Games Workshop Limited

Annual report and financial statements

for the 52 weeks ended 28 May 2023

Registered number: 1467092

Annual report and financial statements
for the 52 weeks ended 28 May 2023

Company information

Directors
K D Rountree
R F Tongue

Company secretary
R Matthews

Registered office
Willow Road
Lenton
Nottingham
NG7 2WS

Strategic report

Strategy and objectives

Games Workshop's ambitions remain clear: to make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.

We measure our long-term success by seeking a high return on investment. In the short term, we measure our success on our ability to grow sales whilst maintaining our core operating profit margin at current levels. The way we go about implementing this strategy is to recruit the best staff we can. We look for those with the appropriate attitude and behaviour a given job requires and for those who are aligned with our principles and who are quality obsessed. It is also important that everyone we employ has a real desire to learn the skills needed to do their job and has a great attitude towards change.

Business model

We design, manufacture, distribute and sell our fantasy miniatures and related products. These are fantasy miniatures from our own Warhammer 40,000 and Warhammer: Age of Sigmar universes.

Our core revenue is generated via three channels, our own stores 'Retail', third party independent retailers and group companies 'Trade' and our online store 'Online'. We also sell via our licensing partners.

Key performance indicators

We consider our key performance indicators to be sales, operating profit and cash generation.

Review of the period

Sales - core revenue

Sales to third parties increased by 6.0% from £216.2 million to £229.3 million for the period. Online sales increased by 6.6% from £85.2 million to £90.9 million, and there was also growth in the Retail channel of 26.6% from £29.4 million to £37.2 million. During the period a trade sales office was established in Barcelona by a fellow Group company. As a result of this Trade sales to third parties by the Company decreased by 0.4% from £101.6 million to £101.1 million.

Trade sales to related parties decreased by 24.6% from £143.8 million to £108.4 million. This was mainly due to a reduction in sales to the Games Workshop business in North America due to a group initiative to reduce inventory levels in that business. Therefore, total reported core revenue decreased from £360.1 million to £337.8 million.

Core revenue percentage by channel:

	52 weeks ended 28 May 2022	52 weeks ended 29 May 2022
Trade sales to third parties	**30.0%**	28.2%
Trade sales to related parties	**32.1%**	39.9%
Online sales	**26.9%**	23.7%
Retail sales	**11.0%**	8.2%

At the end of the period we had 135 of our own retail stores in the UK (2022: 135).

Licensing revenue

Reported licensing revenue decreased slightly to £25.4 million for the period. This was largely due to a high level of guarantee income on multi-year contracts signed in the prior year; this income is recognised in full at the inception of the contract in line with IFRS 15 'Revenue from contracts with customers' following assessment of the performance obligations of the contract. In the period, guarantee income was £8.1 million (2022: £15.0m). Reported income is split as follows: 68% PC and console games, 6% mobile and 26% other.

Operating profit

Core operating profit decreased by £29.1 million to £120.4 million (2022: £149.5 million), as a result of lower sales to related parties, and additional staff costs incurred. As a percentage of core sales, core operating profit was 35.6% (2022: 41.5%).

Licensing operating profit reduced by £3.6 million to £22.1 million (2022: £25.7 million) as a result of the lower revenue as discussed above. These numbers are income less costs; they do not include any costs related to using the IP created in the core business.

Strategic report (continued)

Review of the period continued

Cash generation

	52 weeks ended 28 May 2022 £m	52 weeks ended 29 May 2022 £m
Cash at the start of the period	**33.0**	55.9
Cash generated from core operating activities	**154.7**	100.8
Licensing cash receipts	**26.5**	15.4
Purchases of tangible and intangible assets	**(13.2)**	(15.9)
Product development costs	**(13.1)**	(13.9)
Lease payments	**(4.8)**	(4.4)
Interest received	**2.5**	0.1
Dividends paid	**(133.4)**	(105.0)
Cash at the end of the period	**52.2**	33.0

Cash generated from core operating activities above includes a decrease in inventory of £2.9 million (2022: increase of £5.4 million), and receipt of an outstanding European VAT receivable of £11.3 million.

Taxation

The effective tax rate for the period was 20.1% (2022: 19.1%) which is close to the average UK corporation tax rate for the year of 20%. The UK corporation tax rate increased from 19% to 25% from 1 April 2023.

Treasury

The objective of our treasury operation is the cost effective management of financial risk. It operates within a range of board approved policies. No transactions of a speculative nature are permitted.

Interest rate risk

Net interest receivable for the period was £2.0 million (2022: net interest payable £0.4 million). This includes interest received from fellow group companies of £1.8 million (2022: £0.0 million), which has increased as a result of loan agreements entered into during the period, and interest received on cash balances of £0.7 million (2022: £0.1 million) offset by interest expense on lease liabilities of £0.4 million (2022: £0.5 million).

Foreign exchange

Our main currency exposures are the euro and US dollar. The exchange rates that have been used in the preparation of these accounts are as follows:

	euro		US dollar	
	2023	2022	**2023**	2022
Period end rate used for the balance sheet	**1.15**	1.18	**1.23**	1.26
Average rate used for earnings	**1.15**	1.18	**1.20**	1.34

Risks and uncertainties

The board of the group to which the Company belongs has overall responsibility for ensuring risk is appropriately managed across the Group and has carried out a robust assessment of the principal risks to the business. Our operational risks, including emerging risks, are identified and monitored through discussion at regular risk meetings of the senior management team. These meetings are coordinated by the internal audit function and assess the impact of each operational risk as well as identifying new emerging risks and mitigating actions required. The output of this process is considered and reviewed by the audit and risk committee of the group to which the Company belongs twice yearly.

The key strategic risks to the Company are regularly reviewed. The principal strategic risks identified in 2022/23 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones which we believe could cause business interruption.

- IT strategy and delivery – with a number of significant business projects in play, each of which are dependent on IT support, there is a requirement for a robust IT strategy which enables us to deliver key strategic projects as well as supporting day to day activities. We are actively supporting our global head of IT in investing in the structure of his team to ensure the IT support needs of the business can be delivered.
- Media – whilst this remains an area for future growth, it is imperative that exploitation of our IP through media channels does no harm to our core business. Our IP steering team meet every month to discuss ongoing and future exploitation, to ensure that all use of our IP, through all channels, is approved, correct and consistent. They are fully supported by our in-house legal team who will act when needed.

Strategic report (continued)

Section 172 statement

This section describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

The likely consequences of any decision in the long term
To be around forever, it is essential that the board makes decisions which are the best for Games Workshop in the long term. These decisions are focused on long-term success, not short-term gains. The best example of this is the ongoing investment in our studios and our rich IP. This together with our capital investment in new production facilities, warehousing space and technology, as well as IT infrastructure will stand us in good stead for the future.

