

## **GAMES WORKSHOP INTERACTIVE LIMITED**

### **Report and Financial Statements**

**1 June 2003**



# **GAMES WORKSHOP INTERACTIVE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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**GAMES WORKSHOP INTERACTIVE LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M Sherwin  
A Jones

**SECRETARY**

M Sherwin

**REGISTERED OFFICE**

Willow Road  
Lenton  
Nottingham  
NG7 2WS

**AUDITORS**

Deloitte and Touche LLP  
Chartered Accountants  
Birmingham

# GAMES WORKSHOP INTERACTIVE 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 to be a holding company for a computer game development subsidiary of the Games Workshop group.

### Business review

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

### Results and dividends

The audited financial statements for the year ended 1 June 2003 are set out on pages 6 to 12. The loss for the year after taxation was £9,125 (2002 - £nil). The directors do not recommend the payment of a dividend (2002 - £nil).

### Directors and their interests

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

No director had any interest in the shares of the company.

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

	Ordinary shares of 5p each	
	2003	2002
	Number	Number
A Jones	1,804	1,804

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

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

	2 June	Granted*	Lapsed	1 June	Exercise dates		Exercise price
	2002			2003	Commence-ment	Expiry	
	Number	Number	Number	Number			
A Jones							
Share options	3,154	-	-	3,154	Sept 1997	Sept 2004	115p
Sharesave scheme	1,718	-	-	1,718	Nov 2003	Apr 2004	106p
	859	-	-	859	Nov 2004	Apr 2005	338p
Share incentive plan	11,782	-	-	11,782	Jun 2005	-	-

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

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

# GAMES WORKSHOP INTERACTIVE LIMITED

## DIRECTORS' REPORT (continued)

### 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 auditors 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 INTERACTIVE LIMITED

We have audited the financial statements of Games Workshop Interactive Limited for the year ended 1 June 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 loss 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

19 December 2003

# GAMES WORKSHOP INTERACTIVE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 1 June 2003

	Notes	2003 £	2002 £
Amounts written off investments	2	<u>(9,125)</u>	<u>-</u>
Loss on ordinary activities before and after taxation, being retained loss for the year	9	<u>(9,125)</u>	<u>-</u>

There are no recognised gains or losses arising other than the loss for the year, which is derived from continuing operations.

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



# GAMES WORKSHOP INTERACTIVE LIMITED

## BALANCE SHEET

1 June 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investments	5	-	9,125
<b>Current assets</b>			
Cash at bank and in hand		1	1
<b>Creditors: Amounts falling due within one year</b>	6	(9,125)	(9,125)
<b>Net current liabilities</b>		(9,124)	(9,124)
<b>Net (liabilities)/ assets</b>		(9,124)	1
<b>Capital and reserves</b>			
Called-up share capital	8	1	1
Profit and loss account	9	(9,125)	-
<b>Equity shareholders' (deficit)/ funds</b>	10	(9,124)	1

The financial statements on pages 6 to 12 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 financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 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. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement.

#### Investments

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

#### 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.

### 2. AMOUNTS WRITTEN OFF INVESTMENTS

	2003	2002
	£	£
Amounts written off investments	9,125	-

The above amount relates to the impairment of the investment in Warhammer Online Limited, due to the loss making position of that company.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 1 June 2003**

**3. DIRECTORS' REMUNERATION**

The directors did not receive any remuneration in respect of their services to Games Workshop Interactive Limited.

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

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

	£
Loss on ordinary activities before taxation	9,125
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(2,738)
Effect of:	
- expenses not deductible for tax purposes	2,738
	<u>-</u>

**5. FIXED ASSET INVESTMENTS**

	2003 £	2002 £
Subsidiary undertaking	<u>-</u>	<u>9,125</u>

The investment in the subsidiary undertaking is as follows:

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	Principal business activity
Warhammer Online Limited	England and Wales	£1 ordinary £1 preference	71.25% 100%	Design and development of a multi player computer game

# GAMES WORKSHOP INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 June 2003

### 5. FIXED ASSET INVESTMENTS (continued)

#### Cost

	£
At 2 June 2002 and 1 June 2003	9,125

#### Amounts written off

At 3 June 2002	-
Impairment	9,125
At 1 June 2003	9,125

#### Net book value

At 2 June 2002	9,125
At 1 June 2003	-

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

	2003 £	2002 £
Amounts due to group undertakings	9,125	9,125

### 7. PROVISIONS FOR LIABILITIES AND CHARGES

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

### 8. CALLED-UP SHARE CAPITAL

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

# GAMES WORKSHOP INTERACTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 1 June 2003

### 9. RESERVES

	Profit and loss account £
At 3 June 2003	-
Loss for the year	(9,125)
At 1 June 2003	(9,125)

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/ FUNDS

	2003 £
Loss for the year	(9,125)
Net movement in shareholders' funds	(9,125)
Opening shareholders' funds	1
Closing shareholders' deficit	(9,124)

### 11. FINANCIAL COMMITMENTS

#### a) Capital commitments

The company had no capital commitments at the year end (2002 - £nil).

#### b) Lease commitments

The company had no annual commitments under non-cancellable operating leases at the year end (2002 - £nil).

### 12. CONTINGENT LIABILITIES

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

### 13. 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 1 June 2003**

**14. 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.