

COPY FOR THE
REGISTRAR OF
COMPANIES

The Black Sheep Brewery plc

Directors' Report and Financial Statements

for the Year Ended 31 March 2009

Registration number: 02686985

FRIDAY



A09

AWAJNDKJ

25/09/2009

211

COMPANIES HOUSE

Contents

Company Information	1
Chairman's Statement	2
Managing Director's Report	3
Report of the Directors	4 to 5
Auditor's Report	6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Accounts	10 to 20

Company Information

Directors	Anthony Robinson (Non-Executive Chairman) Paul Theakston (Managing Director) Stephen Constable John Lindop (Non-Executive) John Theakston (Non-Executive)
Company Secretary	Stephen Constable
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Registration number	2686985
Auditors	RSM Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP
Bankers	HSBC Bank Plc Park Square Masham Ripon HG4 4HG
Solicitors	Eversheds LLP Cloth Hall Court Infirmary Street Leeds LS1 2JB
Stockbrokers and Registrars	Brewin Dolphin Limited 36 St Ann Street Manchester M2 7LE

Chairman's Statement

It is with mixed feelings I introduce our 17th annual report and accounts.

In common with most businesses, we have experienced our most difficult year ever. Poor weather in the summer of 2008 didn't help beer volumes, and increased commodity prices, particularly fuel, inflated costs. On top of this the most extreme and unexpected global financial crisis shattered all public confidence.

Although the year's bottom line result is very different from that budgeted, what lies behind the figure gives me much hope and encouragement.

The difficult trading environment coupled with a tough outlook for profitable volume sales has caused us to look hard at the business and reshape accordingly. Consequently, during the year we looked hard at staffing levels, at the profitability of each part of the business and at the detail of overheads. This inevitably resulted in the loss of several jobs, the cost of which is largely carried in these accounts. The support of all our staff and management in containing costs has been exceptional, including agreeing to hold their pay levels and forgo any bonuses during the new financial year.

Our effort to develop new products and seek new ways to go forward is relentless. Product development continues apace. Our new illuminated Best Bitter hand-pull, new to us and we believe a first for the whole brewing industry, is proving to enhance volume throughput where-ever it is installed. Golden Sheep on draught, a paler and lighter flavoured beer, is also making its mark.

From April 2009 a new management executive comprising Steve Constable, Alan Dunn, Rob Theakston, Jo Theakston and Brian Smith, chaired by Paul Theakston, now meets monthly to closely manage the day to day detail of the business.

Our longer term planning for the future remains and we will start work on the Fearby Road site in the Autumn, which will release space in the brewery for more brewing capacity in due course.

I am pleased to report that the results of all this effort have produced an excellent start to the new financial year. We continue to enjoy good support from all sectors of the market. Despite uncertainty in the on-trade volumes remain strong. Bottle trade, which flagged last summer, is performing strongly. Not suprisingly, pressure on margin remains in all sectors.

Our shares have been trading of late at £5 but with low volume. Although our profit for the year is significantly down, and we are conscious of the need to conserve cash, our confidence remains firm for the future having lowered our cost base and having experienced a good start to the new year. In the light of this a dividend of 7.5p per share is proposed.

My great thanks go to Paul Ambler, who retired as a Director in March, having been with the Brewery since 1992. Paul was instrumental in creating our beers at the outset, and has been a fierce guardian of quality and standards all the way through, a key component of Black Sheep Brewery's success. He has laid down a legacy for Black Sheep which we will all strive to continue.

I would like to express my thanks and appreciation for the support and forbearance of our staff who have maintained their good cheer and spirit through these unsettling times.

Finally, we hope for the usual high attendance at the AGM, where you will all be made warmly welcome.

Anthony Robinson

Chairman

30 July 2009

Managing Director's Report

In Confucian terms, this has been an interesting year for Black Sheep Brewery.

We started the year happily on track for April and May regarding operating profit, but then came June when we saw a black hole appear in volume sales, both in cask and bottled. Out of the blue came the world financial crisis and the collapse of consumer confidence that accompanied it, and to add insult to injury the weather was dreadful for the month, further dampening spirits. From then on for the whole of the rest of the financial year we had to struggle hard to sustain sales volumes in the context of an 8 or 10% decline in national beer volumes, and in a market with great pressure on margins as all our peers fought to defend their volumes. As it turned out, the operating profit we had achieved for April and May was very close to that with which we finished the year.

By the Autumn, even in sleepy old Masham, it became clear to us that that the world financial crisis was not short term, and we decided to take steps to rebase the business to make it acceptably profitable at its current volume levels, making realistic assumptions about the declining gross profitability being experienced in a very competitive market.