The interests of the Company's employees
The board of the group to which the Company belongs actively engages with employees to ensure that the opinions and ideas of staff are always considered, and that staff are kept up to date and informed. This has been achieved by running a series of quarterly departmental briefings, led by senior managers which helps facilitate open communication.

The need to foster the Company's business relationships with suppliers, customers and others

- Suppliers
  The directors are briefed on a monthly basis regarding major investments and ongoing relationships with key suppliers as required. The directors also have oversight of relationships with suppliers through regular updates and reports from the executive team.

- Customers
  The enjoyment of all things Warhammer by our customers is our priority. The directors assess and consider customer satisfaction and engagement on a regular basis. Sales and performance information provide the directors with good visibility of customer demand on a monthly basis. Key performance indicators in respect of engagement with customers through our Warhammer Community website, digital communications, and initiatives like Warhammer Alliance are likewise reported to, and assessed by, the directors regularly. Any other significant trends, issues or opinions of our customers are reported up to and discussed by the directors when appropriate.

The impact of the Company's operations on the community and the environment
The directors recognise the importance of managing the social impact of the business and minimising any adverse impact of our operations on the environment. Details of the progress made in respect of environmental sustainability and social impact can be found in the directors' report on pages 5 and 6.

The desirability of the Company maintaining a reputation for high standards of business conduct
The directors expect the highest standards of business conduct. They receive regular updates in respect of matters of regulatory compliance, and the business has policies, procedures and processes in place in respect of modern slavery, bribery and corruption, ethical sourcing and tax evasion.

Outlook
We finished the year having delivered another year of sales growth to third party customers. As for the future, we will continue to focus on product quality - in June 2023 we launched the best Warhammer 40,000 range of miniatures in our history. Our team has been sensational again, thanks to you all.

Approved by the board, and signed on behalf of the board

R Tongue
R Tongue (Oct 18, 2023 11:44 GMT+1)

R F Tongue
Director
18 October 2023

DIRECTORS' REPORT

The directors present their annual report on the affairs of Games Workshop Limited ('the Company') together with the financial statements for the 52 weeks ended 28 May 2023.

Dividends
Dividends of £133,400,000 (2022: £105,000,000) were declared and paid during the period.

Further dividends of £50,000,000 were declared post period end and were paid before the signing of these accounts.

Directors
The directors who served during the period and up to the date of signing the financial statements are set out on page 1.

Conflict of interest
The Company's articles of association take account of certain provisions of the Companies Act 2006 relating to directors' conflicts of interests. 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 interests of the Company. The board has adopted procedures for the approval of such conflicts. The board's powers to authorise conflicts are operating effectively and the procedures are being followed.

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 period and to the date of approval of the financial statements.

Energy and carbon report
The Company's ultimate parent is Games Workshop Group PLC. For the purposes of energy and carbon reporting, it is not practical to separate out the Company's individual usage from that of the Group's given that management review energy reporting at a Group level. For further details on environmental risks, emissions and energy usage, and related metrics and targets please see the Games Workshop Group PLC annual report.

Employees
We are always looking for ways to improve communication with our staff. We issue a monthly newsletter to share all business updates across all departments on a regular basis. This newsletter helps keep all staff up to date on business updates. In addition, we run quarterly senior management briefings to allow senior managers to brief all staff in their areas on significant business updates. This forum also allows staff to ask questions of their senior management team. We continue to explore ways to integrate further feedback mechanisms to ensure staff feel engaged, included and listened to.

The Company maintains the UK national living wage for all UK employees, regardless of age.

The group to which the Company belongs operates an employee sharesave scheme as a means of further encouraging the involvement of employees in the group's performance.

The Company's policy is to consider, for recruitment, disabled workers for those vacancies that they are able to fill. All reasonable adjustments will be made for disabled workers, and all necessary assistance with training is provided. 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.

Health, safety and wellbeing
Protecting the health and safety of all our employees is fundamental to how we do business. With this in mind, we have continued to focus on our key principles of leadership, managerial ownership and staff engagement.

Last year we launched our updated health and safety policy, which, whilst an evolution of our existing policy, reinforced our key health and safety principles of leadership, managerial ownership and staff involvement. This year we ensured the policy was fully integrated across the business. During the period there were three injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the UK (2021/22: two).

Regular and routine safety tours by senior management help to ensure that the subject continues to maintain the high profile we believe it deserves, and furthers the staff engagement which is the bedrock of our health and safety system. This engagement, together with continued roll-outs of our in-house, IOSH accredited, 'Working Safely' training ensures we have staff who not only want to do the right thing, but also know what to do and when to do it.

Alongside the safety of our staff; their wellbeing and physical and mental welfare continues to be a priority. We are committed to creating a culture where talking about physical and mental health is commonplace. We aren't there yet, but we will continue to work to fully embed a culture that is open and honest about mental health, working with our colleagues to understand their needs and build upon our strong foundations.

Health, safety and wellbeing continued
We also recognise that there will be times in everyone's lives, whether related to work or not, where they need additional support - in these situations we want our people to receive the help they require wherever they are, whatever they're doing and whenever they need it. Our global employee assistance programme provider helps us to do this more effectively. Amongst other things, access in local language through a mobile app improves accessibility for all employees, allowing our people to use this service whenever and wherever they may need it.

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

Financial risks
The financial risks facing the Company are set out in note 19 to these financial statements.

Existence of branches
The Company operates a number of branches outside of the UK: in Belgium, Denmark, Finland, Ireland, Japan, the Netherlands, Norway and Poland.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

On behalf of the board

R Tongue
R Tongue (Oct 18, 2023 11:44 GMT+1)

R F Tongue
Director

18 October 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The members have not required the Company to obtain an audit of its financial statements for the period ended 28 May 2023 in accordance with section 476 of the Companies Act 2006, audit exemption for a subsidiary company.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Company law requires the directors to prepare financial statements for each financial period. Under that law they are required to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Responsibility statement of the directors in respect of the annual report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principle risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

On behalf of the board

R Tongue

R Tongue (Oct 18, 2023 11:34 GMT+1)

R F Tongue
Director
18 October 2023

INCOME STATEMENT

	Notes		52 weeks ended 28 May 2023 £'000		52 weeks ended 29 May 2022 £'000
Core revenue			**337,779**		360,090
Licensing revenue			**25,421**		27,980
Revenue	4		**363,200**		388,070
Cost of sales			**(129,917)**		(134,445)
Core gross profit		**207,862**		225,645	
Licensing gross profit		**25,421**		27,980	
Gross profit			**233,283**		253,625
Operating expenses	5		**(90,802)**		(78,461)
Core operating profit		**120,354**		149,494	
Licensing operating profit		**22,127**		25,670	
Operating profit			**142,481**		175,164
Finance income	7		**2,465**		90
Finance costs	8		**(426)**		(464)
Profit before taxation	9		**144,520**		174,790
Income tax expense	10		**(29,106)**		(33,331)
Profit attributable to owners of the parent	26		**115,414**		141,459

STATEMENT OF COMPREHENSIVE INCOME

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Profit attributable to owners of the parent	**115,414**	141,459
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(1,106)**	1,549
Other comprehensive income for the period	**(1,106)**	1,549
Total comprehensive income attributable to owners of the parent	**114,308**	143,008

The notes on pages 12 to 28 are an integral part of these financial statements.

