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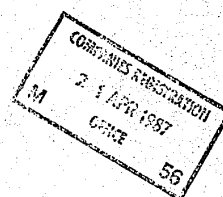
GAMES WORKSHOP LIMITED

REPORT & ACCOUNTS

YEAR ENDED 31ST MAY 1985



THE LAWRENCE WOOLFSON PARTNERSHIP
CHARTERED ACCOUNTANTS



GAMES WORKSHOP LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31ST MAY 1985

THE LAWRENCE WOOLFSON PARTNERSHIP
Chartered Accountants
Oxford House
9-15 Oxford Street
London. W1R 1RF

GAMES WORKSHOP LIMITED

DIRECTORS:

S.P. Jackson
I. Livingstone

SECRETARY:

S.P. Jackson

REGISTERED OFFICE:

Oxford House
9-15 Oxford Street
London W1R 1RF

REPORT AND ACCOUNTS

Pages	1	Report of the directors
	2	Report of the auditors
	3	Profit and loss account
	4	Balance sheet
	5	Source and application of funds
	6-11	Notes to the accounts

The following pages do not form part of the statutory accounts.

12-13 Trading and profit and loss account

GAMES WORKSHOP
REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of the company for the year ended 31st May 1985.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the distribution and retail of wholesale games.

REVIEW OF BUSINESS

A summary of the results of the years trading is given on page 3 of the accounts. The Directors consider the state of affairs to be satisfactory.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31st May 1985.

DIRECTORS

The Directors in office during the year and their interests in the issued ordinary share capital of the Company were as follows:

	<u>31st May 1985</u>	<u>31st May 1984</u>
S.P. Jackson	62500	62500
I. Livingstone	62500	62500

FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts on page 8.

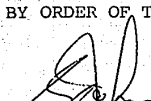
CLOSE COMPANY STATUS

In the opinion of the Directors, the Company is a Close Company within the meaning of the Corporation Taxes Act 1970.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of The Lawrence Woolfson Partnership will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


S.P. JACKSON
SECRETARY

3rd March 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF
GAMES WORKSHOP LIMITED

We have audited the accounts on pages 3 to 11 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 6 give a true and fair view of the state of the affairs of the company at 31st May 1985 and of the profit and source and application of funds of the company for the year to that date and comply with the Companies Act 1985.

THE LAWRENCE WOOLFSON PARTNERSHIP
Chartered Accountants
Oxford House
9-15 Oxford Street
London W1R 1RF

3rd March 1986

GAMES WORKSHOP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1985

		1985	1984
	NOTES	£	£
<u>TURNOVER</u>	2	4836492	3080118
Cost of Sales		2279868	1475772
		2556624	1604346
<u>GROSS PROFIT</u>			
Distribution costs	217741		120116
Administrative expenses	1270545		814564
Other operating charges	885007		501852
		2373293	1436532
<u>OPERATING PROFIT</u>	3	183331	167814
Interest received		267	88
		183598	167902
Interest payable	5	100866	26770
<u>PROFIT on ordinary activities before taxation</u>		82712	141132
<u>TAXATION</u>	6	35187	143
<u>PROFIT on ordinary activities after taxation</u>		47525	140989
<u>EXTRAORDINARY CHARGE</u>			
Investment in subsidiary company written off		10500	-
		37025	140989
<u>PROFIT for the financial year</u>			
<u>RETAINED PROFIT at 1st June 1984</u>		146966	130877
<u>LESS: Provision for deferred taxation for prior years</u>		57850	-
Transfer to Share Capital		-	124900
		89116	5977
<u>RETAINED PROFIT at 31st May 1985</u>		£ 126141	£ 146966

The notes on pages 6 to 11 form part of these accounts.

GAMES WORKSHOP LIMITED
BALANCE SHEET AS AT 31ST MAY 1985

	NOTES	<u>1985</u>	<u>1984</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	7	731255	496091
Investments	8	9090	19590
		<u>740345</u>	<u>515681</u>
<u>CURRENT ASSETS</u>			
Stocks	9	827992	482854
Debtors	10	592419	389048
Cash at bank and in hand		16671	26299
		<u>1437082</u>	<u>898201</u>
<u>CREDITORS: amounts falling due within one year</u>	11	<u>1262584</u>	<u>644728</u>
<u>NET CURRENT ASSETS</u>		<u>174498</u>	<u>253473</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>914843</u>	<u>769154</u>
<u>CREDITORS: amounts falling due after more than one year</u>	12	<u>570954</u>	<u>497188</u>
		<u>343889</u>	<u>271966</u>
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	14	92748	-
		<u>£251141</u>	<u>£271966</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	125000	125000
Profit and loss account		126141	146966
		<u>£251141</u>	<u>£271966</u>

S.P. JACKSON)
) DIRECTORS
 I. LIVINGSTONE)

Approved by the Board: 3rd March, 1986

The notes on pages 6 to 11 form part of these accounts.

