

Games Workshop Limited
Annual report and financial statements
for the year ended 29 May 2005

Registered number: 1467092



Games Workshop Limited

Annual report and financial statements for the year ended 29 May 2005

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Games Workshop Limited

Company information

Directors

T J M Wilson (Resigned 31 May 2004)
J A J Stallard (Resigned 31 May 2004)
R J Renton
S James
M Sherwin
M Wells
R Tongue

Secretary

M Sherwin

Registered office

Willow Road
Lenton
Nottingham
NG7 2WS

Games Workshop Limited

Directors' report for the year ended 29 May 2005

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 29 May 2005.

Principal activities

The principal activities of the company are the manufacture of miniature figures and games and the retail and wholesale distribution of these products.

Business review

The results for the year show a fall in sales and profit following significant growth seen over many years. We see this as a temporary reduction in activity and expect the business to return to the normal pattern of growth in sales and profits in the foreseeable future.

On 31 May 2004, the trade and assets of Games Workshop Tooling Limited were transferred to the company at net book value.

Results and dividends

The audited accounts for the year ended 29 May 2005 are set out on pages 7 to 25. The profit for the year after taxation was £10,766,000 (2004: £19,172,000).

The directors declared and paid an interim dividend of £14.40 (2004: £123.51) per ordinary share and did not declare a final dividend (2004: £nil), resulting in a total dividend for the year of £14.40 (2004: £123.51) per ordinary share.

Research and development

The company undertakes research and development activities to enhance and build the Games Workshop Hobby.

Employees

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

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

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

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

Games Workshop Limited

Directors' report for the year ended 29 May 2005 (continued)

Charitable donations

The company does not make significant cash donations to charities. However, the company encourages all employees to engage with their community in whatever way each individual believes to be most appropriate.

Directors and their interests

The directors who served during the year are set out on page 1.

No director had any beneficial interest in the shares of the company or any other fellow subsidiary company at the start or end of the year.

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

The interests of other directors in the shares of the ultimate parent company, Games Workshop Group PLC, at the balance sheet date, are as follows:

	Ordinary shares of 5p each	
	2005	2004
	Number	Number
R Tongue	2,000	4,762
R J Renton	12,764	86,574
M Wells	26,049	20,979
S James	12,239	3,326

Games Workshop Limited

Directors' report for the year ended 29 May 2005 (continued)

Directors and their interests (continued)

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

	31 May 2004 Number	Granted Number	Exercised Number	Cancelled Number	29 May 2005 Number	Exercise dates		Exercise price
						Commence- ment	Expiry	
R Tongue								
Sharesave scheme	1,543	-	-	-	1,543	Nov 2005	Apr 2006	335p
	718	-	-	-	718	Nov 2006	Apr 2007	580p
R J Renton								
Share options	5,000	-	-	-	5,000	Sept 1999	Sept 2006	463p
Sharesave scheme	1,809	-	(1,809)	-	-	Nov 2004	Apr 2005	338p
	578	-	-	(578)	-	Nov 2006	Apr 2007	580p
Share incentive plan	1,440	-	(1,440)	-	-	June 2004	-	-
	15,691	-	-	-	15,691	June 2005	July 2008	-
S James								
Share options	7,092	-	(7,092)	-	-	Aug 2003	Aug 2010	141p
Sharesave scheme	1,821	-	(1,821)	-	-	Nov 2004	Apr 2005	338p
	578	-	-	-	578	Nov 2006	Apr 2007	580p
	-	1,036	-	-	1,036	Nov 2007	Apr 2008	581p
M Wells								
Sharesave scheme	1,569	-	(1,569)	-	-	Nov 2004	Apr 2007	338p
	718	-	-	-	718	Nov 2006	Apr 2007	580p
	-	893	-	-	893	Nov 2007	Apr 2008	581p
Share incentive plan	23,289	-	-	-	23,289	June 2005	July 2008	-

The share options above with an exercise price of 335p, 338p, 580p and 581p were granted under the Games Workshop Group PLC 1995 Sharesave Scheme. All of the remaining share options were granted under the Games Workshop Group PLC 1994 Executive Share Option Scheme and the Games Workshop Group PLC 1994 Worldwide Executive Share Option Scheme.