BALANCE SHEET

	Notes	28 May 2023 £'000	29 May 2022 £'000
Non-current assets			
Other intangible assets	12	**20,862**	24,931
Property, plant and equipment	13	**50,586**	49,635
Right-of-use assets	14	**24,024**	26,363
Deferred tax assets	15	**-**	8
Trade and other receivables	17	**33,200**	46,424
		128,672	147,361
Current assets			
Inventories	16	**21,270**	23,519
Trade and other receivables	17	**28,650**	48,640
Current tax assets		**8,863**	4,354
Cash and cash equivalents	18	**52,181**	33,000
		110,964	109,513
Total assets		**239,646**	256,874
Current liabilities			
Lease liabilities	20	**(3,410)**	(3,250)
Trade and other payables	21	**(36,324)**	(33,718)
Provisions for other liabilities and charges	23	**(348)**	(356)
		(40,082)	(37,324)
Net current assets		**70,882**	72,189
Non-current liabilities			
Lease liabilities	20	**(21,504)**	(23,996)
Other non-current liabilities	22	**(4,060)**	(4,056)
Deferred tax liabilities	15	**(1,396)**	-
Provisions for other liabilities and charges	23	**(813)**	(724)
		(27,773)	(28,776)
Net assets		**171,781**	190,774
Capital and reserves			
Called up share capital	24	**139**	139
Translation reserve	25	**812**	1,918
Retained earnings	26	**170,830**	188,717
Total equity		**171,781**	190,774

The notes on pages 12 to 28 are an integral part of these financial statements.

For the period ended 28 May 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 8 to 28 were approved by the board of directors on 18 October 2023 and were signed on its behalf by:

K Rountree
K Rountree (Oct 18, 2023 11:47 GMT+1)

K D Rountree, Director

R Tongue
R Tongue (Oct 18, 2023 11:44 GMT+1)

R F Tongue, Director

Registered number 1467092

STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital (note 24) £'000	Translation reserve (note 25) £'000	Retained earnings (note 26) £'000	Total equity £'000
At 30 May 2021 and 31 May 2021	139	369	152,968	153,476
Profit for the 52 weeks to 29 May 2022	-	-	141,459	141,459
Exchange differences on translation of foreign operations	-	1,549	-	1,549
Total comprehensive income for the period	-	1,549	141,459	143,008
Transactions with owners:				
Dividends declared and paid to the parent company	-	-	(105,000)	(105,000)
Current tax credit relating to exercised share options	-	-	641	641
Deferred tax charge relating to share options	-	-	(1,351)	(1,351)
Total transactions with owners	-	-	(105,710)	(105,710)
At 29 May 2022 and 30 May 2022	139	1,918	188,717	190,774
Profit for the 52 weeks to 28 May 2023	-	-	115,414	115,414
Exchange differences on translation of foreign operations	-	(1,106)	-	(1,106)
Total comprehensive income for the period	**-**	**(1,106)**	**115,414**	**114,308**
Transactions with owners:				
Dividends declared and paid to the parent company	-	-	(133,400)	(133,400)
Current tax credit relating to exercised share options	-	-	334	334
Deferred tax charge relating to share options	-	-	(235)	(235)
Total transactions with owners	**-**	**-**	**(133,301)**	**(133,301)**
At 28 May 2023	**139**	**812**	**170,830**	**171,781**

The notes on pages 12 to 28 are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Cash flows from operating activities			
Cash generated from operations	27	**212,478**	150,847
Corporation tax paid		**(31,278)**	(34,643)
Net cash generated from operating activities		**181,200**	116,204
Cash flows from investing activities			
Purchases of property, plant and equipment		**(12,757)**	(14,859)
Purchases of other intangible assets		**(395)**	(1,093)
Expenditure on product development		**(13,125)**	(13,934)
Interest received		**2,465**	90
Net cash used in investing activities		**(23,812)**	(29,796)
Cash flows from financing activities			
Repayment of principal under leases		**(4,400)**	(3,959)
Interest paid		**(3)**	(11)
Lease interest paid		**(424)**	(454)
Dividends paid to Company shareholders		**(133,400)**	(105,000)
Net cash used in financing activities		**(138,227)**	(109,424)
Net increase/(decrease) in cash and cash equivalents		**19,161**	(23,016)
Opening cash and cash equivalents		**33,000**	55,939
Effects of foreign exchange rates on cash and cash equivalents		**20**	77
Closing cash and cash equivalents	18	**52,181**	33,000

The notes on pages 12 to 28 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information
Games Workshop Limited (the 'Company') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and online via the global web stores. The Company has manufacturing activities in the UK and sells mainly in the UK, Continental Europe, North America, Australia, New Zealand and Asia. The Company also grants licences to third parties for the development of video games and other products utilising the Company's intellectual property.

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

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
The financial statements of Games Workshop Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements are prepared in accordance with the historical cost convention.

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

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 reducing balance basis with rates ranging from 65% to 80%, or are fully amortised in the month of the relevant product release. The selected amortisation method is chosen 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. Where software is acquired under a cloud computing arrangement, only those costs incurred in developing a separate identifiable asset owned and controlled by the Company, such as an interface between the Company's systems, are capitalised. 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 Company 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	10-33
Web store computer software	20
Other computer software	33-50

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 over the expected useful economic lives of the assets concerned to write down to the asset's residual value and commences from the date the asset is available for use. The principal annual depreciation rates are:

	Straight line % of cost	Reducing balance % of net book value
Freehold buildings	2-4	-
Plant and equipment and vehicles	15-33	-
Fixtures and fittings	20-25	-
Moulding tools – product specific	-	50
Moulding tools – non-product specific	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.

