

Games Workshop Group Limited

Annual report for the year ended 29 May 1994

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Directors and advisers

Executive Directors

T H F Kirby
C J Prentice
D M Hosie
J A J Stallard
R G Priestley

Bankers

Bank of Scotland
15 Queen Street
Nottingham
NG1 2BL

Non-executive Directors

B S North
T R Plant
M H Storey
S A Godber

Secretary and registered office

D M Hosie
Chewton Street
Hilltop
Eastwood
Nottinghamshire
NG16 3HY

Registered auditors

Coopers & Lybrand
Cumberland House
35 Park Row
Nottingham
NG1 6FY

Solicitors

Booth & Co
Sovereign House
P O Box 8
South Parade
Leeds
LS1 1HQ

Chairman's statement for the year ended 29 May 1994

Profit before taxation for the year to 29 May 1994 was £4.65 million, an increase for the year of 31.8% over the previous year. This excellent result was achieved on sales of £24.5 million compared with £17.25 million in 1992/93.

In September 1993 the Group acquired its Spanish distributor and in November 1993 a subsidiary company commenced trading in Australia where three retail sites now operate, both activities contributing towards profits in the year under review. Further expansion is expected in the current year in both territories.

In the UK a further 14 sites have been opened bringing the total up to 65 at the year end. Worldwide, the Group now operates from 79 retail sites. High Street sales continue to recover with both Argos and Toys R Us stocking Games Workshop products. Of particular significance is the exciting development in the fortunes of the French and US companies where turnover has grown substantially.

To cope with the increase in sales and to provide for future demand the factory at Eastwood has been expanded, effectively doubling capacity.

The Board has been strengthened by the appointment of five directors. Dick Hosie joins as Finance Director with considerable experience in financial management, more recently as Finance Director of Blenheim Group PLC. John Stallard and Rick Priestley are long serving employees of the Group and have been appointed Sales Director and Product Development Director respectively. Steve Godber has been appointed as a non-executive Director. Steve is currently Managing Director of Vickers Medical and brings management expertise gained both in the UK and at international level. Mark Storey of Bank of Boston, who has been involved with the Group since the management buyout, has also been appointed a non-executive Director.

Your Board intends to grow the business organically and by acquisition as opportunities are presented and views the future with confidence.



B S North
Chairman
29 July 1994

Directors' report for the year ended 29 May 1994

The directors present their report and the audited financial statements for the year ended 29 May 1994.

Principal activities

The consolidated profit and loss account for the year is set out on page 7.

The principal activities of the group are the manufacture of miniature metal figures and games and the retail and wholesale distribution of these products operating from bases in the UK, USA, Canada, Australia, France and Spain.

Review of business

The review of business is included in the Chairman's statement on page 2.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No 3, 'Reporting Financial Performance', the presentation of the financial statements has been amended to conform with the new requirements.

- (a) Turnover and operating profit have been analysed between continuing and discontinued operations.
- (b) A statement of total recognised gains has been presented together with a reconciliation of movements in shareholders' funds.

Dividends and transfers to reserves

The directors have declared or now recommend the following dividends in respect of the year ended 29 May 1994:

	£'000
Preference dividends:	
Payable	430
Deferred	720
'B' ordinary dividends:	
Final proposed	47
	<hr/>
	1,197
	<hr/> <hr/>

After payment of the above dividends retained profit of £1,871,000 for the year will be transferred to the group's reserves.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements. In the opinion of the directors there was no significant difference between market and book values of property at 29 May 1994.

Directors

The directors of the company at 29 May 1994, all of whom have been directors for the whole of the year ended on that date unless otherwise stated, were:

	Appointed
B S North (Chairman)	
T H F Kirby	
C J Prentice	
T R Plant	
D M Hosie	5 November 1993
M H Storey	9 December 1993
S A Godber	9 December 1993
J A J Stallard	1 March 1994
R G Priestley	1 March 1994

Directors' interests

The interests of the directors in the shares of the company are disclosed in note 18 with details of share options granted to the directors.

None of the directors had a material interest in any contract of significance to which the company, or a subsidiary undertaking, was a party during the year.

Employees

The group'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 group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial 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.