The options that were granted at nil cost were granted under the Games Workshop Group PLC Share Incentive Plan. This long-term share incentive plan had a performance period of three years from June 2000, with a maximum award of 60% annually made up of a basic share award of up to 36% of salary and a matching share award of up to 24% of salary (subject to the annual bonus being invested in shares at the end of the bonus period). Both the basic and the matching share awards were in the form of a promise that at the end of a three year period an option would be granted, subject to performance criteria being satisfied, over a number of shares. The exercise price of an option will be nil and the option will not normally be exercisable until five years after the date of the basic or matching share awards. 25% of the total award only vested if the Company's share price growth was equal to or greater than the share price growth of the top one third of companies in the FTSE 350 at the end of the performance period. This condition was satisfied. The remaining 75% of the total award depended on the Company's cumulative EPS growth over the three year performance period to May 2003. Cumulative EPS growth had to reach 15% per annum for the EPS related condition to be satisfied, and this condition was satisfied in full.

Games Workshop Limited

Directors' report for the year ended 29 May 2005 (continued)

Creditor payment policy

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

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

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

The number of days credit taken by the company from its suppliers at the year end is 38 days (2004: 41 days).

Statement of directors' responsibilities

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

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

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

Auditors

Deloitte & Touche LLP resigned as auditors on 10 January 2005 and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company will be proposed at the annual general meeting.

By order of the Board



Michael Sherwin
Director
31 October 2005

Independent auditors' report to the members of Games Workshop Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

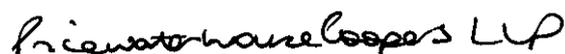
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

31 October 2005

Games Workshop Limited

Profit and loss account for the year ended 29 May 2005

	Notes	2005 £'000	2004 £'000
Turnover	2	81,922	96,658
Cost of sales		(29,956)	(37,596)
Gross profit		51,966	59,062
Other operating expenses (net)	3	(35,868)	(34,859)
Operating profit		16,098	24,203
Income from shares in group undertakings		-	1,154
Interest receivable and similar income		135	202
Interest payable and similar charges	4	(482)	(51)
Profit on ordinary activities before taxation	5	15,751	25,508
Tax on profit on ordinary activities	8	(4,985)	(6,336)
Profit on ordinary activities after taxation		10,766	19,172
Dividends paid on equity shares	9	(2,000)	(17,154)
Retained profit for the year	18	8,766	2,018

Turnover and operating profit derive entirely from continuing activities.

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

There are no recognised gains and losses other than the profit for that year.

There is no difference between the results reported in the profit and loss account for the year and the results on an unmodified historical cost basis.

Games Workshop Limited

Balance sheet as at 29 May 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	10	23,998	18,094
Investments	11	22	22
		24,020	18,116
Current assets			
Stocks	12	9,571	10,605
Debtors	13	6,400	7,428
Cash at bank and in hand		-	2,345
		15,971	20,378
Creditors: amounts falling due within one year	14	(18,809)	(25,217)
Net current liabilities		(2,838)	(4,839)
Total assets less current liabilities		21,182	13,277
Creditors: amounts falling due after more than one year	15	(1,228)	(1,448)
Provisions for liabilities and charges	16	(638)	(1,279)
Net assets		19,316	10,550
Capital and reserves			
Called-up share capital	17	139	139
Profit and loss account	18	19,177	10,411
Equity shareholders' funds	19	19,316	10,550

The financial statements on pages 7 to 25 were approved by the board of directors and signed on its behalf by:



Michael Sherwin
Director
31 October 2005

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

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005

1 Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, and present the results of the company only. The financial statements are drawn up for the 52 weeks ended 29 May 2005 and 30 May 2004.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Games Workshop Group PLC which prepared publicly available consolidated financial statements that incorporate the results of the company. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement.

Development expenditure

Product development and design expenditure is written off as it is incurred.

Investments

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

Tangible fixed assets

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

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

Freehold buildings	-	2%
Plant and equipment	-	20% to 33%
Motor vehicles	-	33%
Fixtures and fittings	-	15% to 33%
Moulding tools	-	25%

Leasehold premises are amortised over the period of the lease. Freehold land is not depreciated.

Operating leases and finance leases

Costs in respect of operating leases and any benefits received as an incentive to sign a lease, are charged or credited on a straight line basis over the period to the first break in the lease term.

