

Games Workshop Limited  
Annual report and financial statements  
for the year ended 31 May 2015

Registered number 1467092

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# **Games Workshop Limited**

## **Annual report and financial statements for the year ended 31 May 2015**

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# **Games Workshop Limited**

## **Company information**

### **Directors**

K Rountree

R Tongue

### **Company secretary**

R Tongue

### **Registered office**

Willow Road

Lenton

Nottingham

NG7 2WS

# Games Workshop Limited

## Strategic Report

### Strategy and objectives

The Games Workshop group's strategy is to make the best fantasy miniatures in the world and sell them globally at a profit, and it intends doing so forever. All of our decision making is focused on the long term success of Games Workshop, not short term gains.

We measure our success by seeking a high return on investments. In the short term, we will measure our success on our ability to grow sales whilst maintaining our core business operating profit margin. The way we go about implementing this strategy is to recruit the best staff we can by looking for the appropriate attitudes and behaviour each job we do requires and identifying the value that job brings.

### 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 universes.

We sell via three channels, our own stores 'Retail', third party independent retailers 'Trade' and our 'Mail order' web store.

### Structural re-organisation

The restructuring across Continental Europe was delivered on time, within budget and has delivered the cost savings that were planned. We anticipated - correctly - that it would take some time to get this region back to its normal levels as we knew we would have to recruit a new trade team of recruiters and account developers in Nottingham servicing all of Continental Europe in the local languages. In the second half of the year that new team delivered sales growth of 1%.

### Key performance indicators

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

### Review of the year

#### *Sales*

Reported sales increased by 2.7% to £89.5 million for the year. This was driven by growth in our retail and mail order channels.

#### *Operating profit*

Pre-exceptional core business operating profit (operating profit before royalty income and any exceptional items) increased by £1.0 million to £13.6 million (2014: £12.6 million). Both sales and gross profit saw improvements although operating costs increased.

#### *Cash generation*

During the year, core operating activities generated £23.7 million (2014: £15.6 million) of cash after tax payments. The Company also received cash of £3.0 million in respect of royalties in the year (2014: £2.4 million). After capital expenditure of £7.3 million there were net funds at the year end of £11.2 million (2014: £13.4 million).

#### *Royalty income*

Royalty income increased in the year by £0.1 million to £1.5 million.

#### *Taxation*

The tax rate for the year was 21.4% (2014: 24.6%).

### 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.

# Games Workshop Limited

## Strategic Report (continued)

### Interest rate risk

Net interest receivable for the year (excluding net foreign exchange gains and unwinding of discounts on provisions) was £53,000 (2014 £50,000)

### Foreign exchange

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

	euro		US dollar	
	2015	2014	2015	2014
Year end rate used for the balance sheet	1 39	1 23	1 53	1 68
Average rate used for earnings	1 31	1 20	1 58	1 62

### Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group. The top five risks to the Group are reviewed at each board meeting. The risks are rated as to their business impact and their likelihood of occurring. In addition, the Group has a disaster recovery plan to ensure ongoing operations are maintained in all circumstances. The principle risks identified in 2014/15 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly the ones that would cause business interruption in the year ahead.

**ERP change** – we are changing our core ERP system in the UK. This is a complicated project with the risk of widespread business disruption if it is not implemented well.

**Store manager recruitment** – this comprises both recruitment of managers for new stores as well as replacing poor performing managers. Retail is our primary method of recruiting new customers and so we need great managers in all our stores.

**Supply chain** – we are currently changing our mail order warehouse system. This is part of an ongoing programme of continuous improvement for these warehouse systems. As with any system change there are risks associated with the transition.

**Range management** – we are reviewing our range to ensure that we are exploring all opportunities. The risk is that we don't fully exploit all the opportunities that are available to us.

**Distractions** – this is anything else that gets in the way of us delivering our goals.

However the greatest risk is the same one that we repeat each year, namely, management. So long as we have great people we will be fine. Problems will arise if the board allows egos and private agendas to rule.

### Priorities for next year

**Firstly, staff recruitment**. We need a constant stream of new people to join Games Workshop across all departments and over the last three years our Academy team has been training us all on how to find people whose personal qualities fit the jobs we need to fill. This has radically changed how we recruit and also how we performance manage, to date our new approach has proven to be successful.

**Secondly, our product range is being reviewed**. We believe this is long overdue. It is time for a resetting of the ranges. Not tweaking here and there but a top down reassessment. We will aim to continue to deliver outstanding product and customer service, maintain our gross margin and continue to improve our stock turn.

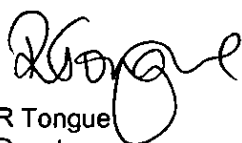
# Games Workshop Limited

## Strategic report (continued)

### Priorities for next year (continued)

Thirdly, we must grow the number of customers we have. We have been underperforming here in recent years, mainly on account of our focus on the value based initiatives of converting our loss making stores to profitable ones and restructuring our sales businesses to take out duplicate and unnecessary costs. Our aim is to open more of our own stores, open more stockist trade accounts using our proven stockist strategy and explore new core trade opportunities in toy, craft, book and comic stores.

Finally, we will be replacing the European ERP system in Nottingham that we have been using for over 15 years. It has come to the end of its useful life. This project will give us the opportunity to drive synergies throughout our back office functions by removing complexity, re-engineering our processes and delivering our services at a lower cost. Following a lengthy and robust process we have now chosen the product and the vendor. As a result our capital investment is likely to be higher over the next few years. The total cost of this project, including internal resources, is estimated to be £6.4 million.



