@gwplc.com. Please state 'AGM' in the subject line of the e-mail.
20. Under section 319A of the Companies Act 2006 the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
21. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from <http://investor.games-workshop.com>.
22. The following documents will be available for inspection for at least 15 minutes prior to the meeting and during the meeting: (a) copies of the service contracts of executive directors of the Company and (b) copies of the service agreements of the independent directors of the Company.
23. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must (in order to be valid) be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
24. As an alternative to completing a hard copy proxy form, a shareholder can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. Shareholders will need their voting ID, task ID and shareholder reference number (this is the series of numbers printed under their name on the proxy form). Alternatively, if a shareholder has already registered with Equiniti Limited's online portfolio service, Shareview, they can submit a proxy form at www.shareview.co.uk. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 48 hours before the time fixed to hold the meeting. Any electronic communication sent by a shareholder to the Company or the registrar that is found to contain a computer virus will not be accepted.