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

1 Accounting policies (continued)

Operating leases and finance leases (continued)

Finance leases which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hire purchase commitment is shown as obligations under hire purchase contracts. The capital element of the payment is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Stocks

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

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year or at rates of exchange fixed using forward currency contracts where they exist. Forward foreign currency contracts that are in place to hedge future transactions are unrecognised at the balance sheet date. Gains and losses arising on these contracts are recognised in subsequent periods to match the gains/losses on the cash flows generated from the underlying transaction. All other transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction and exchange differences are taken to the profit and loss account in the year in which they arise.

Turnover

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

Turnover on goods sold to customers on a sale or return basis, is recognised after making full provision for the level of expected returns, based on past experience.

Royalty income is recognised by spreading the guarantees and advances receivable over the term of the licence agreement, and recognising all other income receivable by reference to the underlying licensee performance.

Taxation

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

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

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

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

1 Accounting policies (continued)

Taxation (continued)

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

Pension costs

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

Bonus and incentive plans

The costs of annual bonus schemes are charged to the profit and loss account as they accrue. For those incentive plans which are based upon performance criteria measured over a period in excess of one year, costs are charged to the profit and loss account based upon the directors' estimate of the likely future outcome of those criteria.

Property provisions

Provision is made for committed costs outstanding under onerous or vacant property leases. The estimated liability is discounted at the Group's weighted average cost of capital.

Debt

Inter-company loan stock is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

2 Turnover

The geographical analysis of turnover by destination, which arose wholly from the company's principal activity in the UK, is as follows:

	2005	2004
	£'000	£'000
United Kingdom	36,604	41,915
Continental Europe	33,910	39,331
The Americas	7,953	11,915
Asia Pacific	3,386	3,300
Other	69	197
	81,922	96,658

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

3 Other operating expenses (net)

	2005	2004
	£'000	£'000
Selling and distribution costs	19,182	18,412
Administrative expenses	17,053	16,674
Other operating income - royalty income	(367)	(227)
	35,868	34,859

	2005	2004
	£'000	£'000
Administrative expenses include:		
Design and development costs	4,004	2,921
New business development costs	-	539
Other administrative costs	13,049	13,214
	17,053	16,674

Design and development costs represent the administration and running costs of the design studio.

4 Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank loans and overdrafts	471	32
Finance leases	9	7
Other	2	12
	482	51

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005	2004
	£'000	£'000
Depreciation and amounts written off tangible fixed assets		
- owned	3,688	3,016
- held under finance leases and hire purchase contracts	79	-
Loss on sales of fixed assets	11	7
Operating lease rentals		
- hobby stores	2,787	2,609
- other property	314	311
- plant and equipment	217	169
- other	54	58
Auditors' remuneration for audit services – PwC LLP	43	-
Auditors' remuneration for non audit services:		
- Taxation services – compliance	1	-
- Further assurance services	2	-
Former auditors' remuneration for audit services – D&T LLP	-	37
Former auditors' remuneration for non audit services:		
- Taxation services – compliance	5	-

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

6 Staff costs

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

	2005	2004
	Number	Number
Production	320	312
Selling and distribution	1,190	1,254
Administration	246	188
	1,756	1,754

Their aggregate remuneration comprised:

	2005	2004
	£'000	£'000
Wages and salaries	26,584	24,819
Social security costs	2,562	2,406
Other pension costs (see note 21)	650	462
	29,796	27,687

Included within wages and salaries are amounts relating to employee share options of £136,000 credit (2004 - £929,000 debit).

7 Directors' remuneration

Remuneration

	2005	2004
	£'000	£'000
Emoluments	413	536
Company contributions to money purchase pension schemes	33	27
	446	563

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

7 Directors' remuneration (continued)

The services of M Sherwin and R Tongue are provided by Games Workshop Group PLC and no part of their remuneration is specifically attributed to their services to Games Workshop Limited.

The services of J A J Stallard were provided by Games Workshop America Inc. until January 2005 and no part of his remuneration is specifically attributed to his services to Games Workshop Limited.