Impairment of non-financial 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. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Trade receivables
Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost using the effective interest method less loss allowance. The Company applies the IFRS 9 'Financial instruments' simplified approach to measuring expected credit losses, using a lifetime expected loss allowance for trade receivables based on historical credit losses by the Company.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company completes its performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Leases
At the lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist under IAS 36 'Impairment of Assets'.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset on the balance sheet, or income statement if the right-of-use asset is already reduced to zero.

Where a store continues to be occupied post lease end date, these stores will be accounted for as a short-term lease and directly expensed to the income statement

The Company has calculated and applied the incremental borrowing rate ('IBR') to its future cash flows to determine the lease liability. The incremental borrowing rate has been defined by the standard as 'the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar environment'. The Company has no external borrowing, therefore a credit risk spread approach has been used to calculate the IBR, which combines the risk-free security rate and a corporate security rate in each economic environment in which the Company has a lease, linked to the life of the underlying lease agreement.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The lease payments associated with these leases are recognised as expenses on a straight-line basis over the 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 each business unit are measured using the currency of the primary economic environment in which the unit 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 branches 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.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

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 where there is a legally enforceable right of offset.

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

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Other employment benefits
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 income statement as they accrue. There are no further obligations to the Company once payment has been made.

Long service benefits
The Company participates in the Games Workshop Group PLC Group long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10, 20, 30 and 40 years' service (Veterans scheme). 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.

Share-based payments.
Games Workshop Group PLC operates a number of equity-settled employee sharesave schemes. The fair value of the employee services received, measured at grant date in exchange for the grant of the awards, is recognised as an expense in the income statement, with the corresponding credit being recorded in retained earnings within equity over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to vest. The Company recognised the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity, in periods in which the estimates are revised.

Revenue
Core revenue
Revenue, which excludes value added tax and sales between branches of the Company, 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 and for sales to independent retailers. The fulfilment of the performance obligation of the contract with the customer is achieved on delivery. The difference in timing of recognition of revenue and the fulfilment of the delivery has been considered and does not have a material effect on the financial statements. For revenue earned through the Company's retail stores and for digital products, revenue is recognised at the point of sale. Revenue for magazine and online subscriptions is recognised on a straight line basis over the subscription period. Where a subscription involves sale of a physical product the revenue is recognised separately in the appropriate 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 revenue (2022: no more than 3%).

Licensing revenue
Licensing revenue represents amounts invoiced to licensees for use of the Company's intellectual property ("IP"). This includes both minimum royalty guarantees charged on granting use of the intellectual property to licensees, and additional royalty income earned as a share of the licensee's sales of games and products which include use of the Company's IP. Where a licensing agreement includes minimum royalty guarantee income, an assessment of the Company's performance obligations is made, and whether the agreement represents a right to use, or a right to access the Company's intellectual property. Currently, all existing licensing agreements are considered to be a right to use the Company's intellectual property. The performance obligations of these agreements has been met in granting use of the Company's existing intellectual property and minimum royalty guarantee income revenue is recognised in full at inception of the contract. Additional royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance as notified to the Company by the licensee and following validation of the amounts receivable by the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Taxation continued
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 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 Company 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 paid.

Provision for liabilities and charges
Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'. Provisions are made for property dilapidations where a legal obligation exists. The estimated employee benefit liability arising from the Veterans incentive scheme is classified within provisions. Amounts relating to employees who reach 10, 20, 30 or 40 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.

Financial instruments
All financial assets are classified as 'financial assets at amortised cost' and financial liabilities as 'financial liabilities at amortised cost' in accordance with IFRS 9. Management determines the classification of its financial assets and liabilities at initial recognition.

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.

Management do not consider there to be any critical accounting estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. Changes in accounting policy

The Company considers that there are no new accounting standards, amendments or interpretations issued by the IASB, but not yet applicable, which have had, or are expected to have a significant effect on the financial statements.

4. Segment information

Management assesses the performance of sales channels separately. At 28 May 2023 the sales channels of the Company are as follows:

Core
- Trade - third party retailers: this sales channel sells to independent retailers, agents and distributors. It also includes the Company's magazine newsstand business and the distributor sales from the Company's publishing business (Black Library).
- Trade - related parties: this includes sales to other companies within the Games Workshop group.
- Online: this includes sales through the Company's web store and digital sales through external affiliates.
- Retail: this includes sales through the Company's retail stores, the Company's visitor centre in Nottingham, and at exhibitions.

Non-core
- Licensing : the licensing segment includes all revenue and expenditure relating to licenses granted to external parties.

	Core		Licensing		Total	
	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000	**52 weeks ended 28 May 2023 £'000**	52 weeks ended 29 May 2022 £'000	**52 weeks ended 28 May 2023 £'000**	52 weeks ended 29 May 2022 £'000
Trade - third party retailers	**101,135**	101,556	-	-	**101,135**	101,556
Online	**90,928**	85,275	-	-	**90,928**	85,275
Retail	**37,244**	29,409	-	-	**37,244**	29,409
Licensing	-	-	**25,421**	27,980	**25,421**	27,980
Sales to third parties	**229,307**	216,240	-	-	**229,307**	216,240
Trade - related parties	**108,472**	143,850	-	-	**118,472**	143,850
Total revenue	**337,779**	360,090	**25,421**	27,980	**363,200**	388,070

NOTES TO THE FINANCIAL STATEMENTS continued

5. Operating expenses

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Selling costs	**28,202**	25,509
Administrative expenses	**62,600**	52,952
	90,802	78,461

6. Directors and employees

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Total directors' and employees' costs:		
Wages and salaries	**69,300**	62,625
Social security	**6,163**	5,486
Other pension costs	**2,984**	2,711
Share-based payment	**871**	1,367
	79,318	72,189

Details of capitalised salary costs, included in the above, are provided in note 12. Redundancy costs and compensation for loss of office, not included in the above, are provided in note 9.

Total directors' and employees' costs above includes performance related elements of salary costs, payments under the Company's profit share scheme and the discretionary payment to employees of £9,694,000 (2022: £8,408,000).

Highest paid director

The following emoluments were paid in respect of highest paid director:

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Emoluments	**1,390**	1,323
Contributions to money purchase pension schemes	**5**	4
	1,395	1,327

These amounts have been borne by the parent company and are not charged in these accounts.

Key management compensation

The directors of the Company are considered to be the key management personnel. The remuneration of the directors of the Company is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Short-term employee benefits	**2,318**	2,204
Post-employment benefits	**10**	8
Share based payments	-	-
	2,328	2,212

Of the above costs £nil (2022: £nil) was borne by the Company.