Insurance of directors

The group maintains insurance for Games Workshop Group Limited directors in respect of their duties as directors of the group.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 May 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

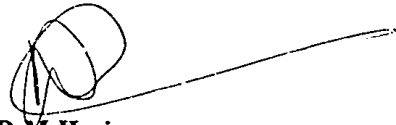
Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'D M Hosie', written over a horizontal line.

D M Hosie
Company secretary

Report of the auditors to the members of Games Workshop Group Limited

We have audited the financial statements on pages 7 to 27.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

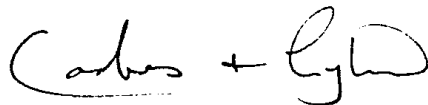
Basis of opinion

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 29 May 1994 and of the profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Nottingham
29 July 1994

Consolidated profit and loss account for the year ended 29 May 1994

	Notes	1994 £'000	1993 £'000
Turnover	2	24,502	17,250
Cost of sales		(7,879)	(5,697)
Gross profit		16,623	11,553
Net operating expenses	3	(12,080)	(8,539)
Operating profit before royalty income		4,543	3,014
Royalty income		472	1,037
Profit on ordinary activities before interest		5,015	4,051
Interest receivable		22	34
Interest payable and similar charges	6	(384)	(554)
Profit on ordinary activities before taxation	7	4,653	3,531
Taxation	8	(1,585)	(1,364)
Profit on ordinary activities after taxation		3,068	2,167
Dividends	10	(1,197)	(1,199)
Retained profit for the year	20	1,871	968
Statement of total recognised gains			
Profit for the financial year		3,068	2,167
Currency translation differences on foreign currency net investments		18	150
Total recognised gains relating to the year		3,086	2,317
Prior year adjustment	12	75	-
Total gains recognised since 1 June 1993		3,161	2,317

Movements on reserves are set out in note 20.

All items dealt with in arriving at the profit on ordinary activities before taxation relate to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheets at 29 May 1994

	Notes	Group		Company	
		1994 £'000	1993 £'000	1994 £'000	1993 £'000
Fixed assets					
Tangible assets	11	2,875	1,412	-	-
Investments	12	-	-	12,103	11,834
		<u>2,875</u>	<u>1,412</u>	<u>12,103</u>	<u>11,834</u>
Current assets					
Stocks	13	2,637	2,116	-	-
Debtors	14	2,660	1,764	699	6
Cash at bank and in hand		1,321	1,487	2	1
		<u>6,618</u>	<u>5,367</u>	<u>701</u>	<u>7</u>
Creditors: amounts falling due within one year	15	8,036	5,717	4,606	3,606
		<u>(1,418)</u>	<u>(350)</u>	<u>(3,905)</u>	<u>(3,599)</u>
Net current liabilities					
Total assets less current liabilities		1,457	1,062	8,198	8,235
Creditors: amounts falling due after more than one year	16	3,237	4,403	3,032	4,157
		<u>(1,780)</u>	<u>(3,341)</u>	<u>5,166</u>	<u>4,078</u>
Capital and reserves					
Called up share capital	18	1,850	1,850	1,850	1,850
Share premium account	20	1,281	1,281	1,281	1,281
Capital redemption reserve	20	1,450	850	1,450	850
Profit and loss account	20	1,776	487	585	97
Goodwill	20	(8,137)	(7,809)	-	-
		<u>(1,780)</u>	<u>(3,341)</u>	<u>5,166</u>	<u>4,078</u>
Shareholders' funds					
	27	<u>(1,780)</u>	<u>(3,341)</u>	<u>5,166</u>	<u>4,078</u>

The financial statements on pages 7 to 27 were approved by the board of directors on 29 July 1994 and were signed on its behalf by:



D M Hosie
Director

Consolidated cash flow statement for the year ended 29 May 1994

	Notes	1994 £'000	1993 £'000
Net cash inflow from operating activities	21	5,482	4,460
Returns on investments and servicing of finance			
Interest received		22	34
Interest paid		(376)	(551)
Interest paid on hire purchase agreements		(38)	(21)
Dividends paid		(481)	(495)
Net cash outflow from returns on investments and servicing of finance		<u>(873)</u>	<u>(1,033)</u>
Taxation			
Taxation paid		(1,448)	(869)
Investment activities			
Purchase of tangible fixed assets		(1,746)	(397)
Sale of tangible fixed assets		52	16
Purchase of subsidiary (net of cash acquired)	19	(204)	(271)
Deferred consideration paid		(150)	(50)
Net cash outflow from investing activities		<u>(2,048)</u>	<u>(702)</u>
Net cash inflow before financing		<u>1,113</u>	<u>1,856</u>
Financing			
Loans advanced		109	396
Repayment of principal under hire purchase contracts		(304)	(141)
Loan repayments		(1,650)	(1,250)
Net cash outflow from financing		<u>(1,845)</u>	<u>(995)</u>
(Decrease)/increase in cash and cash equivalents	22	<u>(732)</u>	<u>861</u>

Notes to the financial statements for the year ended 29 May 1994

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Changes in accounting policies

The new accounting standard, FRS 3, requires the adoption of accounting policies which differ from those previously adopted by the group. Accordingly turnover and operating profit are analysed between continuing and discontinued operations. This change has had no effect on comparative figures.

Comparative figures

Comparative figures have been restated where appropriate to reflect the impact of the prior year adjustment referred to in note 12.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings made up to 29 May 1994. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is written off immediately against reserves.

To the extent that goodwill in foreign currencies (arising on acquisition of overseas subsidiary undertakings) continues to have value, the amount of goodwill is adjusted at each balance sheet date.

Development expenditure

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

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

Freehold buildings	%
Plant and machinery	2
Motor vehicles	20 - 50
Fixtures and fittings	25
Moulding tools	15
	25

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

Hire purchase agreements and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Hire purchase agreements which transfer to the group 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 agreements. The capital element 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 on a first in first out basis 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

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the closing rate of exchange for the year.

Gains and losses arising on the translation of the net assets of overseas subsidiary companies are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

All other foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Investments

Shares in subsidiary companies are stated at cost less amounts written off where in the opinion of the directors there has been a permanent diminution in the value of the investment.

Investments denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year.

Turnover

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

Pension costs

The group operates a defined contribution scheme. The contributions are charged to the profit and loss account as they accrue.

2 Turnover

	1994 £'000	1993 £'000
By geographical area of destination		
United Kingdom	13,232	9,947
North America	5,051	3,562
Continental Europe	5,039	3,301
Australasia and other	1,180	440
	<u>24,502</u>	<u>17,250</u>

3 Net operating expenses

	1994 £'000	1993 £'000
Selling and distribution costs	8,057	5,489
Administrative expenses	2,795	2,101
Design and development costs	1,228	949
	<u>12,080</u>	<u>8,539</u>

4 Directors' emoluments

	1994 £'000	1993 £'000
Fees	33	30
Other emoluments (including pension contributions and benefits in kind)	410	210
	<u>443</u>	<u>240</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1994 £'000	1993 £'000
The chairman	18	19
The highest-paid director	189	133
	<u> </u>	<u> </u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Number	Number
£0 to £5,000	1	-
£5,001 to £10,000	1	-
£10,001 to £15,000	3	1
£15,001 to £20,000	1	1
£20,001 to £25,000	1	-
£25,001 to £30,000	-	1
£30,001 to £35,000	1	-
£35,001 to £40,000	-	1
£40,001 to £45,000	1	-
	<u> </u>	<u> </u>

5 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was:

	1994 Number	1993 Number
Production	133	94
Selling and distribution	287	210
Administration	70	64
	<u>490</u>	<u>368</u>

	1994 £'000	1993 £'000
Staff costs (for the above persons)		
Wages and salaries	5,931	3,565
Social security costs	540	350
Other pension costs	113	29
	<u>6,584</u>	<u>3,944</u>

6 Interest payable and similar charges

	1994 £'000	1993 £'000
On overdrafts and other loans:		
Repayable within 5 years, by instalments	328	514
On hire purchase agreements	38	21
Other interest	18	19
	<u>384</u>	<u>554</u>

7 Profit on ordinary activities before taxation

	1994 £'000	1993 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	698	423
Auditors' remuneration		
For audit (company 1994 £3,000: 1993 £3,000)	39	30
For non audit work	9	30
Operating leases		
- property	1,536	1,229
- other	483	357
	<u>1,536</u>	<u>1,229</u>
	<u>483</u>	<u>357</u>

In addition the auditors carried out corporate finance work totalling £71,000 which has been treated as prepaid at 29 May 1994.