Pensions

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

	2005	2004
	Number	Number
Money purchase pension schemes	3	4

Highest-paid director

The above emoluments include the following in respect of the highest-paid director:

	2005	2004
	£'000	£'000
Emoluments	176	226
Company contributions to money purchase pension schemes	19	15
	195	241

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

8 Tax on profit on ordinary activities

The tax charge comprises:

	2005	2004
	£'000	£'000
Current tax		
UK corporation tax	3,503	4,727
Amounts due to group undertakings in respect of group relief surrendered	1,042	1,820
Adjustments in respect of prior years		
- UK corporation tax	130	(262)
	4,675	6,285
Deferred tax		
Origination and reversal of timing differences	310	51
Tax on profit on ordinary activities	4,985	6,336
The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	15,751	25,508
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	4,725	7,652
Effects of:		
- expenses not allowable for tax purposes	340	(528)
- origination and reversal of timing differences	(329)	(86)
- consortium relief and group relief not paid for	(189)	(491)
- adjustments to tax charge in respect of previous years	130	(262)
Current tax charge for the year	4,677	6,285

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

9 Dividends paid on equity shares

	2005	2004
	£'000	£'000
Interim paid of £14.40 (2004: £123.51) per ordinary share	2,000	17,154

10 Tangible fixed assets

	Freehold land and buildings	Plant, equipment and vehicles	Fixtures and fittings	Moulding tools	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 31 May 2004	11,639	9,549	6,506	9,191	36,885
Additions	2,950	2,223	1,807	1,915	8,895
Group transfers	-	969	150	-	1,119
Disposals	-	(1,831)	(662)	-	(2,493)
At 29 May 2005	14,589	10,910	7,801	11,106	44,406
Depreciation					
At 31 May 2004	1,289	5,793	5,047	6,662	18,791
Charge for the year	251	1,678	784	1,054	3,767
Disposals	-	(1,826)	(656)	-	(2,482)
Group transfers	-	292	40	-	332
At 29 May 2005	1,540	5,937	5,215	7,716	20,408
Net book value					
At 29 May 2005	13,049	4,973	2,586	3,390	23,998
At 31 May 2004	10,350	3,756	1,459	2,529	18,094

The net book value of tangible fixed assets includes an amount of £264,553 (2004: £343,203) in respect of assets held under finance lease contracts.

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

11 Fixed asset investments

	£'000
Cost	
At 31 May 2004 and 29 May 2005	22

The company has investments in the following subsidiary undertakings. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of shares held	Principal business activity
Games Workshop Deutschland Limited	England and Wales	£1 ordinary	100%	Holding company
Games Workshop Retail Limited	England and Wales	£1 ordinary	100%	Dormant
Warhammer Historical Wargames Limited	England and Wales	£1 ordinary	100%	Dormant

The subsidiary undertakings operate principally in their country of incorporation or registration.

12 Stocks

	2005	2004
	£'000	£'000
Raw materials and consumables	833	941
Work in progress	798	642
Finished goods and goods held for resale	7,940	9,022
	9,571	10,605

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

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

13 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,876	3,410
Amounts owed by group undertakings	1,663	1,691
Other debtors	204	362
Prepayments and accrued income	1,189	1,179
Deferred taxation	82	263
	6,014	6,905
Amounts falling due after more than one year:		
Other debtors	45	33
Deferred taxation	341	490
	6,400	7,428

Deferred taxation

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

	2005	2004
	£'000	£'000
Accelerated depreciation	341	490
Short term timing differences	82	263
Deferred tax asset	423	753

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

13 Debtors (continued)

The movement on the deferred tax during the year was as follows:

	£'000
At 31 May 2004	753
Group transfers	(20)
Charged to profit and loss account	(310)
At 29 May 2005	423

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

14 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Bank Overdrafts	1,727	-
Obligations under finance leases and hire purchase contracts	114	139
Trade creditors	3,166	4,452
Amounts owed to group undertakings	5,802	12,728
Corporation tax	1,372	1,799
Other taxation and social security	645	624
Other creditors	1,636	1,006
Accruals and deferred income	4,347	4,469
	18,809	25,217

Amounts owed to group undertakings includes £3,900,000 unsecured convertible redeemable loan stock 1997-2002, issued in 1997/98 at a discount of £1,334,000. Accrued finance costs at the year end amounted to £1,334,000 (2004 - £1,334,000). The loan stock is repayable on or at any time after 29 September 2002 and each holder is entitled to require the issuer to convert each £1 nominal value of loan stock into £1 ordinary shares.