GAMES WORKSHOP LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED
31ST MAY 1985

	<u>£</u>	<u>1985</u>	<u>£</u>	<u>1984</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>					
Funds generated from operations:					
Profit on ordinary activities before taxation		82712		141132	
Adjustment for items not involving the movement of funds:					
Depreciation		67367		36003	
Loss on sale of fixed assets		1605		-	
		<u>151684</u>		<u>177135</u>	
Funds from other sources:					
Sale of fixed assets	7091		-		
Bank loans	193742		345000		
		<u>200833</u>		<u>345000</u>	
		352517		522135	
<u>APPLICATION OF FUNDS</u>					
Investment	-		9090		
Purchase of fixed assets	311227		413122		
Tax paid	6306		575		
		<u>317533</u>		<u>422787</u>	
		<u>£ 34984</u>		<u>£ 99348</u>	
<u>MOVEMENT IN WORKING CAPITAL</u>					
Increase in stock	345138		168342		
Increase in debtors	203371		97924		
(Increase) in creditors	(321950)		(296247)		
Decrease/(Increase) in directors' current accounts	40645		(25348)		
		<u>267204</u>		<u>(55329)</u>	
<u>MOVEMENT IN NET LIQUID FUNDS</u>					
(Decrease)/Increase in bank and (Increase)/Decrease in bank overdraft		(232220)		154677	
		<u>£ 34984</u>		<u>£ 99348</u>	

The notes on pages 6 to 11 form part of these accounts.

GAMES WORKSHOP LIMITEDNOTES TO THE ACCOUNTS - 31ST MAY 1985ACCOUNTING POLICIES(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

(c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Buildings	-	2% on cost
Office Equipment	-	20% on reducing balance
Fixtures and Fittings	-	15% on reducing balance
Motor Vehicles	-	25% on reducing balance

(d) Stocks

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(e) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences. In previous years no provision was made for deferred taxation and the charge for the year ended 31st May 1985 includes provision for deferred taxation arising from timing differences in prior years.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company.

GAMES WORKSHOP LIMITEDNOTES TO THE ACCOUNTS - 31ST MAY 1985(CONTINUED)3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	67367	36003
Loss on sale of fixed assets	1605	-
Hire of equipment	14369	15833
Directors' remuneration	-	60000
Auditors' remuneration	7925	7500
Staff costs (Note 4)	1016838	679999
	<u> </u>	<u> </u>

4. STAFF COSTS

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Wages, salaries and social security costs	1016838	601309
Directors' remuneration	-	60000
Pension fund contributions	-	18690
	<u>£1016838</u>	<u>£679999</u>

5. INTEREST PAYABLE

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Interest payable on:		
Bank overdraft	48152	23409
Bank loans	41583	334
Hire purchase	10977	3027
Overdue taxation	174	-
	<u>£100886</u>	<u>£ 26770</u>

GAMES WORKSHOP LIMITEDNOTES TO THE ACCOUNTS - 31ST MAY 1985 (CONTINUED)6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Corporation Tax at 30% based on the adjusted results of the year	-	-
Deferred Taxation attributable to the year ended 31st May 1985	34898	-
Corporation Tax under provision for prior year	289	143
	<u>£35187</u>	<u>£ 143</u>

The total potential liability for deferred taxation has been provided in full in this years accounts. No provision for deferred taxation was made in previous years and provision for deferred taxation for prior years totalling £57850 has been made in these accounts as a prior years adjustment (See note 14).

7. TANGIBLE FIXED ASSETS

	<u>FREEHOLD PREMISES</u>	<u>OFFICE EQUIPMENT</u>	<u>FIXTURES & FITTINGS</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost:					
Balance at 1st June 1984	339174	98773	96517	31798	566262
Additions during the year	144633	115162	19941	31491	311227
	<u>483807</u>	<u>213935</u>	<u>116458</u>	<u>63289</u>	<u>877489</u>
Disposals during the year	-	9140	-	2228	11368
	<u>483807</u>	<u>204795</u>	<u>116458</u>	<u>61061</u>	<u>866121</u>
Balance at 31st May 1985					
Depreciation:					
Balance at 1st June 1984	-	29709	29279	11183	70171
Provided in year	6564	35017	12890	12896	67367
	<u>6564</u>	<u>64726</u>	<u>42169</u>	<u>24079</u>	<u>137538</u>
Eliminated on Disposals	-	1828	-	844	2672
	<u>6564</u>	<u>62898</u>	<u>42169</u>	<u>23235</u>	<u>134866</u>
Balance at 31st May 1985					
Net Book Value:					
At 31st May 1985	<u>£477243</u>	<u>£141897</u>	<u>£ 74289</u>	<u>£ 37826</u>	<u>£731255</u>
At 31st May 1984	<u>£339174</u>	<u>£ 69064</u>	<u>£ 67238</u>	<u>£ 20615</u>	<u>£496091</u>

The cost of freehold buildings on which depreciation is charged amounted to £434007. No depreciation has been provided on additions in the year to freehold buildings.