R Tongue  
Director  
4 January 2016

# Games Workshop Limited

## Directors' report

The directors present their annual report on the affairs of Games Workshop Limited ('the Company') together with the financial statements for the year ended 31 May 2015

### Dividends

Dividends of £17,129,000 were declared and paid during the year ended 31 May 2015 (2014 £nil)

### Conflicts of interest

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

### 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 and the Group's performance.

The Group 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 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.

### Health, safety and environment

Games Workshop is fully committed to the safety of its customers and the safety, health and wellbeing of its employees. Our people are our most valuable asset. We care about our colleagues and want to look after them.

Following the appointment of a new global health and safety manager in October 2014, it was identified that Games Workshop's health, safety and environmental ('HSE') strategy should be co-ordinated in a more centralised way, and applied in a more consistent manner throughout our operations around the world. We are currently working on a global HSE system to achieve consistency throughout Games Workshop. This will involve the development of a set of global standards which will form the basis of a global HSE strategy designed to ensure the safety and wellbeing of our customers and employees across the globe.

### Injury reporting

During the year there were four injuries (2014: 2) reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013 in the UK.

# Games Workshop Limited

## Directors' report (continued)

### Waste management

In 2014/15 we sent 64% of our waste by weight from our Nottingham site for re-use or recycling (2014 70%) 36% of our waste was sent for heat recovery at the Nottingham City Council incinerator (2014 30%)

### Nottingham Workplace Parking Levy and travel to work

Games Workshop will continue its policy of not recharging employees the Workplace Parking Levy (which increased by 2% in April 2015 to £375 per year for each used workplace parking space) We continue to promote our cycle to work scheme and have a high ratio of cyclists (over 10% of employees) at our Nottingham site

### 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 year in respect of development activities is detailed in note 6 to the financial statements

### Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the Company's financial statements

### Directors

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

### 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 year and to the date of approval of the financial statements

By order of the board



R F Tongue  
Director  
4 January 2016



# Games Workshop Limited

## Directors' responsibilities statement

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

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 May 2015 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



R F Tongue  
Director  
4 January 2016

# Games Workshop Limited

## Income statement

		Year ended 31 May 2015	Pre- exceptional items Year ended 1 June 2014	Exceptional items * Year ended 1 June 2014	Year ended 1 June 2014
	Notes	£'000	£'000	£'000	£'000
<b>Revenue</b>		<b>89,510</b>	87,178	-	87,178
Cost of sales		(35,775)	(39,301)	-	(39,301)
<b>Gross profit</b>		<b>53,735</b>	47,877	-	47,877
Operating expenses	3	(40,121)	(35,322)	-	(35,322)
Other operating income – royalties receivable		1,498	1,442	-	1,442
Exceptional items	9	42	-	(4,545)	(4,545)
<b>Operating profit</b>		<b>15,154</b>	13,997	(4,545)	9,452
Finance income	4	54	53	-	53
Finance costs	5	(1)	(3)	-	(3)
<b>Profit before taxation</b>	6	<b>15,207</b>	14,047	(4,545)	9,502
Income tax expense	8	(3,248)	(3,363)	1,030	(2,333)
<b>Profit attributable to owners of the parent</b>	23	<b>11,959</b>	10,684	(3,515)	7,169

Revenue and operating profit derive entirely from continuing activities

The notes on pages 12 to 36 are an integral part of these financial statements

\* See note 9 for a description of the exceptional items

## Statement of comprehensive income

	Year ended, 31 May 2015	Year ended 1 June 2014
	£'000	£'000
<b>Profit attributable to owners of the parent</b>	<b>11,959</b>	7,169
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	19	9
Other comprehensive income for the year	19	9
<b>Total comprehensive income attributable to owners of the parent</b>	<b>11,978</b>	7,178

The notes on pages 12 to 36 are an integral part of these financial statements

# Games Workshop Limited

## Balance sheet

		31 May 2015	1 June 2014
	Notes	£'000	£'000
<b>Non-current assets</b>			
Other intangible assets	11	8,871	9,653
Property, plant and equipment	12	21,012	18,909
Trade and other receivables	15	169	155
Deferred tax assets	13	-	103
		<b>30,052</b>	<b>28,820</b>
<b>Current assets</b>			
Inventories	14	5,382	5,926
Trade and other receivables	15	9,730	11,836
Current tax assets		-	282
Cash and cash equivalents	16	11,198	13,437
		<b>26,310</b>	<b>31,481</b>
<b>Total assets</b>		<b>56,362</b>	<b>60,301</b>
<b>Current liabilities</b>			
Trade and other payables	18	(16,062)	(13,037)
Current tax liabilities		(546)	-
Provisions	20	(272)	(2,631)
		<b>(16,880)</b>	<b>(15,668)</b>
<b>Net current assets</b>		<b>9,430</b>	<b>15,813</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	19	(4,189)	(4,169)
Provisions	20	(208)	(247)
Deferred tax liabilities	13	(41)	-
		<b>(4,438)</b>	<b>(4,416)</b>
<b>Net assets</b>		<b>35,044</b>	<b>40,217</b>
<b>Capital and reserves</b>			
Called up share capital	21	139	139
Translation reserve	22	353	334
Retained earnings	23	34,552	39,744
<b>Total equity</b>		<b>35,044</b>	<b>40,217</b>

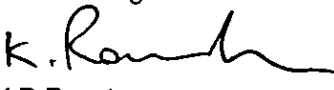
The notes on pages 12 to 36 are an integral part of these financial statements