8 Tax on profit on ordinary activities

	1994 £'000	1993 £'000
United Kingdom corporation tax at 33% (1993: 34%):		
Current	1,234	1,178
Deferred	66	-
Double taxation relief	(370)	(201)
(Over)/under provision in prior years	(4)	10
	<hr/>	<hr/>
Overseas taxation	926	987
Overseas taxation provision in respect of prior years	659	267
	<hr/>	<hr/>
	1,585	1,364
	<hr/> <hr/>	<hr/> <hr/>

9 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. Of the profit for the financial year £2.3 million (1993 : £1.7 million) is dealt with in the financial statements of the company, after including dividends from subsidiary companies of £3 million (1993: £9.3 million).

10 Dividends

	1994 £'000	1993 £'000
'B' Ordinary: final proposed of 12p per share (31 May 1993: 12p)	41	41
'C' Ordinary: final proposed of 12p per share (31 May 1993: 12p)	6	6
Preference dividends payable at 32p per share (31 May 1993: 32p)	1,150	1,152
	<hr/>	<hr/>
	1,197	1,199
	<hr/> <hr/>	<hr/> <hr/>

11 Tangible fixed assets

Group	Land and buildings £'000	Short leasehold premises £'000	Plant, equipment and vehicles £'000	Fixtures and fittings £'000	Moulding tools £'000	Total £'000
Cost						
At 1 June 1993	427	206	1,238	262	949	3,082
Additions	164	159	779	552	518	2,172
Exchange differences	-	3	3	(1)	-	5
New subsidiary	-	12	12	24	-	48
Disposals	-	(62)	(155)	(6)	-	(223)
At 29 May 1994	591	318	1,877	831	1,467	5,084
Depreciation						
At 1 June 1993	13	101	703	214	639	1,670
Exchange differences	-	3	2	-	-	5
Charge for year	17	50	346	115	170	698
New subsidiary	-	6	4	-	-	10
Eliminated in respect of disposals	-	(54)	(116)	(4)	-	(174)
At 29 May 1994	30	106	939	325	809	2,209
Net book value						
At 29 May 1994	561	212	938	506	658	2,875
Net book value						
At 31 May 1993	414	105	535	48	310	1,412

The net book value of tangible fixed assets includes an amount of £459,000 (1993: £275,000) in respect of assets held under hire purchase agreements. The depreciation charged on these assets was £162,000 (1993: £100,000).

12 Fixed asset investments

Company	Interests in group undertakings £'000
Cost	
At 1 June 1993 as previously stated	11,259
Prior year adjustment (see below)	575
	<hr/>
At 1 June 1993 as restated	11,834
Additions	199
Exchange differences	70
	<hr/>
At 29 May 1994	<u>12,103</u>

On 3 September 1993, Games Workshop Group Limited acquired the whole of the issued share capital of Disenos Orbitales for a total consideration of £184,000. On 4 September the name was changed to Games Workshop SL. Games Workshop Oz Pty Limited was incorporated on 28 July 1993.

Prior year adjustment

Under the terms of the agreement for the acquisition of Games Workshop Productions Limited by Games Workshop Group Limited, payments for services to be provided by the vendors were to be spread over future years. The directors now consider that it would be more appropriate to treat these payments as deferred consideration. Accordingly, the total amount payable as at the date of acquisition of £575,000 has been added to the cost of investment in subsidiary companies and is reflected in a similar increase in goodwill arising on consolidation. These adjustments are reflected in the comparative figures in the consolidated balance sheet as at 31 May 1993. The payments of £25,000 and £50,000 made in the years ended 31 May 1992 and 1993 respectively have been credited as prior year adjustments in respect of those years.