Employee numbers

	52 weeks ended 28 May 2023 No.	52 weeks ended 29 May 2022 No.
Monthly average number of employees (including directors) by activity:		
Design and development	**305**	309
Production and warehousing	**615**	639
Selling:		
- Full time	**400**	379
- Part time	**43**	32
Services	**462**	445
	1,825	1,804

Employees previously categorised as 'administration' are now included within the 'services' category. During the period a number of employees working on design management and translation activities have been transferred from 'design and development' to 'services'.

7. Finance income

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Interest income:		
- On cash and cash equivalents	**655**	90
- Interest receivable on loan balances with fellow group undertakings	**1,810**	-
	2,465	90

NOTES TO THE FINANCIAL STATEMENTS continued

8. Finance costs

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Interest expense:		
- Interest payable on cash held on behalf of fellow group undertakings	**2**	10
- Interest expense on lease liabilities	**424**	454
	426	464

9. Profit before taxation

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	**11,923**	9,833
- Right-of-use assets	**4,081**	4,234
Amortisation:		
- Owned computer software	**1,534**	1,361
- Development costs	**12,015**	10,115
Impairment of computer software	**673**	1,071
Impairment of development costs	**2,921**	210
Employee and agency staff costs (excluding capitalised salary costs)	**75,326**	68,347
Cost of inventories included in cost of sales	**44,438**	49,346
Inventory provision creation (note 16)	**5,401**	6,953
Loss on disposal of property, plant and equipment	**4**	9
Loss on disposal of intangible assets	**229**	291
Redundancy costs and compensation for loss of office	**756**	506

10. Income tax expense

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Current UK taxation:		
UK corporation tax on profits for the period	**26,487**	31,173
Amounts payable to related parties in respect of group relief surrendered	**812**	646
Under/(over) provision in respect of prior periods	**638**	(456)
Total current taxation	**27,937**	31,363
Deferred taxation:		
Origination and reversal of timing differences	**1,336**	1,508
(Over)/under provision in respect of prior periods	**(167)**	460
Total deferred taxation	**1,169**	1,968
Tax expense recognised in the income statement	**29,106**	33,331
Current tax credit relating to sharesave scheme	**334**	641
Deferred tax debit relating to sharesave scheme	**(235)**	(1,351)
Credit/(debit) taken directly to equity	**99**	(710)

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

	52 weeks ended 28 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Profit before taxation	**144,520**	174,790
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2022: 19%)	**28,904**	33,210
Effects of:		
Items not assessable for tax purposes	**(307)**	(80)
Tax rate changes	**38**	197
Adjustments to tax charge in respect of prior periods	**471**	4
Total tax charge for the period	**29,106**	33,331

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. This change had been substantively enacted at 29 May 2022 and is therefore reflected in the comparative numbers.

Items not assessable for tax mainly relate to the super deduction on fixed asset additions.

NOTES TO THE FINANCIAL STATEMENTS continued

11. Dividends per share

Dividends of £29,000,000 (£208.80 per share), £9,500,000 (£68.40 per share), £14,800,000 (£106.56 per share), £42,500,000 (£306.00 per share) and £37,600,000 (£270.72 per share) were declared and paid during the period.

Dividends of £17,500,000 (£126.00 per share), £17,500,000 (£126.00 per share), £6,000,000 (£43.20 per share), £10,000,000 (£72.00 per share), £31,000,000 (£223.20 per share) and £23,000,000 (£165.60 per share) were declared and paid during the prior period.

12. Other intangible assets

Group	Computer software £'000	Development costs £'000	Other Intangibles £'000	Total £'000
Cost				
At 30 May 2021 and 31 May 2021	20,159	47,666	1,182	69,007
Additions	1,093	13,933	-	15,026
Disposals	(1,087)	(2,660)	(1,182)	(4,929)
At 29 May 2022 and 30 May 2022	20,165	58,939	-	79,104
Additions	395	13,125	-	13,520
Disposals	(675)	(24,825)	-	(25,500)
Reclassification	(217)	-	-	(217)
At 28 May 2023	**19,668**	**47,239**	-	**66,907**
Accumulated amortisation				
At 30 May 2021 and 31 May 2021	(12,458)	(32,414)	(1,182)	(46,054)
Amortisation charge	(1,361)	(10,115)	-	(11,476)
Impairment	(1,071)	(210)	-	(436)
Disposals	1,087	2,369	1,182	4,638
At 29 May 2022 and 30 May 2022	(13,803)	(40,370)	-	(54,173)
Amortisation charge	(1,534)	(12,015)	-	(13,549)
Impairment	(673)	(2,921)	-	(3,594)
Disposals	675	24,596	-	25,271
At 28 May 2023	**(15,335)**	**(30,710)**	-	**(46,045)**
Net book amount				
29 May 2022	6,362	18,570	-	24,931
28 May 2023	**4,333**	**16,529**	-	**20,862**

Amortisation of £12,134,000 (2022: £10,404,000) has been charged in cost of sales and £1,416,000 (2022: £1,072,000) in operating expenses.

The net book amount of internally generated intangible assets is £17,361,000 (2022: £16,483,000) and acquired intangible assets is £3,501,000 (2022: £8,449,000). £14,221,000 (2022: £11,837,000) is capitalised salary costs.

Salary costs of £8,122,000 (2022: £6,766,000) were capitalised as part of development costs and £nil (2022: £107,000) were capitalised as part of computer software during the period.

Assets in the course of development, and not amortised, amount to £118,000 (2022: £1,455,000) with current and prior period amounts both being included within computer software.

An impairment loss of £2,921,000 (2022: £210,000) has been recognised in relation to animation development costs. This has been charged to cost of sales.