For the year ended 31 May 2015 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 year 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 36 were approved by the board of directors on 4 January 2016 and signed on its behalf by

  
K D Rountree  
Director

  
R F Tongue  
Director

Registered number 1467092

# Games Workshop Limited

## Statement of changes in total equity

	Called up share capital (note 21) £'000	Translation reserve (note 22) £'000	Retained earnings (note 23) £'000	Total equity £'000
At 2 June 2013 and 3 June 2013	139	325	32,590	33,054
Profit for the year ended 1 June 2014	-	-	7,169	7,169
Exchange differences on translation of foreign operations	-	9	-	9
<b>Total comprehensive income for the period</b>	-	9	7,169	7,178
Transactions with owners				
Deferred tax debit relating to share options	-	-	(89)	(89)
Corporate tax credit relating to share options	-	-	74	74
<b>Total transactions with owners</b>	-	-	(15)	(15)
At 1 June 2014 and 2 June 2014	139	334	39,744	40,217
Profit for the year ended 31 May 2015	-	-	11,959	11,959
Exchange differences on translation of foreign operations	-	19	-	19
<b>Total comprehensive income for the period</b>	-	19	11,959	11,978
Transactions with owners				
Dividends approved and paid to the parent company	-	-	(17,129)	(17,129)
Deferred tax debit relating to share options	-	-	(71)	(71)
Corporate tax credit relating to share options	-	-	49	49
<b>Total transactions with owners</b>	-	-	(17,151)	(17,151)
<b>At 31 May 2015</b>	<b>139</b>	<b>353</b>	<b>34,552</b>	<b>35,044</b>

The notes on pages 12 to 36 are an integral part of these financial statements

# Games Workshop Limited

## Cash flow statement

		Year ended 31 May 2015	Year ended 1 June 2014
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	28,637	23,092
Corporation tax paid		(1,912)	(5,133)
<b>Net cash generated from operating activities</b>		<b>26,725</b>	<b>17,959</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(6,185)	(4,055)
Proceeds on disposal of property, plant and equipment	24	24	37
Purchases of other intangible assets		(1,111)	(2,745)
Expenditure on product development		(4,579)	(4,652)
Interest received		54	53
<b>Net cash used in investing activities</b>		<b>(11,797)</b>	<b>(11,362)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1)	(3)
Dividends paid to the Company's shareholders		(17,129)	-
<b>Net cash used in financing activities</b>		<b>(17,130)</b>	<b>(3)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,202)</b>	<b>6,594</b>
Opening cash and cash equivalents		13,437	6,869
Effects of foreign exchange rates on cash and cash equivalents		(37)	(26)
<b>Closing cash and cash equivalents</b>	16	<b>11,198</b>	<b>13,437</b>

The notes on pages 12 to 36 are an integral part of these financial statements

# Games Workshop Limited

## 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 direct via the internet and mail order. 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 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 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

These financial statements are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs), the International Financial Reporting Interpretations Committee (IFRIC) interpretations and Standing Interpretations Committee (SIC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

The financial statements are prepared in accordance with the historical cost convention, except for the measurement of certain financial instruments to their fair value.

#### 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 straight line basis over periods ranging between 1 and 48 months 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 in to use the specific software. 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 used for this purpose are

	%
Core business systems computer software	15-33
Web store computer software	20
Other computer software	33-50

# Games Workshop Limited

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### 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 on a straight line basis over the expected useful economic lives of the assets concerned to write down to the assets' residual value and commences from the date the asset is available for use. The principal annual depreciation rates used for this purpose are

	%
Freehold buildings	2-4
Plant and equipment and vehicles	15-33
Fixtures and fittings	20-25
Moulding tools	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.

#### 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.

#### Trade receivables

Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost thereafter. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in the income statement immediately.

#### Leases

##### *Operating leases*

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company's commitment in respect of its Retail stores is included within this category.

Payments in respect of operating leases and any benefits received as an incentive to sign a lease are charged or credited to the income statement on a straight line basis over the period of the entire lease term.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional and presentation currency. Items included in the financial statements 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 sterling at rates of exchange ruling at the balance sheet date.

The results 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.

#### 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. In the balance sheet, bank overdrafts are included in current financial liabilities.

#### Trade payables

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

#### Other employee 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.

##### *Bonus and incentive plans*

The costs of annual bonus schemes are charged to the income statement as they accrue.

##### *Long service 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 years of employment (10 Year Veterans).

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.

#### Revenue

Revenue, which excludes value added tax, 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 or mail order and for sales to independent retailers. This represents when the significant risks and rewards of ownership of the goods have transferred to the customer. For revenue earned through the Company's Retail stores and for digital products, revenue is recognised at the point of sale. Revenue for magazine subscriptions is recognised on a straight line basis over the subscription 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 (2014: no more than 3%).



# Games Workshop Limited

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### Royalty income

Royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance, after allowing for expected returns and price protection claims, as notified to the Company by the licensee and following validation of the amounts receivable by the Company. Cash received as guarantees and advances is deferred on balance sheet whilst it is considered probable that future royalty earnings will at least equal the amounts received. Such amounts are recognised in the income statement at the point at which they are earned as royalties. In the event that it is no longer considered probable that future royalty earnings will at least equal the guarantees and advances received, the guarantee and advance payments are taken to the income statement on a straight line basis over the remaining term of the licence agreement.

#### 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.

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 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.

#### Impairment of 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 (cash-generating units). Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

#### Provisions

Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'.

Provisions are made for committed costs outstanding under onerous or vacant property leases, and the estimated liability is discounted to its present value.

