

## **GAMES WORKSHOP TOOLING LIMITED**

### **Report and Financial Statements**

**1 June 2003**



# **GAMES WORKSHOP TOOLING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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# **GAMES WORKSHOP TOOLING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T P Ardener  
S James  
M Sherwin

#### **SECRETARY**

M Sherwin

#### **REGISTERED OFFICE**

Willow Road  
Lenton  
Nottingham  
NG7 2WS

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Birmingham

# GAMES WORKSHOP TOOLING LIMITED

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 1 June 2003.

### Principal activity

The principal activity of the company is the manufacture of tools for injection moulding.

### Business review

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

### Results and dividends

The audited financial statements for the year ended 1 June 2003 are set out on pages 6 to 14. The profit for the year after taxation was £97,000 (2002 – loss of £133,000).

The directors do not recommend the payment of a final dividend (2002 - £nil).

### Directors and their interests

The names of the current directors of the company, all of which held office throughout the year, are set out on page 1.

No director had any beneficial interest in the shares of the company at 1 June 2003.

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

The interests of S James in the shares of the ultimate parent company, including details of share options held, are disclosed in the financial statements of Games Workshop Limited.

T P Ardener has no shares in ultimate parent company, Games Workshop Group PLC (2002: nil).

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

	3 June 2002 Number	Granted* Number	1 June 2003 Number	Exercise dates		Exercise price
				Commence- ment	Expiry	
T P Ardener						
Share options	3,390	-	3,390	Feb 2003	Feb 2010	295p
	7,092	-	7,092	Aug 2003	Aug 2010	141p
Sharesave scheme	4,130	-	4,130	Nov 2003	Apr 2004	106p
	1,596	-	1,569	Nov 2004	Apr 2005	338p

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

The share options above with exercise prices of 106p and 338p were granted under the Games Workshop Group PLC 1995 Sharesave Scheme. All of the other options were granted under the Games Workshop Group PLC Executive Share Option Scheme.

# GAMES WORKSHOP TOOLING LIMITED

## DIRECTORS' REPORT (continued)

### Employees

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

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

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

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

### Creditor payment policy

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

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

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

The number of days credit taken by the company from its suppliers at the year end is 28 days (2002 – 37 days).

### Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

Willow Road  
Lenton  
Nottingham  
NG7 2WS

By order of the Board



M Sherwin  
Director

6 November 2003

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAMES WORKSHOP TOOLING LIMITED

We have audited the financial statements of Games Workshop Tooling Limited for the period ended 1 June 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 1 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Birmingham

10 December 2003

# GAMES WORKSHOP TOOLING LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 1 June 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	714	609
Cost of sales		(444)	(392)
<b>Gross profit</b>		<b>270</b>	<b>217</b>
Administrative expenses		(201)	(341)
<b>Operating profit (loss)</b>		<b>69</b>	<b>(124)</b>
Interest receivable and similar income		1	2
<b>Profit (loss) on ordinary activities before taxation</b>	3	<b>70</b>	<b>(122)</b>
Tax on profit (loss) on ordinary activities	6	27	(11)
<b>Profit (loss) on ordinary activities after taxation and retained profit (loss) for the year</b>	13	<b>97</b>	<b>(133)</b>

There are no recognised gains or losses in either year other than the profit (loss) for that year.

Turnover and operating profit (loss) derive entirely from continuing activities.

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



# GAMES WORKSHOP TOOLING LIMITED

## BALANCE SHEET

1 June 2003

	Notes	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	7	288	125
<b>Current assets</b>			
Stocks	8	92	57
Debtors	9	218	129
Cash at bank and in hand		-	116
		310	302
<b>Creditors: Amounts falling due within one year</b>	10	(220)	(137)
<b>Net current assets</b>		90	165
<b>Total assets less current liabilities</b>		378	290
<b>Provisions for liabilities and charges</b>	11	(157)	(166)
<b>Net assets</b>		221	124
<b>Capital and reserves</b>			
Called-up share capital	12	50	50
Profit and loss account	13	171	74
<b>Equity shareholders' funds</b>	14	221	124

The financial statements on pages 6 to 14 were approved by the board of directors and signed on its behalf by:



M Sherwin

Director

6 November 2003

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 1 June 2003**

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

**Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are drawn up for the 52 weeks ended 1 June 2003 and for the 53 weeks ended 2 June 2002.

The company is exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement because it is a wholly owned subsidiary of Games Workshop Group PLC which prepares publicly available consolidated financial statements that incorporate the results of the company.

**Tangible fixed assets**

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

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

Plant and equipment -	20% to 33%
Motor vehicles -	33%
Fixtures and fittings -	15% to 33%

**Stocks**

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

**Turnover**

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

**Taxation**

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Pension costs**

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

# GAMES WORKSHOP TOOLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 June 2003

### 2. TURNOVER

Turnover consists entirely of sales made in the United Kingdom.

### 3. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit (loss) on ordinary activities before taxation is stated after charging:

	2003 £'000	2002 £'000
Depreciation of owned tangible fixed assets	64	25
Auditors' remuneration for audit services		
- payable to Deloitte & Touche LLP	2	-
- payable to Arthur Andersen	-	2
	<u>64</u>	<u>27</u>

Amounts payable to Arthur Andersen by the company in respect of non-audit services were £nil (2002 - £nil).