An impairment loss of £673,000 (2022: £1,071,000) has been recognised in relation to alterations required to previously capitalised elements of software. This has been charged to operating expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

13. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment and vehicles £'000	Fixtures and fittings £'000	Moulding tools £'000	Total £'000
Cost					
At 30 May 2021 and 31 May 2021	29,394	31,410	12,243	42,116	115,163
Additions	728	5,223	2,466	6,075	14,492
Exchange differences	-	(3)	(16)	-	(19)
Disposals	-	(1,004)	(487)	-	(1,491)
Reclassifications	310	(78)	(230)	(2)	-
At 29 May 2022 and 30 May 2022	30,432	35,548	13,976	48,189	128,145
Additions	128	3,743	1,984	6,823	12,678
Exchange differences	-	(4)	(31)	-	(35)
Disposals	-	(373)	(85)	-	(458)
Reclassifications	258	(1,159)	1,118	-	217
At 28 May 2023	**30,818**	**37,755**	**16,962**	**55,012**	**140,547**
Accumulated depreciation					
At 30 May 2021 and 31 May 2021	(8,060)	(18,428)	(8,207)	(35,479)	(70,174)
Charge for the period	(622)	(3,871)	(1,205)	(4,135)	(9,833)
Exchange differences	-	2	13	-	15
Disposals	-	1,000	482	-	1,482
Reclassifications	-	73	(75)	2	-
At 29 May 2022 and 30 May 2022	(8,682)	(21,224)	(8,992)	(39,612)	(78,510)
Charge for the period	(550)	(4,521)	(1,895)	(4,957)	(11,923)
Exchange differences	-	3	15	-	18
Disposals	-	369	85	-	454
At 28 May 2023	**(9,232)**	**(25,373)**	**(10,787)**	**(44,569)**	**(89,961)**
Net book amount					
29 May 2022	21,750	14,324	4,984	8,577	49,635
28 May 2023	**21,586**	**12,382**	**6,175**	**10,443**	**50,586**

Depreciation expense of £10,386,000 (2022: £7,840,000) has been charged in cost of sales, £363,000 (2022: £329,000) in selling costs and £1,174,000 (2022: £1,664,000) in administrative expenses.

Freehold land amounting to £8,229,000 (2022: £8,229,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £5,518,000 (2022: £10,050,000). £3,970,000 (2022: £3,596,000) of these are included in moulding tools, £868,000 (2022: £4,437,000) is included in plant and equipment and vehicles, £680,000 (2022: £1,517,000) is included in fixtures and fittings, and £nil (2022: £500,000) is included in freehold land and buildings above.

14. Right-of-use assets

	2023 £'000	2022 £'000
Net book value at beginning of period	**26,363**	25,514
Additions	**1,788**	5,106
Disposals	**(5)**	-
Exchange differences	**(40)**	(23)
Depreciation charge	**(4,082)**	(4,234)
	24,024	26,363

The net book value at end of the period can be analysed as follows:

	2023 £'000	2022 £'000
Buildings	**23,990**	26,280
Plant and equipment and vehicles	**34**	83
	24,024	26,363

Depreciation charged on right-of use assets during the period was as follows:

	52 weeks ended 29 May 2023 £'000	52 weeks ended 29 May 2022 £'000
Buildings	**4,032**	4,152
Plant and equipment and vehicles	**49**	82
	4,081	4,234

NOTES TO THE FINANCIAL STATEMENTS continued

15. Deferred tax assets and liabilities

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.

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

	Accelerated depreciation £'000	Other £'000	Total £'000
At 30 May 2021 and 31 May 2021	964	2,363	3,327
Charged to the income statement	(1,494)	(474)	(1,968)
Credited directly to equity	-	(1,351)	(1,351)
At 29 May 2022 and 30 May 2022	(530)	538	8
(Charged)/credited to the income statement	(1,709)	540	(1,169)
Charged directly to equity	-	(235)	(235)
At 28 May 2023	**(2,239)**	**843**	**(1,396)**

16. *Inventories*

	2023 £'000	2022 £'000
Raw materials	**1,055**	1,395
Work in progress	**1,534**	1,862
Finished goods and goods for resale	**18,681**	20,262
	21,270	23,519

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

During the period, the Company utilised an inventory provision of £6,914,000 (2022: £6,895,000) and £5,401,000 (2022: £6,953,000) has been charged to the income statement.

17. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**4,282**	5,722
Less allowance for expected credit losses	**(156)**	(426)
Trade receivables - net	**4,126**	5,296
Prepayments and accrued income	**10,461**	10,544
Receivables from related parties (note 31)	**24,388**	42,965
Licensing and other receivables	**22,875**	36,259
Total trade and other receivables	**61,850**	95,064
Non-current receivables:		
Other receivables	**12,951**	18,703
Loans to related parties (note 31)	**20,249**	27,721
-Non-current portion	**33,200**	46,424
-Current portion	**28,650**	48,640

Included within prepayments and accrued income are contract assets relating to uninvoiced licensing revenue amounting to £2,405,000 (2022: £1,821,000).

Trade receivables are recorded at amortised cost, less allowance for expected credit losses. The fair value of trade and other receivables does not differ materially from the book value. There is no significant concentration of credit risk with respect to trade receivables as the Company 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 Company does not hold any collateral over these balances.

Included within licensing and other receivables is invoiced licensing revenue of £21,496,000 (2022: £26,011,000) of which £12,595,000 (2022: £18,499,000) is non-current, being in respect of guarantee instalments due in over one year. Licensing receivables have been assessed for impairment, and are recognised less allowance for expected credit losses. There is £792,000 loss allowance against licensing receivables (2022: £nil).

In the prior year licensing and other receivables included £11,324,000 relating to a VAT receivable in respect of outstanding European VAT receipts following Brexit. This has been received in full.

NOTES TO THE FINANCIAL STATEMENTS continued

17. Trade and other receivables continued

Receivables due from related parties to the Company are interest free and immediately repayable on demand. Receivables from fellow companies of the group of which the Company belongs have been assessed based on lifetime expected credit losses. As all balances are repayable on demand, and the Company expects to be able to recover the outstanding intercompany balances if demanded, no provision has been recognised in the period ended 28 May 2023 (2022: £nil).

The loan due to the Company from Games Workshop Group PLC has a repayment date of 1 September 2027 and bears interest at 7.575% per annum. All other loans due from related parties are interest free and have no fixed repayment date.

Loss allowances are established using the IFRS 9 simplified approach to expected credit losses. A lifetime loss allowance is calculated based on historical credit losses and is applied to trade receivables held across the Company. The ageing analysis of the Company's past due trade receivables is as follows:

	2023			2022		
	Gross value	**Loss allowance**	**Net**	Gross value	Loss allowance	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Not yet due	**4,080**	**-**	**4,080**	4,570	(180)	4,390
Up to 3 months past due	**50**	**(4)**	**46**	924	(55)	869
3 to 12 months past due	**115**	**(115)**	**-**	201	(174)	27
Over 12 months past due	**37**	**(37)**	**-**	27	(17)	10
	4,282	**(156)**	**4,126**	5,722	(426)	5,296

Loss allowance against trade receivables

Movements on the loss allowance against trade receivables are as follows:

	£'000
At 30 May 2021 and 31 May 2021	236
Charge for the period	365
Receivables written off during the period as uncollectible	(175)
At 29 May 2022 and 30 May 2022	426
Credit for the period	(80)
Receivables written off during the period as uncollectible	(190)
At 28 May 2023	**156**

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

	2023	2022
	£'000	£'000
Sterling	**14,081**	14,685
Euro	**5,703**	14,673
US dollar	**39,547**	59,242
Other currencies	**2,519**	6,464
Total trade and other receivables	**61,850**	95,064

18. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash at bank and in hand	**52,181**	33,000
Cash and cash equivalents	**52,181**	33,000

The Company's cash and cash equivalents are repayable on demand.