Provisions are made for property dilapidations where a legal obligation exists and when the decision has been made to exit a property, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made.

The estimated employee benefit liability arising from the '10 Year Veterans' incentive scheme is classified within provisions. Amounts relating to employees who reach 10 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 role will become redundant.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### Dividends

Dividend distributions are recognised in the financial statements in the period in which they are declared.

#### Critical accounting estimates and judgements

The preparation of the 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 financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change. The following areas are considered of greater complexity and/or particularly subject to the exercise of judgement:

- Management estimates and judgements are required in assessing the impairment of assets, including capitalised development costs and fixtures and fittings within loss making retail stores, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.
- Judgement is involved in assessing the exposures in the provisions (including inventory, loss making Retail stores, other property, bad debt and returns) and hence in setting the level of the required provisions.

#### Exceptional items

Costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. These items are costs that were incurred in the prior period in relation to the continental European reorganisation.

#### New accounting standards

New accounting standards or interpretations effective in the current period which are relevant to the Company are:

- Amendments to IAS 32 on financial instruments asset and liability offsetting

These have not had a material impact on the financial statements of the Company and are unlikely to have a material impact in the future.

New standards, amendments to standards and interpretations which have been published but are not yet effective are not expected to have a significant impact on the company.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 3 Operating expenses pre-exceptional items

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Selling costs	17,421	16,749
Administrative expenses	22,700	18,573
	40,121	35,322

### 4 Finance income

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Interest income		
- on cash and cash equivalents	54	53
	54	53

### 5 Finance costs

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Interest expense		
- unwinding of discount on provisions (note 20)	1	3
	1	3

# Games Workshop Limited

## Notes to the financial statements (continued)

### 6 Profit before taxation

Profit before taxation is stated after charging/(crediting)

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Depreciation		
- Owned property, plant and equipment	4,021	3,914
- Reversal of impairment of property, plant and equipment	(2)	(188)
Amortisation		
- Owned computer software	1,307	723
- Other intangible assets	414	138
- Development costs	4,729	4,121
Non-capitalised development costs	3,186	3,288
Staff costs (excluding capitalised salary costs as in note 11 and non-capitalised development costs above)	25,620	22,409
Impairment of trade receivables (note 15)	212	27
Operating leases		
- Retail stores	3,137	3,358
- Plant and equipment	194	137
- Other	98	-
Cost of inventories included within cost of sales	17,422	17,122
Net inventory provision creation (note 14)	591	376
Loss on disposal of property, plant and equipment (note 24)	42	228
Loss on disposal of intangible assets (note 24)	22	329
Redundancy costs and compensation for loss of office	648	3,239
Net charge/(credit) to property provisions including closed or loss making retail stores (note 20)	132	(85)

# Games Workshop Limited

## Notes to the financial statements (continued)

### 7 Directors and employees

The average monthly number of employees (including directors) by activity was

	Year ended 31 May 2015	Year ended 1 June 2014
	Number	Number
Design and development	167	203
Production	146	150
Selling		
- full time	422	401
- part time	37	51
Administration	281	212
	<b>1,053</b>	<b>1,017</b>

Their aggregate remuneration comprised

	Year ended 31 May 2015	Year ended 1 June 2014
	£'000	£'000
Total directors and employee costs		
Wages and salaries	27,225	25,147
Social security costs	2,969	2,385
Other pension costs (note 25)	1,288	1,111
Share-based payment	190	253
	<b>31,672</b>	<b>28,896</b>

Details of capitalised salary costs, included in the above, are provided in note 11 Redundancy costs and compensation for loss of office, not included in the above, are provided in note 6

### Key management remuneration

The remuneration of the directors and other key management personnel of the Company is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'

	Year ended 31 May 2015	Year ended 1 June 2014
	£'000	£'000
Salaries and other short-term employee benefits	540	476
Post-employment benefits	66	64
Share based payment	2	2
Other employee benefits	-	3
	<b>608</b>	<b>545</b>

Of the above costs £212,000 (2014 £184,000) was borne by the Company

Key management are the directors of the Company and the head of product and supply

During the year two directors exercised share options (2014 one)

# Games Workshop Limited

## Notes to the financial statements (continued)

### 7 Directors and employees (continued)

#### Pensions

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

	Year ended 31 May 2015 Number	Year ended 1 June 2014 Number
Money purchase pension schemes	2	2

#### Highest-paid director

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

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Emoluments	283	229
Company contributions to money purchase pension schemes	32	29
	315	258

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

### 8 Income tax expense

The income tax expense comprises

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
<b>Current UK taxation</b>		
- UK corporation tax on profits for the period	2,766	1,658
- Amounts payable to related parties in respect of group relief surrendered	384	528
- Under/(over) provision in respect of prior periods	25	(55)
Total current taxation	3,175	2,131
<b>Deferred taxation</b>		
- Origination and reversal of timing differences	98	158
- (Over)/under provision in respect of prior periods	(25)	44
Total deferred taxation	73	202
<b>Income tax expense recognised in the income statement</b>	<b>3,248</b>	<b>2,333</b>

# Games Workshop Limited

## Notes to the financial statements (continued)

### 8 Income tax expense (continued)

The tax for the period is higher (2014 higher) than the effective rate of corporation tax in the UK. The differences are explained below

	Year ended 31 May 2015 £'000	Year ended 1 June 2014 £'000
Profit before taxation	15,207	9,502
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20.83% (2014 22.67%)	3,168	2,154
Effects of		
Items not deductible for tax purposes	82	187
Adjustments to tax charge in respect of previous periods	-	(11)
Change of tax rate	(2)	3
<b>Total tax charge for the period</b>	<b>3,248</b>	<b>2,333</b>

Included within the £3,248,000 disclosed above, £2,000 relates to changes in rates of UK corporation tax in the year from 21% to 20% from 1 April 2015. Further reductions were included in the Summer Budget 2015 announced on 8 July 2015, which has not been substantively enacted, to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by £4,000.