GAMES WORKSHOP LIMITEDNOTES TO THE ACCOUNTS - 31ST MAY 1985 (CONTINUED)8. INVESTMENTS

Investments in subsidiary companies at cost:

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Gamesmaster Limited (90% owned)	90	90
Chronicle Miniatures Ltd (100% owned)	9000	9000
Citadel Miniatures Limited (100% owned)	-	10500
	<u>£9090</u>	<u>£19590</u>

The investment in Citadel Miniatures Limited is considered by the directors to be of no value and has been written off in these accounts as an extraordinary charge.

9. STOCKS

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Finished goods	804523	482854
Work in progress	23469	-
	<u>£827992</u>	<u>£482854</u>

10. DEBTORS

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Trade debtors	442762	320765
Pension fund loan	37759	36759
Prepayments	102229	26193
Other debtors	9669	5331
	<u>£592419</u>	<u>£389048</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Trade creditors	616710	461592
Social security and other taxes	112552	48598
Corporation tax	-	6017
Accruals	50002	25718
Amount owing to subsidiary companies	5670	5380
Hire purchase	60736	24061
Bank overdraft	266234	43642
Bank loans	150680	29720
	<u>£1262584</u>	<u>£644728</u>

GAMES WORKSHOP LIMITEDNOTES TO THE ACCOUNTS - 31ST MAY 1985 (CONTINUED)12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Hire purchase	77152	35523
Bank loans	388062	315280
Directors loan accounts	105740	146385
	<u>£570954</u>	<u>£497188</u>

13. BANK LOANS AND OVERDRAFTS

The aggregate amount of bank loans and overdrafts was as follows:

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
(a) Falling due within one year		
Bank overdraft	266234	43642
Bank loans - current portion	150680	29720
(b) Falling due after more than one year		
Bank loans - repayable within five years	127152	118830
Bank loans - repayable after five years	260910	196400
Aggregate amounts	<u>£804976</u>	<u>£388642</u>

The bank loans are secured by a fixed charge on the freehold property and the bank overdraft by a fixed charge and a floating charge over the other assets and undertakings of the company.

14. DEFERRED TAXATION

The total potential liability for deferred taxation has been provided for in full as follows in this year's accounts:

	<u>1985</u>	<u>1985</u>	<u>1984</u>	<u>1984</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>For the year ended 31st May 1985</u>				
Short term timings differences	(5003)	-	-	-
Accelerated capital allowances:				
On equipment, fixtures and motor vehicles	24362	-	-	-
On industrial buildings	38935	-	-	-
Losses available for future relief	(23396)	-	-	-
		34898	-	-
<u>For the period to 31st May 1984</u>				
Accelerated capital allowances:				
On equipment, fixtures and motor vehicles	28487	-	-	-
On industrial buildings	62346	-	-	-
Losses available for future relief	(32983)	-	-	-
		57850	-	-
		<u>£92748</u>	-	-

No provision for deferred taxation was made in previous years.

GAMES WORKSHOP LIMITED
NOTES TO THE ACCOUNTS - 31ST MAY 1985
(CONTINUED)

15. CALLED UP SHARE CAPITAL

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Authorised 1,000,000 Ordinary Shares of £1 each	<u>1000000</u>	<u>1000000</u>
Allotted, Issued and Fully Paid 125,000 Ordinary Shares of £1 each	<u>125000</u>	<u>125000</u>

GAMES WORKSHOP LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1985 (CONTINUED)

	<u>1985</u>		<u>1984</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Totals brought forward	1102748	2556624	621968	1604346
<u>ADMINISTRATIVE EXPENSES</u>				
Directors' remuneration	-		60000	
Pension fund contributions	-		18690	
Wages	1016838		601309	
Telephone	29685		17655	
Printing and stationery	57828		29851	
Audit and accountancy	7925		7500	
Legal and professional fees	52592		8666	
Sundry expenses	44388		21985	
Leasing charges	14369		15853	
Depreciation: Office equipment	35017		17265	
: Fixtures and fittings	12890		11866	
Loss on sale of equipment	1262		-	
(Profit)/Loss on exchange	(2249)		3924	
	<u>1270545</u>		<u>814564</u>	
		2373293		1436532
		183331		167814
<u>OPERATING PROFIT</u>				
Add: Bank deposit interest		267		88
		<u>163598</u>		<u>167902</u>
<u>INTEREST PAYABLE</u>				
Bank charges and interest	48152		23409	
Bank loan interest	41583		334	
Hire purchase interest	10977		3027	
Interest on overdue taxation	174		-	
	<u>100886</u>		<u>26770</u>	
<u>PROFIT on ordinary activities</u>				
<u>before taxation</u>		<u>£ 62712</u>		<u>£ 141132</u>

This page does not form part of the statutory accounts.