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Notes to the financial statements for the year ended 29 May 2005 (continued)

14 Creditors: amounts falling due within one year (continued)

Obligations under finance leases and hire purchase contracts are repayable as follows:

	2005	2004
	£'000	£'000
Within one year	114	139
Between 2 and 5 years	29	174
	143	313

15 Creditors: amounts falling due after more than one year

	2005	2004
	£'000	£'000
Obligations under finance leases and hire purchase contracts	29	174
Amounts owed to group undertakings	1,121	1,121
Other creditors	40	88
Accruals and deferred income	38	65
	1,228	1,448

16 Provisions for liabilities and charges

	Employee share options	Property	Total
	£'000	£'000	£'000
At 31 May 2004	747	532	1,279
Transferred from group companies	23	-	23
(Credited)/charged to profit and loss account	(136)	78	(58)
Utilised in the year	(575)	(31)	(606)
At 29 May 2005	59	579	638

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

16 Provisions for liabilities and charges (continued)

The employee share options provision relates to commitments under employee share options, for options held by certain employees in the shares of the parent company. This provision will be satisfied on the exercise of the options by the employees, during their exercise period as indicated in the directors' report.

The property provision relates to onerous lease commitments and will diminish over the life of the underlying lease.

17 Called-up share capital

	2005	2004
	£'000	£'000
<hr/>		
Authorised		
3,900,000 preference shares of £1 each	3,900	3,900
1,000,000 ordinary shares of £1 each	1,000	1,000
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Allotted, called-up and fully-paid		
138,889 ordinary shares of £1 each	139	139
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18 Reserves

	Profit and loss account
	£'000
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At 31 May 2004	10,411
Retained profit for the year	8,766
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At 29 May 2005	19,177
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Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

19 Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Profit for the year	10,766	19,172
Dividends paid on equity shares	(2,000)	(17,154)
Net movement in shareholders' funds	8,766	2,018
Opening shareholders' funds	10,550	8,532
Closing shareholders' funds	19,316	10,550

20 Financial commitments

a) Capital commitments

The company had capital commitments of £729,000 at the year end (2004: £827,000).

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005			2004		
	Hobby Stores	Other property	Other	Hobby Stores	Other property	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Expiry date						
- within one year	425	-	30	591	-	307
- between two and five years	1,201	-	218	1,005	-	111
- after five years	1,150	125	36	793	313	-
	2,776	125	284	2,389	313	418

21 Pension arrangements

The company makes contributions to the Games Workshop Group PLC group personal pension plan, which is a defined contribution scheme. The pension cost charge for the year amounted to £650,000 (2004: £462,000).

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

22 Contingent liabilities

The company has guaranteed the bank overdrafts and loans of certain other group undertakings. The aggregate amount outstanding under these arrangements at the balance sheet date was £7,511,451 (2004: £nil).

23 Related party disclosures

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

During the period from 31 May 2004 to 5 October 2004, the Company traded with Warhammer Online Limited, a related party that is 70% owned by the Games Workshop Group. Charges of £6,187 (2004: £45,410) in respect of employee recharges were receivable from Warhammer Online Limited and at 30 May 2004, a balance of £1,223,095 was due from Warhammer Online Limited, which was fully provided against.

On 5 October 2004, Warhammer Online Limited became a 100% owned subsidiary of the Games Workshop Group and therefore transactions between the company and Warhammer Online Limited after this date are not disclosable.

24 Ultimate parent company and controlling party

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

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

Games Workshop Limited

Notes to the financial statements for the year ended 29 May 2005 (continued)

25 Acquisition of trade and assets of Games Workshop Tooling Limited

On 31 May 2004 the company acquired the trade and assets of a fellow group company, Games Workshop Tooling Limited. The assets acquired have been accounted for under the acquisition method of accounting as set out below:

	Acquired net assets	Fair Value
	£'000	£'000
Fixed assets	737	737
Stocks	309	309
Debtors	709	709
Creditors	(1,578)	(1,578)
Provisions for liabilities and charges	(43)	(43)
Net Assets acquired		134
Total consideration		134

For the year ended 30 May 2004, Games Workshop Tooling Limited reported an audited post tax loss of £87,000. No results have been generated pre-acquisition in the current year.