### 9 Exceptional items

The exceptional credit of £42,000 reported in the current year relates to the release of amounts previously provided for the continental European restructure. The exceptional items reported in the prior period relate to the continental European reorganisation announced in January 2014. As part of this reorganisation £2,987,000 was incurred in redundancy and severance costs, £608,000 in closing local country head offices and £950,000 in professional fees and other costs.

### 10 Dividends per share

A dividend of £50.40 per share, amounting to a total dividend of £7,000,000, a dividend of £36.00 per share, amounting to a total dividend of £5,000,000, and a dividend of £36.93 per share, amounting to a total dividend of £5,129,455, were declared and paid during the year ended 31 May 2015. No dividends were paid or declared in the year ended 1 June 2014.

After the balance sheet date, a dividend of £50.40 per share, amounting to a total dividend of £7,000,000 was declared and it was paid on 10 September 2015.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 11 Other intangible assets

	Computer software £'000	Development costs £'000	Other intangibles £'000	Total £'000
<b>Cost</b>				
At 2 June 2013 and 3 June 2013	10,075	22,015	-	32,090
Additions	1,291	4,652	1,182	7,125
Disposals	(4,014)	(1,754)	-	(5,768)
At 1 June 2014 and 2 June 2014	7,352	24,913	1,182	33,447
Additions	1,111	4,579	-	5,690
Disposals	(225)	(1,753)	-	(1,978)
<b>At 31 May 2015</b>	<b>8,238</b>	<b>27,739</b>	<b>1,182</b>	<b>37,159</b>
<b>Amortisation</b>				
At 2 June 2013 and 3 June 2013	(5,380)	(18,871)	-	(24,251)
Amortisation charge	(723)	(4,121)	(138)	(4,982)
Disposals	3,685	1,754	-	5,439
At 1 June 2014 and 2 June 2014	(2,418)	(21,238)	(138)	(23,794)
Amortisation charge	(1,307)	(4,729)	(414)	(6,450)
Disposals	202	1,754	-	1,956
<b>At 31 May 2015</b>	<b>(3,523)</b>	<b>(24,213)</b>	<b>(552)</b>	<b>(28,288)</b>
<b>Net book value</b>				
At 1 June 2014	4,934	3,675	1,044	9,653
<b>At 31 May 2015</b>	<b>4,715</b>	<b>3,526</b>	<b>630</b>	<b>8,871</b>

Amortisation of £4,990,000 (2014 £4,395,000) has been charged in cost of sales and £1,460,000 (2014 £587,000) in operating expenses

The net book amount of internally generated intangible assets is £3,929,000 (2014 £4,203,000) and acquired intangible assets is £4,942,000 (2014 £5,450,000). All development costs are internally generated and £2,866,000 (2014 £3,004,000) is capitalised salary costs.

Salary costs of £nil (2014 £195,000) were capitalised during the year as part of computer software.

Assets in the course of development, and not amortised, amount to £1,048,000 (2014 £189,000) with current and prior year amounts both being included within computer software. The current year assets are the development of the Forge World webstore (£755,000), replacement of warehouse software (£290,000) and upgrade of till software (£3,000). The prior year related to trade CRM modules.



# Games Workshop Limited

## Notes to the financial statements (continued)

### 12 Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment and vehicles £'000	Fixtures and fittings £'000	Moulding tools £'000	Total £'000
<b>Cost</b>					
At 2 June 2013 and 3 June 2013	14,770	14,322	8,902	26,213	64,207
Additions	246	1,141	527	2,294	4,208
Group transfers	-	56	-	-	56
Exchange differences	-	(3)	(10)	-	(13)
Disposals	(210)	(2,578)	(447)	(2,295)	(5,530)
At 1 June 2014 and 2 June 2014	14,806	12,938	8,972	26,212	62,928
Additions	1,924	1,700	896	1,665	6,185
Exchange differences	-	(2)	(4)	-	(6)
Disposals	-	(1,326)	(908)	(1,364)	(3,598)
<b>At 31 May 2015</b>	<b>16,730</b>	<b>13,310</b>	<b>8,956</b>	<b>26,513</b>	<b>65,509</b>
<b>Depreciation</b>					
At 2 June 2013 and 3 June 2013	(4,708)	(11,153)	(7,629)	(22,031)	(45,521)
Exchange differences	-	3	7	-	10
Charge for the period	(243)	(1,313)	(514)	(1,844)	(3,914)
Group transfers	-	(47)	-	-	(47)
Impairment reversal	175	-	13	-	188
Disposals	-	2,540	434	2,291	5,265
At 1 June 2014 and 2 June 2014	(4,776)	(9,970)	(7,689)	(21,584)	(44,019)
Exchange differences	-	2	7	-	9
Charge for the period	(292)	(1,320)	(518)	(1,891)	(4,021)
Impairment reversal	-	-	2	-	2
Disposals	-	1,306	863	1,363	3,532
<b>At 31 May 2015</b>	<b>(5,068)</b>	<b>(9,982)</b>	<b>(7,335)</b>	<b>(22,112)</b>	<b>(44,497)</b>
<b>Net book value</b>					
At 1 June 2014	10,030	2,968	1,283	4,628	18,909
<b>At 31 May 2015</b>	<b>11,662</b>	<b>3,328</b>	<b>1,621</b>	<b>4,401</b>	<b>21,012</b>