Interests in group undertakings

	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by the company	Proportion of nominal value of issued shares held by subsidiary companies	Principal business activity
Games Workshop Limited	England	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Inc	United States of America	\$1 common stock		100%	
Marauder Miniatures Limited	England	£1 ordinary		100%	Dormant agency company
Games Workshop (Queen Street) Limited	Canada	Can \$1	100%		Retailers, games and miniatures
Eurl Games Workshop	France	FFR 1	100%		Distributor and retailer of games and miniatures
Games Workshop SL Limited	Spain	Peseta 1	100%		Retailers, games and miniatures
Games Workshop Oz Pty Limited	Australia	Aus \$1	100%		Retailers, games and miniatures
Warhammer Records Limited	England	£1 ordinary	100%		Promotion, production and sale of records
Games Workshop Productions Limited	England	£1 ordinary	100%		Holding company for dormant subsidiaries
Citadel Miniatures Limited	England	£1 ordinary		100%	Dormant
G W PBM Limited	England	£1 ordinary		100%	Dormant
Flame Publications Limited	England	£1 ordinary		100%	Licensing books and games
G W Books Limited	England	£1 ordinary		100%	Licensing books and games
Warhammer Music Limited	England	£1 ordinary		100%	Dormant

All the above companies operate principally in their country of incorporation.

13 Stocks

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Raw materials and consumables	741	612	-	-
Finished goods and goods for resale	1,896	1,504	-	-
	<u>2,637</u>	<u>2,116</u>	<u>-</u>	<u>-</u>

14 Debtors

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Amounts falling due within one year				
Trade debtors	1,876	1,414	-	-
Other debtors	188	76	40	6
Amounts owed by subsidiary companies	-	-	182	-
Prepayments and accrued income	532	274	347	-
Advanced corporation tax recoverable	64	-	130	-
	<u>2,660</u>	<u>1,764</u>	<u>699</u>	<u>6</u>

Included in prepayments are amounts of £347,000 relating to professional fees in respect of the proposed flotation of the company.

15 Creditors: amounts falling due within one year

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Shareholders' loans	1,500	1,000	1,500	1,000
Other loans and overdrafts	999	644	360	559
Obligations under hire purchase agreements	191	110	-	-
Trade creditors	1,928	1,124	-	-
Amounts owed to subsidiary companies	-	-	1,667	1,444
Corporation tax payable	1,442	1,301	-	-
Advanced corporation tax	130	70	70	-
Other taxation and social security	346	284	18	13
Other creditors	898	544	795	391
Accruals	406	441	-	-
Dividends payable	196	199	196	199
	<u>8,036</u>	<u>5,717</u>	<u>4,606</u>	<u>3,606</u>

The shareholders' loans, bank loans and overdrafts are secured by fixed and floating charges over the assets of the companies concerned.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Shareholders' loans	981	2,395	981	2,395
Other loans	187	524	114	369
Obligations under hire purchase agreements	132	91	-	-
Dividends payable	1,762	1,043	1,762	1,043
Other creditors	175	350	175	350
	<u>3,237</u>	<u>4,403</u>	<u>3,032</u>	<u>4,157</u>

(a) Analysis of borrowings

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Secured				
US dollar:				
\$ libor plus 4% loan	2,106	2,395	2,106	2,395
8% variable loan	146	240	-	-
Sterling:				
Libor plus 4% loan	-	438	-	438
14.125% loan	375	562	375	562
Libor plus 2% loan	250	750	250	750
Hire purchase agreements	323	201	-	-
Overdraft	566	-	-	-
Total secured	<u>3,766</u>	<u>4,586</u>	<u>2,731</u>	<u>4,145</u>
Unsecured				
Spanish Peseta Mibor loan	107	-	107	-
French franc 10% fixed loan	117	178	117	178
	<u>3,990</u>	<u>4,764</u>	<u>2,955</u>	<u>4,323</u>
Less: repayable within one year	<u>2,690</u>	<u>1,754</u>	<u>1,860</u>	<u>1,559</u>
Repayable by instalments between 2 and 5 years	<u>1,300</u>	<u>3,010</u>	<u>1,095</u>	<u>2,764</u>

The borrowings are secured by fixed and floating charges on the undertakings and assets of the companies concerned and by cross guarantees.