Amounts payable to Deloitte & Touche by the company in respect of non-audit services were £nil (2002 - £nil).

### 4. STAFF COSTS

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

	2003 Number	2002 Number
Production	11	11
Administration	4	4
	<u>15</u>	<u>15</u>

Their aggregate remuneration comprised:

	2003 £'000	2002 £'000
Wages and salaries	368	478
Social security costs	35	29
Other pension costs (see note 16)	15	14
	<u>418</u>	<u>521</u>

Included within wages and salaries are amounts relating to employee share options of £12,000 credit (2002 - £158,000 expense).

# GAMES WORKSHOP TOOLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 June 2003

### 5. DIRECTORS' REMUNERATION

#### Remuneration

	2003 £'000	2002 £'000
Emoluments	95	83
Company contributions to money purchase schemes	4	4
	<u>99</u>	<u>87</u>

The services of S James and M Sherwin are provided by other group undertakings. No part of their remuneration is specifically attributed to their services to Games Workshop Tooling Limited.

#### Pensions

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

	2003 Number	2002 Number
Money purchase schemes	<u>1</u>	<u>1</u>

### 6. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

The tax (credit)/charge comprises:

	2003 £'000	2002 £'000
<b>Current tax</b>		
UK corporation tax charge	18	10
Adjustments in respect of prior years:		
UK corporation tax	<u>(48)</u>	<u>-</u>
	(30)	10
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>3</u>	<u>1</u>
<b>Tax on profit (loss) on ordinary activities</b>	<u>(27)</u>	<u>11</u>

# GAMES WORKSHOP TOOLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 June 2003

### 6. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES (continued)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit (loss) before tax is as follows

	2003 £'000	2002 £'000
Profit (loss) on ordinary activities before taxation	70	(122)
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	21	(37)
Effects of:		
- capital allowances for year in excess of depreciation	(3)	(1)
- expenses not deductible for tax purposes	-	48
- adjustments in respect of prior years	(48)	-
Current tax (credit)/charge for the year	(30)	10

### 7. TANGIBLE FIXED ASSETS

	Plant, equipment and vehicles £'000	Fixtures and Fittings £'000	Total £'000
<b>Cost</b>			
At 3 June 2002	159	31	190
Additions	200	27	227
At 1 June 2003	359	58	417
<b>Depreciation</b>			
At 3 June 2002	48	17	65
Charge for the year	57	7	64
At 1 June 2003	105	24	129
<b>Net book value</b>			
At 1 June 2003	254	34	288
At 2 June 2002	111	14	125

### 8. STOCKS

	2003 £'000	2002 £'000
Raw materials and consumables	9	9
Work in progress	83	48
	92	57

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

# GAMES WORKSHOP TOOLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 June 2003

### 9. DEBTORS

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Trade debtors	2	1
Amounts owed by group undertakings	153	120
Corporation tax	43	-
Other debtors	16	8
Prepayments and accrued income	4	-
	<u>218</u>	<u>129</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Bank overdraft	112	-
Trade creditors	31	15
Amounts owed to group undertakings	16	3
Corporation tax	-	6
Other taxation and social security	13	9
Accruals and deferred income	48	104
	<u>220</u>	<u>137</u>

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Employee share options £'000	Deferred tax liability £'000	Total £'000
At 3 June 2002	158	8	166
(Credited)/charged to profit and loss account	(12)	3	(9)
At 1 June 2003	<u>146</u>	<u>11</u>	<u>157</u>

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

	2003 £'000	Provided 2002 £'000
Accelerated capital allowances	<u>11</u>	<u>8</u>

There is no unprovided deferred tax in either year.

# GAMES WORKSHOP TOOLING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 1 June 2003

### 12. CALLED-UP SHARE CAPITAL

	2003 £'000	2002 £'000
<i>Authorised, allotted, called-up and fully-paid</i>		
50,000 ordinary shares of £1 each	50	50

### 13. RESERVES

	2003 Profit and loss account £'000
At 3 June 2002	74
Retained profit for the year	97
At 1 June 2003	171

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit (loss) for the year	97	(133)
Net movement in shareholders' funds	97	(133)
Opening shareholders' funds	124	257
Closing shareholders' funds	221	124

### 15. FINANCIAL COMMITMENTS

#### a) Capital commitments

The company had no capital commitments at either year end.

#### b) Lease commitments

The company had no annual commitments under non-cancellable operating leases at either year end.

### 16. PENSION ARRANGEMENTS

The company makes contributions to the Games Workshop Group PLC group personal pension plan, which is a defined contribution scheme. The pension cost charge for the year amounted to £15,000 (2002 - £14,000).

### 17. CONTINGENT LIABILITIES

The company has guaranteed the bank overdraft and loans of certain other group undertakings. The aggregate amounts outstanding under these arrangements at the balance sheet date was £3,405,758 (2002 - £2,500,000).

## **GAMES WORKSHOP TOOLING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 1 June 2003**

#### **18. RELATED PARTY DISCLOSURES**

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

#### **19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

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

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