Depreciation expense of £2,911,000 (2014 £2,872,000) has been charged in cost of sales, £438,000 (2014 £461,000) in selling costs, and £672,000 (2014 £581,000) in administrative expenses

Freehold land amounting to £3,836,000 (2014 £3,836,000) has not been depreciated

Assets in the course of construction, and not depreciated, amount to £1,103,000 (2014 £943,000) £495,000 (2014 £500,000) of these are included in moulding tools, £417,000 (2014 £327,000) is included in plant and equipment and vehicles, £51,000 (2014 £90,000) is included in freehold land and buildings, and £140,000 (2014 £26,000) is included in fixtures and fittings above

An impairment reversal of £2,000 (2014 reversal of £13,000) relates to equipment and fixtures and fittings within loss making retail stores previously written down to estimated value in use for which impairment was no longer required. This has been credited in selling costs in both periods. The £175,000 impairment reversal in the prior year in freehold land and buildings relates to the previous write down of the warehouse floor. This was credited in selling costs in the prior period.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 13 Deferred tax

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. The amounts are as follows:

	2015 £'000	2014 £'000
- Deferred income tax assets to be recovered after more than 12 months	509	581
- Deferred income tax liabilities due within 12 months	(550)	(478)
Net deferred income tax (liability)/asset	(41)	103

The gross movement on the deferred income tax account is as follows:

	2015 £'000	2014 £'000
Beginning of the period	103	394
Debited to income statement (note 8)	(73)	(202)
Debited to equity	(71)	(89)
End of the period	(41)	103

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

	Accelerated depreciation £'000	Development costs £'000	Other £'000	Total £'000
At 2 June 2013	722	(723)	395	394
Debited to the income statement	(149)	(49)	(4)	(202)
Debited to equity	-	-	(89)	(89)
At 1 June 2014	573	(772)	302	103
(Debited)/credited to the income statement	(59)	67	(81)	(73)
Debited to equity	-	-	(71)	(71)
At 31 May 2015	514	(705)	150	(41)

Other deferred tax assets include deferred tax on adjustments for share options of £9,000.

Deferred income tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability of the Company.

The Company did not obtain a current tax benefit from previously unrecognised tax losses in either of the periods presented. There were no unrecognised deferred income tax assets in respect of losses at either period end.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 14 Inventories

	2015 £'000	2014 £'000
Raw materials	98	115
Work in progress	230	213
Finished goods and goods for resale	5,054	5,598
	<b>5,382</b>	<b>5,926</b>

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

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

During the year, the Company utilised a provision against inventory impairment of £662,000 (2014 £703,000). Additional provision of £591,000 (2014 £376,000) has been charged to the income statement during the year.

There were no material releases of inventory provision in either year presented.

### 15 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	3,345	3,442
Less provision for impairment of receivables	(240)	(118)
Trade receivables – net	3,105	3,324
Prepayments and accrued income	3,899	3,514
Receivables from related parties (note 27)	2,473	4,856
Other receivables	422	297
<b>Total trade and other receivables</b>	<b>9,899</b>	<b>11,991</b>
Non-current receivables		
Other receivables	169	155
Non-current portion	169	155
Current portion	9,730	11,836

Trade receivables are recorded at amortised cost, reduced by estimated allowances for doubtful debts. The fair value of trade and other receivables does not differ materially from the book value.

All non-current receivables are due within 5 years of the balance sheet date.

There is no 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.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 15 Trade and other receivables (continued)

Trade receivables that are more than three months past due are considered to be impaired unless a payment plan has been agreed with the customer and is being adhered to

Trade receivables that are less than three months past due are not considered impaired unless amounts are specifically identified as irrecoverable. The ageing analysis of the Company's past due trade receivables is as follows

	2015			2014		
	Not impaired £'000	Impaired £'000	Total £'000	Not impaired £'000	Impaired £'000	Total £'000
Up to 3 months past due	26	14	40	226	51	277
3 to 12 months past due	41	79	120	4	33	37
Over 12 months past due	-	47	47	13	-	13
	67	140	207	243	84	327

In addition to the above, current debt of £100,000 (2014: £34,000) has been impaired

Movements on the provision for impairment of trade receivables are as follows

	2015 £'000	2014 £'000
Beginning of the year	118	187
Charge for the year	212	27
Receivables written off during the year as uncollectible	(90)	(96)
<b>End of the period</b>	<b>240</b>	<b>118</b>

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

	2015 £'000	2014 £'000
Sterling	5,541	4,733
Euro	1,180	1,433
US dollar	2,484	5,315
Australian dollar	1	5
Other currencies	693	505
<b>Total trade and other receivables</b>	<b>9,899</b>	<b>11,991</b>

# Games Workshop Limited

## Notes to the financial statements (continued)

### 16 Cash and cash equivalents

	2015	2014
	£'000	£'000
Cash at bank and in hand	11,198	13,437
Cash and cash equivalents	11,198	13,437

The Company's cash and cash equivalents are repayable on demand and include a right of set-off between sterling and other currencies held in the UK

Cash and cash equivalents are floating rate assets which earn interest at various rates with reference to the prevailing interest rates

No utilised borrowing facilities were in place at 31 May 2015 or 1 June 2014

### 17 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including 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, which is its functional and presentation currency.

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, the US dollar and the Australian 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 years.