- (b) The dividends are due for payment in line with the redemption of the preference share capital (see note 18).
- (c) The other creditors are unsecured and are repayable in two to five years.

17 Provisions for liabilities and charges

Deferred taxation

Group	£'000
At 1 June 1993	-
Profit and loss account	66
	<hr/>
At 29 May 1994	66
	<hr/> <hr/>

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

Group	Amount provided		Amount unprovided	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Excess of tax allowances over depreciation	66	-	-	-
Potential capital gain on property	-	-	68	70
Less: advance corporation tax	(66)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	68	70
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18 Called up share capital

	1994 and 1993	
	£	Number
Authorised		
'A' ordinary shares of 10p each	15,556	155,560
'B' ordinary shares of 10p each	35,000	350,000
'C' ordinary shares of 10p each	5,000	50,000
Preference shares of 50p each	1,800,000	3,600,000
	<u>1,855,556</u>	<u>4,155,560</u>
Allotted, called up and fully paid		
'A' ordinary shares of 10p each	10,000	100,000
'B' ordinary shares of 10p each	35,000	350,000
'C' ordinary shares of 10p each	5,000	50,000
Preference shares of 50p each	1,800,000	3,600,000
	<u>1,850,000</u>	<u>4,100,000</u>

The preference shares are scheduled to be redeemed for £1 each as follows:

31 December 1996	1,500,000
31 December 1997	1,500,000
31 December 1998	600,000

Directors interests

The directors at 29 May 1994 had the following beneficial interests, including options in the ordinary share capital of the company.

	Shares		Share options
	'A' ordinary shares of 10p each	'B' ordinary shares of 10p each	'A' ordinary shares of 10p each
	Number	Number	Number
			Granted during the year and at 29 May 1994
	29 May 1994 and 31 May 1993		
B S North	-	-	2,740
T H F Kirby	80,000	-	29,592
C J Prentice	20,000	-	7,398
T R Plant	-	193	-
D M Hosie	-	-	2,740
M H Storey	-	-	-
S A Godber	-	-	-
J A J Stallard	-	-	2,740
R G Priestley	-	-	2,740

Details of the share options granted to the directors are as follows:

	Date granted	Number of shares
B S North	5.11.93	2,703
	10.3.94	37
T H F Kirby	5.11.93	28,108
	10.3.94	1,484
C J Prentice	5.11.93	7,027
	10.3.94	371
D M Hosie	5.11.93	2,703
	10.3.94	37
J A J Stallard	10.3.94	2,740
R J Priestley	10.3.94	2,740

The option price per share is £20.85. Options may be exercised at any time within seven years from the date the option is granted.

19 Acquisitions

On 3 September 1993 the company acquired the whole of the issued share capital of Disenos Orbitales Spain for a total consideration of £184,000. On 4 September 1993 the name was changed to Games Workshop SL.

The acquisition has resulted in additional turnover of £485,000 for the period and a profit on ordinary activities before taxation of £10,000.

Games Workshop Oz Pty Limited was incorporated on 28 July 1993 to carry out the Group's business in Australia. Turnover of £787,000 and a profit on ordinary activities before taxation of £146,000 was recorded for the period.

In the directors' opinion the businesses acquired during the year do not represent acquisitions as defined by FRS 3.

The assets and liabilities of Disenos Orbitales Spain acquired are set out below:

	Book value £'000	Other provisions £'000	Fair value to the group £'000
Fixed assets	60	(25)	35
Stock	99	(41)	58
Debtors	85	(34)	51
Cash at bank and in hand	18	-	18
Total assets	<u>262</u>	<u>(100)</u>	<u>162</u>
Liabilities			
Bank overdraft	24	-	24
Creditors	197	-	197
Net assets/(liabilities)	<u>41</u>	<u>(100)</u>	<u>(59)</u>
Goodwill			243
Fair value of consideration			<u>184</u>
Satisfied by			
Cash			<u>184</u>

Analysis of the net outflow of cash and cash equivalents in respect of the purchase of Games Workshop SL.