19. Financial risk factors

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

The Group to which the Company belongs 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 finance director and the Group's treasury policies, including hedging policies, are reviewed to ensure they remain appropriate.

Foreign exchange sensitivity
The impact on the Company'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 Company.
- translation of results of overseas branches is excluded.

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

	Income statement losses	
	2023	2022
	£'000	£'000
15% depreciation of the US dollar (2022: 15%)	**5,911**	4,086
15% depreciation of the euro (2022: 15%)	**892**	3,081

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 Company has no significant exposure to interest rate risk 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 Company 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 Company 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 loss allowances are provided for (note 17). Loss allowances are determined with reference to ageing of invoices, credit history and other available information. Trade receivables are written off when there is no reasonable expectation of recovery, such as when the customer has been declared insolvent.

Sales made through our own retail stores or our global web stores are made in cash or with major credit cards.

Capital risk
The capital structure of the Company consists of net funds (see note 28) and owners' equity (see notes 24 to 26). The Company manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Company'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 Company manages its capital structure and makes adjustments to it in light of changes to economic conditions and its strategic objectives.

NOTES TO THE FINANCIAL STATEMENTS continued

19. Financial risk factors continued

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. In addition, the Company'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 Company'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.

	2023				2022			
	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
Trade and other payables	**14,721**	-	-	-	20,913	-	-	-
Amounts due to related parties	**10,957**	-	-	**3,900**	10,127	-	-	3,900
Lease liabilities	**3,777**	**3,694**	**8,693**	**10,498**	3,655	3,948	9,112	12,579
	16,205	**3,694**	**8,693**	**14,398**	34,695	3,948	13,012	16,479

Financial instruments by category

	Financial assets at amortised cost **2023** **£'000**	2022 £'000
Financial assets as per balance sheet		
Trade receivables	**4,126**	5,296
Accrued income	**2,405**	1,821
Licensing and other receivables	**22,874**	36,259
Receivables from related parties	**24,388**	42,965
Cash and cash equivalents	**52,181**	33,000
Total	**105,974**	119,341

	Financial liabilities at amortised cost **2023** **£'000**	2022 £'000
Financial liabilities as per balance sheet		
Trade payables	**7,657**	7,836
Payables to related parties	**14,857**	14,027
Accruals	**5,966**	5,955
Other payables	***1,098***	*823*
Total	**29,578**	28,641

Prepayments, deferred income balances and other taxes and social security payables have been excluded from the above as they are not financial assets or liabilities.

Payable and receivable balances of the Company with related parties are interest free and immediately repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2023	2022
	£'000	£'000
Current	3,410	3,250
Non-current	21,504	23,996
	24,914	27,246

The Company's leasing activity consists of leases on property, production equipment, IT equipment and motor vehicles. The majority of these leases relate to retail stores. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments to be made under reasonably certain extension options.

Variable lease payments not dependent on an index or a rate (such as turnover rent) are excluded from the measurement of the lease liability and asset.

Leases of retail property generally have a lease term ranging from 1 year to 10 years with a break option after no more than 5 years. Leases of other property, which includes warehouses and offices, generally have a lease term ranging from 2 years to 10 years. Leases of production equipment generally have a lease term ranging from 1 year to 5 years. Leases of vehicles and IT equipment are generally limited to a lease term of 1 to 3 years.

Amounts recognised in the income statement relating to leases:	52 weeks ended 28 May 2023	52 weeks ended 29 May 2022
	£'000	£'000
Interest on lease liabilities	424	454
Expenses relating to short-term leases and low-value assets	320	212

Amounts recognised in the statement of cash flows relating to leases:

	52 weeks ended 28 May 2023	52 weeks ended 29 May 2022
	£'000	£'000
Total cash outflow for leases	4,400	4,413

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at the balance sheet date were due as follows:

	2023				2022			
	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lease payments	3,777	3,694	8,693	10,498	3,655	3,948	9,112	12,579
Finance charges	(367)	(309)	(626)	(446)	(405)	(342)	(713)	(588)
Net present value	3,410	3,385	8,067	10,052	3,250	3,606	8,399	11,991

21. Trade and other payables

	2023	2022
	£'000	£'000
Trade payables	7,657	7,836
Payables due to related parties	10,957	10,127
Other taxes and social security	1,923	374
Other payables	5,692	4,709
Accruals	6,208	6,313
Deferred income	3,887	4,359
	36,324	33,718

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

Payables due to related parties are interest free and immediately payable on demand.

NOTES TO THE FINANCIAL STATEMENTS continued

22. Other non-current liabilities

	2023 £'000	2022 £'000
Accruals	**160**	156
Loans due to related parties (note 31)	**3,900**	3,900
	4,060	4,056

The fair value of other non-current liabilities does not materially differ from the book value.
The effective interest rate on non-current loans from related parties is imputed at LIBOR plus 1% in both years.

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

	2023 £'000	2022 £'000
Sterling	**28,801**	28,962
Euro	**3,859**	2,374
US dollar	**5,957**	4,953
Other currencies	**1,767**	1,485
Total trade and other payables and other non-current liabilities	**40,384**	37,774

23. Provisions for liabilities and charges
Analysis of total provisions:

	2023 £'000	2022 £'000
Current	**348**	356
Non-current	**813**	724
	1,161	1,080

	Employee benefits £'000	Property £'000	Total £'000
At 29 May 2022	761	319	1,080
Charged/(credited) to the income statement:			
- Additional provisions	181	18	199
- Unused amounts reversed	-	(40)	(40)
Utilised	(67)	(11)	(78)
At 28 May 2023	**875**	**286**	**1,161**

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

Employee benefits
The Company participates in the Games Workshop Group PLC long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10, 20, 30 and 40 years of employment (Veterans scheme). 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, 20, 30 or 40 years of employment.

Property provisions
Property provisions relate to any expected dilapidation costs where the Company is committed to return a leased property in a particular condition at the end of a lease arrangement.