The following assumptions were made in calculating the sensitivity analysis:

- Financial assets and liabilities (including financial instruments) are only considered sensitive to foreign currency exchange rates where they are not in the functional currency of the Company
- Translation of results of overseas branches is excluded

# Games Workshop Limited

## Notes to the financial statements (continued)

### 17 Financial risk factors (continued)

#### Foreign exchange sensitivity (continued)

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, euro and Australian dollar financial assets and liabilities

	2015	2014
	Income	Income
	gain / (loss)	gain / (loss)
	£'000	£'000
10% appreciation of the US dollar (2014 10%)	268	493
10% appreciation of the euro (2014 10%)	(119)	126
10% appreciation of the Australian dollar (2014 10%)	(214)	(156)

A depreciation of the stated currencies would have an equal and opposite effect

#### Interest rate risk

The Company has no significant exposure to changes in interest rates and hence no interest rate sensitivity has been shown

#### Capital risk

The capital structure of the Company consists of net funds (see note 24) and shareholders' equity (see notes 21, 22 and 23). 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 the strategic objectives of the Games Workshop Group PLC Group.

#### Credit risk

Credit risk arises from cash and cash equivalents, 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 provision made for bad and doubtful debts (note 15). Provision requirements are determined with reference to ageing of invoices, credit history and other available information.

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

#### 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 both within the local operating units and for the overall Company. 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.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 17 Financial risk factors (continued)

#### Liquidity risk (continued)

The undiscounted contractual maturity 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.

2015				
	Within 1 year £'000	Between 1 to 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000
Trade and other payables	6,804	-	-	-
Amounts due to related parties	6,428	-	3,900	-
Property provisions	189	54	-	-
Exceptional provisions	27	-	-	-
	<b>13,448</b>	<b>54</b>	<b>3,900</b>	<b>-</b>

2014				
	Within 1 year £'000	Between 1 to 2 years £'000	Between 2 and 5 years £'000	More than 5 years £'000
Trade and other payables	6,739	-	-	-
Amounts due to related parties	4,153	-	3,900	-
Property provisions	155	88	5	-
Exceptional provisions	2,420	-	-	-
	<b>13,467</b>	<b>88</b>	<b>3,905</b>	<b>-</b>

#### Financial instruments by category

	2015 £'000	2014 £'000
<b>Financial assets as per balance sheet</b>		
Trade receivables	3,105	3,324
Accrued income	-	139
Other receivables	229	297
Receivables from related parties	2,473	4,856
Cash and cash equivalents	11,198	13,437
	<b>17,005</b>	<b>22,053</b>

Prepayments and other taxes and social security receivables have been excluded from the above as they are not financial assets.

# Games Workshop Limited

## Notes to the financial statements (continued)

### 17 Financial risk factors (continued)

#### Financial instruments by category (continued)

	2015	2014
	£'000	£'000
<b>Financial liabilities as per balance sheet</b>		
Trade payables	4,201	4,295
Payables due to related parties	10,328	8,053
Other payables	1,455	1,367
Accruals	1,148	1,077
	<b>17,132</b>	<b>14,792</b>

Deferred income and other taxes and social security payables have been excluded from the above as they are not financial liabilities

### 18 Trade and other payables

	2015	2014
	£'000	£'000
Trade payables	4,201	4,295
Payables due to related parties (note 27)	6,428	4,153
Other taxes and social security	-	495
Other payables	1,455	1,367
Accruals	1,394	1,216
Deferred income	2,584	1,511
	<b>16,062</b>	<b>13,037</b>

### 19 Other non-current liabilities

	2015	2014
	£'000	£'000
Accruals	289	269
Loans due to related parties (note 27)	3,900	3,900
	<b>4,189</b>	<b>4,169</b>

The effective interest rate on non-current loans from related parties is imputed at LIBOR plus 1% in both years



# Games Workshop Limited

## Notes to the financial statements (continued)

### 19 Other non-current liabilities (continued)

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

	2015 £'000	2014 £'000
Sterling	12,892	12,087
Euro	3,344	2,593
US dollar	2,270	554
Australian dollar	1,363	1,615
Other currencies	382	357
<b>Total trade and other payables and other non-current liabilities</b>	<b>20,251</b>	<b>17,206</b>

The fair value of trade and other payables and other non-current liabilities does not materially differ from the book value

### 20 Provisions

	2015 £'000	2014 £'000
Current	272	2,631
Non-current	208	247
	<b>480</b>	<b>2,878</b>

	Exceptional items £'000	Employee benefits £'000	Property £'000	Total £'000
At 1 June 2014	2,420	210	248	2,878
Charged/(credited) to the income statement				
- Additional provisions	-	8	148	156
- Unused amounts reversed	(42)	(8)	(16)	(66)
- Unwinding of discount (note 5)	-	-	1	1
Utilised	(2,394)	-	(137)	(2,531)
- Effects of foreign exchange	43	-	(1)	42
<b>At 31 May 2015</b>	<b>27</b>	<b>210</b>	<b>243</b>	<b>480</b>

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

# Games Workshop Limited

## Notes to the financial statements (continued)

### 20 Provisions (continued)

#### 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 years of employment (10 Year Veterans). The costs of this benefit is accrued over the period of employment based on expected staff retention rates and the anticipated future employment costs and are utilised once an employee reaches 10 years of employment.

#### Property provisions

Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2018. The estimated liability is discounted to its present value using a discount rate of 4.0% (2014: 4.0%).

#### Exceptional provisions

Exceptional provisions relate to committed costs associated with the continental European reorganisation announced in January 2014. The remaining provision of £27,000 is expected to be utilised during the year ending 29 May 2016.