	£'000
Cash consideration	184
Overdraft acquired	6
Net outflow on acquisition of Spanish subsidiary	<u>190</u>
Set up costs of Australian subsidiary	14
Net outflow of cash and cash equivalents	<u>204</u>

20 Share premium account and reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Goodwill reserve £'000
Group				
At 1 June 1993 as previously stated	1,281	850	412	(7,234)
Prior year adjustment (see note 12)	-	-	75	(575)
At 1 June 1993 as restated	1,281	850	487	(7,809)
Retained profit for the year	-	-	1,871	-
Current year acquisition	-	-	-	(258)
Transfer to capital redemption reserve	-	600	(600)	-
Exchange adjustments	-	-	18	(70)
At 29 May 1994	1,281	1,450	1,776	(8,137)
Company				
At 1 June 1993 as previously stated	1,281	850	22	-
Prior year adjustment (see note 12)	-	-	75	-
At 1 June 1993 as restated	1,281	850	97	-
Retained profit for the year	-	-	1,097	-
Transfer to capital redemption reserve	-	600	(600)	-
Exchange adjustments	-	-	(9)	-
At 29 May 1994	1,281	1,450	585	-

The transfer to the capital redemption reserve is required by the company's articles to provide for the future redemption of the preference shares.

21 Reconciliation of operating profit to net cash inflow from operating activities

	1994 £'000	1993 £'000
Operating profit	5,015	4,051
Depreciation of tangible fixed assets	698	423
(Profit)/loss on sale of tangible fixed assets	(3)	6
Exchange movements	29	101
Increase in stocks	(463)	(50)
Increase in trade debtors	(422)	(386)
Increase in prepayments and accrued income	(258)	(95)
(Increase)/decrease in other debtors	(94)	77
Increase in trade creditors	611	92
Increase in other taxation and social security	45	150
Decrease in accruals	(5)	(94)
Increase in other creditors	329	185
Net cash inflow from operating activities	5,482	4,460

Games Workshop Group Limited

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22 Cash and cash equivalents

	1994 £'000	1993 £'000	Change in year £'000
Analysis of balances			
Cash at bank and in hand	1,321	1,487	(166)
Bank overdraft	(566)	-	(566)
	<u>755</u>	<u>1,487</u>	<u>(732)</u>
	£'000	£'000	
Changes in year			
At 1 June 1993	1,487	638	
Movement	(732)	861	
Effects of foreign exchange rate changes	-	(12)	
At 29 May 1994	<u>755</u>	<u>1,487</u>	

23 Analysis of changes in financing during the year

	Loans £'000	Hire purchase agreements £'000
At 1 June 1993		
Loan repayment	4,563	201
Loan advanced	(1,650)	-
Effects of foreign exchange rate changes	109	-
Inception of hire purchase agreements	79	-
Repayment of principal on hire purchase agreements	-	426
	-	(304)
At 29 May 1994	<u>3,101</u>	<u>323</u>

24 Capital commitments

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>205</u>	<u>115</u>	<u>-</u>	<u>-</u>

Games Workshop Group Limited

25 Financial commitments

At 29 May 1994 the group had annual commitments under non-cancellable operating leases as follows:

	1994		1993	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiring within one year	148	106	218	73
Expiring between two and five years inclusive	604	319	308	271
Expiring in over five years	1,117	-	758	-
	<u>1,869</u>	<u>425</u>	<u>1,284</u>	<u>344</u>

26 Contingent liabilities

	1994 £'000	1993 £'000
<i>Company</i>		
Amounts of guarantees in respect of loans to subsidiary undertaking		
Amounts of guarantees in respect of group VAT registration	146	240
	<u>82</u>	<u>158</u>

27 Reconciliation of movements in shareholders' funds

	1994 £'000	1993 £'000
Profit for financial year	3,068	2,167
Dividends	(1,197)	(1,199)
Goodwill on acquisitions written off	(258)	(217)
Exchange adjustments	(52)	(273)
Net additions to shareholders' funds	<u>1,561</u>	<u>478</u>
Opening shareholder's funds	(3,341)	(3,819)
Closing shareholders' funds	<u>(1,780)</u>	<u>(3,341)</u>