24. Share capital

	2023 £'000	2022 £'000
Authorised		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
138,889 ordinary shares of £1 each	**139**	139

25. Translation reserve

	£'000
At 30 May 2021 and 31 May 2021	369
Exchange differences on translation of foreign operations	1,549
At 29 May 2022 and 30 May 2022	1,918
Exchange differences on translation of foreign operations	(1,106)
At 28 May 2023	**812**

NOTES TO THE FINANCIAL STATEMENTS continued

26. Retained earnings

	£'000
At 30 May 2021 and 31 May 2021	152,968
Profit attributable to owners of the parent	141,459
Current tax on share options	641
Deferred tax on share options	(1,351)
Dividends approved and paid in the period	(105,000)
At 29 May 2022 and 30 May 2022	188,717
Profit attributable to owners of the parent	115,414
Current tax on share options	334
Deferred tax on share options	(235)
Dividends approved and paid in the period	(133,400)
At 28 May 2023	**170,830**

27. Notes to the statement of cash flows

Reconciliation of profit to net cash from operating activities

	2023 **£'000**	2022 £'000
Operating profit	**142,481**	175,164
Depreciation of property, plant and equipment	**11,923**	9,833
Depreciation of right-of-use assets	**4,082**	4,234
Net impairment charge of intangible assets	**3,594**	1,281
Loss on disposal of property, plant and equipment (see below)	**4**	9
Loss on disposal of intangible assets (see below)	**229**	291
Loss on disposal of right-of-use assets	**5**	-
Amortisation of capitalised development costs	**12,015**	10,115
Amortisation of computer software and other intangibles	**1,534**	1,361
Changes in working capital:		
- Decrease /(increase) in inventories	**2,942**	(5,380)
- Decrease/(increase) in trade and other receivables	**32,232**	(49,899)
- Increase in trade and other payables	**1,356**	4,023
- Increase/(decrease) in provisions	**81**	(185)
Net cash from operating activities	**212,478**	150,847

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

	2023 **£'000**	2022 £'000
Net book amount	**4**	9
Loss on sale of property, plant and equipment	**(4)**	(9)
Proceeds from sale of property, plant and equipment	**-**	-

The Company disposed of intangible assets with net book amount of £229,000 (2022: £291,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

NOTES TO THE FINANCIAL STATEMENTS continued

28. Analysis of net funds

	2023 £'000	2022 £'000
Cash at bank and in hand	**52,181**	33,000
Lease liabilities	**(24,914)**	(27,246)
Net funds	**27,267**	5,754

	Liabilities from financing activities £'000	Cash at bank £'000	Total £'000
Net funds as at 30 May 2021 and 31 May 2021	(26,491)	55,939	29,448
Cash flows	3,959	(23,016)	(19,057)
Acquisition - leases	(4,739)	-	(4,739)
Disposals - leases	-	-	-
Interest expense	(454)	-	(454)
Interest payments	454	-	454
Foreign exchange movement	25	77	102
Net funds as at 29 May 2022 and 30 May 2022	(27,246)	33,000	5,754
Cash flows	4,400	19,161	23,561
Acquisition - leases	(1,709)	-	(1,709)
Disposals - leases	5	-	5
Interest expense	(424)	-	(424)
Interest payments	424	-	424
Foreign exchange movement	(364)	20	(344)
At 28 May 2023	**(24,914)**	**52,181**	**27,267**

29. Commitments

Capital commitments

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

	2023 £'000	2022 £'000
Property, plant and equipment	**1,822**	2,005
Intangible assets	**1,767**	1,981

Leases

The Company leases various retail stores, offices, warehouses and equipment under non-cancellable lease arrangements. The liabilities for these leases are recorded on the Company's balance sheet when the Company obtains control of the underlying asset. There are no future lease payments to which the Company is committed over the expected lease term that are not recorded on the Company's balance sheet.

Inventory purchase commitments

	2023 £'000	2022 £'000
Finished goods	**2,138**	1,828
Components	**2,990**	2,044
Raw materials	**1,519**	2,902

Pension arrangements

The Company makes contributions to the Games Workshop Group PLC group personal pension plan, which is a defined contribution schemes. Commitments in respect of pensions are included within prepayments and accruals.

30. Contingencies

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

The Company has also guaranteed the bank overdrafts of certain other undertakings in the Games Workshop Group. There were no amounts outstanding under these arrangements at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

31. Related party transactions

Sales to related parties amounted to £111,930,000 (2022: £143,850,000).

During both periods the Company was provided with management and similar services by Games Workshop Group PLC.

Transactions between the Company and its related parties are shown below:

Related party	Nature of transaction	**2023** **£'000**	2022 £'000
Games Workshop Deutschland GmbH	German trade sales market support	-	(203)
Games Workshop International Ltd	Interest payable	**(2)**	(1)
Games Workshop Group PLC	Dividends payable	**(133,400)**	(105,000)
Games Workshop Group PLC	Recharges	**(360)**	(360)
Games Workshop Group PLC	Interest payable	-	(9)

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

	Amount owed by related parties		Amount owed to related parties	
	2023	2022	**2023**	2022
Related party	**£'000**	£'000	**£'000**	£'000
Games Workshop Group PLC	-	-	**(5,794)**	(7,914)
Games Workshop International Ltd	-	-	**(271)**	(267)
Games Workshop Step One Limited	**1**	-	-	-
Games Workshop EU Espana SLU	**1,276**	-	-	-
SARL Games Workshop	-	-	**(868)**	(480)
Games Workshop Italia SRL	-	-	**(113)**	(291)
Games Workshop Deutschland GmbH	-	-	**(658)**	(737)
Games Workshop SL	**1,322**	216	-	-
Games Workshop Stockholm AB	-	-	**(351)**	(312)
Games Workshop Retail Inc	-	10,102	**(2,029)**	-
Games Workshop (Queen Street) Limited	**882**	71	-	-
Games Workshop Oz Pty Limited	**269**	872	-	-
Games Workshop Limited	-	-	**(154)**	(126)
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	-	3,426	**(719)**	-
Games Workshop Hobby Pte. Limited	**129**	202	-	-
Games Workshop Hong Kong Limited	**234**	308	-	-
Games Workshop Malaysia Sdn. Bhd.B	**26**	47	-	-
	4,139	15,244	**(10,957)**	(10,127)

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

	Amount owed by related parties		Amount owed to related parties	
	2023	2022	**2023**	2022
Related party	**£'000**	£'000	**£'000**	£'000
Games Workshop Group PLC	**20,249**	27,721	**(3,900)**	(3,900)

32. Subsequent events

Dividends of £50,000,000 were declared after the balance sheet date and paid before the signing of these financial statements.

33. 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 Company Secretary, Games Workshop Group PLC, Willow Road, Lenton, Nottingham, NG7 2WS.