### 21 Share capital

	2015 £'000	2014 £'000
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
138,889 ordinary shares of £1 each	139	139
All issued shares are fully paid		

### 22 Translation reserve

	£'000
At 2 June 2013 and 3 June 2013	325
Exchange differences on translation of foreign operations	9
At 1 June 2014 and 2 June 2014	334
Exchange differences on translation of foreign operations	19
<b>At 31 May 2015</b>	<b>353</b>

# Games Workshop Limited

## Notes to the financial statements (continued)

### 23 Retained earnings

	£'000
At 2 June 2013 and 3 June 2013	32,590
Profit attributable to owners of the parent	7,169
Deferred tax on share options	(89)
Current tax on share options	74
At 1 June 2014 and 2 June 2014	39,744
Profit attributable to owners of the parent	11,959
Deferred tax on share options	(71)
Current tax on share options	49
Dividends approved and paid in the period	(17,129)
<b>At 31 May 2015</b>	<b>34,552</b>

### 24 Reconciliation of profit to net cash from operating activities

	2015 £'000	2014 £'000
Operating profit	15,154	9,452
Depreciation of property, plant and equipment (note 12)	4,021	3,914
Impairment reversal on property, plant and equipment (note 12)	(2)	(188)
Loss on disposal of property, plant and equipment (see below)	42	228
Loss on disposal of intangible assets (see below)	22	329
Amortisation of capitalised development costs (note 11)	4,729	4,121
Amortisation of computer software and other intangibles (note 11)	1,721	861
Changes in working capital		
Decrease / (increase) in inventories	539	(125)
Increase in trade and other receivables	(334)	(584)
Increase in trade and other payables	5,143	2,808
(Decrease) / increase in provisions	(2,398)	2,276
<b>Net cash from operating activities</b>	<b>28,637</b>	<b>23,092</b>

# Games Workshop Limited

## Notes to the financial statements (continued)

### 24 Reconciliation of profit to net cash from operating activities (continued)

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

	2015	2014
	£'000	£'000
Net book amount (note 12)	66	265
Loss on sale of property, plant and equipment	(42)	(228)
<b>Proceeds from sale of property, plant and equipment</b>	<b>24</b>	<b>37</b>

The Company disposed of intangible assets with a net book amount of £22,000 during the year (2014 £329,000). There were no proceeds on disposal in either year and hence a loss on disposal equivalent to the net book amount was recorded.

#### Analysis of net funds:

	As at 1 June 2014	Cash flow	Exchange movement	As at 31 May 2015
	£'000	£'000	£'000	£'000
Cash and cash equivalents	13,437	(2,202)	(37)	11,198
<b>Net funds</b>	<b>13,437</b>	<b>(2,202)</b>	<b>(37)</b>	<b>11,198</b>

### 25 Commitments

#### Capital commitments

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

	2015	2014
	£'000	£'000
Property, plant and equipment	447	478

#### Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows

	2015			2014		
	Retail stores	Other property	Other	Retail stores	Other property	Other
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 year	2,677	88	120	2,526	88	135
Between 2 and 5 years inclusive	4,842	29	93	3,662	109	138
In over 5 years	389	-	-	249	-	-
	<b>7,908</b>	<b>117</b>	<b>213</b>	<b>6,437</b>	<b>197</b>	<b>273</b>

# Games Workshop Limited

## Notes to the financial statements (continued)

### 25 Commitments (continued)

#### Inventory purchase commitments

	2015	2014
	£'000	£'000
Finished goods	1,216	9
Components	639	337
Raw materials	43	19

#### Pension arrangements

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

### 26 Contingencies

The Company has contingent liabilities in respect of the potential reversionary interest in sub-let leasehold properties amounting to £93,000 (2014 £139,000).

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 for which the aggregate amount outstanding at the balance sheet date was £1,587,000 (2014 £1,586,000).

### 27 Related party transactions

Sales to related parties amounted to £19,957,000 (2014 £22,118,000).

In both periods presented 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	2015	2014
		£'000	£'000
EURL Games Workshop	Commission	(133)	(153)
Games Workshop Italia SRL	Commission	(47)	(51)
Games Workshop International Ltd	Interest receivable	48	47
Games Workshop Group PLC	Recharges	(398)	(407)
Games Workshop Group PLC	Dividends payable	(17,129)	-

# Games Workshop Limited

## Notes to the financial statements (continued)

### 27 Related party transactions (continued)

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

Related party	Amounts owed by related parties		Amounts owed to related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Games Workshop Group PLC	-	-	(978)	(172)
Games Workshop Retail Inc	1,767	4,682	-	-
EURL Games Workshop	-	-	(391)	(286)
Games Workshop SL	-	-	(626)	(307)
Games Workshop Oz Pty Limited	-	-	(2,263)	(1,608)
Games Workshop Deutschland GmbH	-	-	(1,623)	(1,279)
Games Workshop Stockholm AB	-	-	(105)	(41)
Games Workshop International Limited	-	-	(40)	(77)
Games Workshop (Queen Street) Limited	274	123	-	-
Games Workshop Italia SRL	-	-	(402)	(383)
Games Workshop Good Hobby (Shanghai) Commercial Co Ltd	432	51	-	-
	<b>2,473</b>	<b>4,856</b>	<b>(6,428)</b>	<b>(4,153)</b>

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

Related party	Amounts owed by related parties		Amounts owed to related parties	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Games Workshop Group PLC	-	-	(3,900)	(3,900)

### 28 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.