Given that we were pessimistic about being able to lift sales volumes, then that profitability would have to come from cost savings, and we targeted ourselves to take a significant amount out of the costs of running the business. As wages and salaries are our biggest single cost, it was inevitable that to achieve the necessary level of saving we would need to reduce the number of employees, and between January and March we did indeed manage the business of reducing our headcount through a mixture of redundancies, early retirement, changed roles and natural wastage. This was a sad and difficult process, especially given the close nature of the Black Sheep community. The general costs of running the business were also examined in minute detail, and many changes made to save money.

This year's key performance indicators illustrate the result of all the factors I mention above. Our turnover was effectively static for the year at £17,627,254, only half a percent up on 2008. Given the inclusion of increasing beer duty in turnover, this represents a year on year decline in our beer volumes of a couple of percent, and our gross profit on that turnover down by 1.8% to 31.0%. The Chancellor raising beer duty twice in the year by a total of 13.4% actually would have damaged our margin by over 2%, had we not managed to improve our own trading margin by about half a percent, resulting in the net 1.8% decline. The effect of all this brought us to an operating profit before tax of £352,027, down 65% on the previous year's £1,010,837.

However, the really good news is that having got those changes behind us by the end of March, we have entered the new financial year a leaner and fitter organisation with a tightened management structure, well placed to be able to take the business forward strongly. As I write this in July, we have had a strong start in the first quarter, well ahead of our budget in both beer volumes and most importantly profitability; significantly better than the same period last year. No black hole this June!

Paul Theakston

Managing Director

30 July 2009

Report of the Directors

The directors present their report and the audited accounts for the year ended 31 March 2009.

Principal activity

The principal activity of the company is brewing for sale.

Dividends

A final ordinary dividend of £202,150 in respect of the year ended 31 March 2008 was paid during the year.

The directors propose a final ordinary dividend of £147,508 in respect of the year ended 31 March 2009.

Payment policy

The Company agrees terms and conditions which include payment details with its suppliers. Payment is made in accordance with those terms and conditions, provided the supplier has also complied with them.

	2009	2008
Average number of days trade creditors as at 31 March	33	35

Shareholders

Shares held as at 24 June 2009	Number of shareholders	%	% holding in the company
1 - 1,100	831	73	19
1,001 - 3,000	216	19	22
3,001 - 5,000	50	4	11
5,001 and above	47	4	48
	<u>1,144</u>	<u>100</u>	<u>100</u>

Employee savings related share option scheme

Shortly after the year end the Board established a fourteenth Inland Revenue approved SAYE scheme for 94,500 Ordinary shares which has been taken up by 61 employees. Options have been granted at a share price of £2.17 exercisable at the end of 3 years.

Note 19 includes a summary of all outstanding options.

Directors

The present directors of the Company are set out on page 1.

The directors in the year under review and their interests in the shares of the company at 31 March were as follows:

	Ordinary shares of £1 each	
	31 March 2009	1 April 2008
Anthony Robinson (Non-Executive Chairman)	20,166	20,166
Paul Theakston (Managing Director)	138,432	140,230
Paul Ambler (Retired 24 March 2009)	-	28,697
Stephen Constable	7,550	12,000
John Lindop (Non-Executive)	5,000	5,000
John Theakston (Non-Executive)	39,496	39,496

Directors' share options are shown in Note 19 to the financial statements.

Report of the Directors

Statement of corporate governance

As mentioned in the Chairman's Statement, from April 2009 a new Management Executive, comprising Steve Constable (Finance), Alan Dunn (Production), Rob Theakston (Distribution and Technical Services), Jo Theakston (National Off Trade Sales), Brian Smith (National On Trade Sales), and chaired by Paul Theakston, now meets monthly to manage the day to day detail of the business.

The Management Executive answers directly to the Board which comprises of Paul Theakston, Steve Constable and three non executive directors being John Theakston, John Lindop and Tony Robinson (Chairman). The Board has a formal schedule of matters specifically referred to it for decision and the Board retains full and effective control of the Company, determining strategic policies and objectives and monitoring achievement of those objectives and compliance with policies. The non-executive directors bring an independent judgement to bear on issues of strategy, performance, resources and standard of conduct.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

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

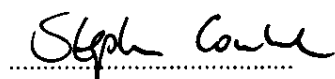
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Auditors

The auditors, RSM Bentley Jennison, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Approved by the Board on 30 July 2009 and signed on its behalf by:



Stephen Constable

Company Secretary

Report of the Independent Auditors' to the Shareholders of The Black Sheep Brewery plc

We have audited the financial statements of The Black Sheep Brewery plc for the year ended 31 March 2009 set out on pages 7 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' responsibilities on page 5, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

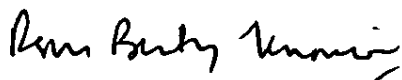
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



RSM Bentley Jennison

2 Wellington Place
Leeds LS1 4AP

Chartered Accountants & Registered Auditors

30 July 2009

Profit and Loss Account for the Year Ended 31 March 2009

	Note	2009 £	2008 £
Turnover		17,627,254	17,531,177
Cost of sales		(12,165,680)	(11,785,024)
Gross profit		<u>5,461,574</u>	<u>5,746,153</u>
Distribution costs		(3,319,855)	(3,211,987)
Administrative expenses		(1,749,761)	(1,466,378)
Operating profit before share-based payments		<u>391,958</u>	<u>1,067,788</u>
Share-based payments charge	9	(39,931)	(56,951)
Operating profit	2	<u>352,027</u>	<u>1,010,837</u>
Other interest receivable and similar income	3	1,180	6,297
Interest payable	4	(268,318)	(301,877)
Profit on ordinary activities before taxation		<u>84,889</u>	<u>715,257</u>
Tax on profit on ordinary activities	7	(13,139)	(244,427)
Profit for the financial year	20	<u>71,750</u>	<u>470,830</u>

Continuing operations

None of the Company's activities were acquired or discontinued during the current or previous year.

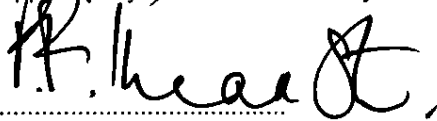
The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 20 form an integral part of these financial statements.

Balance Sheet as at 31 March 2009

		2009	2008
	Note	£	£
Fixed assets			
Tangible assets	10	9,525,408	9,868,175
Current assets			
Stocks	11	800,831	875,370
Debtors	12	2,539,758	2,718,652
Cash at bank and in hand		2,785	2,565
		<u>3,343,374</u>	<u>3,596,587</u>
Creditors: Amounts falling due within one year	13	<u>(3,315,760)</u>	<u>(3,491,103)</u>
Net current assets		<u>27,614</u>	<u>105,484</u>
Total assets less current liabilities		9,553,022	9,973,659
Creditors: Amounts falling due after more than one year	14	(2,556,417)	(3,012,601)
Provisions for liabilities	16	<u>(897,161)</u>	<u>(884,244)</u>
Net assets		<u>6,099,444</u>	<u>6,076,814</u>
Capital and reserves			
Called up share capital	19	1,930,208	1,897,110
Share premium account	20	797,328	717,327
Share-based payment	20	156,241	116,310
Profit and loss account	20	<u>3,215,667</u>	<u>3,346,067</u>
Equity shareholders' funds	21	<u>6,099,444</u>	<u>6,076,814</u>

Approved by the Board on 30 July 2009 and signed on its behalf by:



Paul Theakston

Director

The notes on pages 10 to 20 form an integral part of these financial statements.

Cash Flow Statement for the Year Ended 31 March 2009

		2009	2008
	Note	£	£
Net cash flow from operating activities	17	1,214,102	1,681,763
Returns on investment and servicing of finance			
Interest paid		(181,143)	(190,468)
Interest element of hire purchase payments		(87,175)	(111,409)
Interest received		1,180	6,297
		<u>(267,138)</u>	<u>(295,580)</u>
Corporation tax paid		6,974	839
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(403,550)	(498,733)
Receipts from sales of tangible fixed assets		214,500	115,619
		<u>(189,050)</u>	<u>(383,114)</u>
Equity dividends paid			
Equity dividends paid		(202,150)	(188,311)
		<u>(202,150)</u>	<u>(188,311)</u>
Cash inflow before management of liquid resources and financing		562,738	815,597
Financing			
Repayment of loans and borrowings		(480,595)	(604,432)
Exercise of share options		113,099	160,331
Capital element of hire purchase payments		(339,960)	(475,484)
		<u>(707,456)</u>	<u>(919,585)</u>
Decrease in cash		<u>(144,718)</u>	<u>(103,988)</u>

Reconciliation of net cash flow to movement in net debt

		2009	2008
	Note	£	£
Decrease in cash in the year	18	(144,718)	(103,988)
Cash outflow from decrease in debt and lease financing		820,555	1,079,916
Change in net funds resulting from cash flows		<u>675,837</u>	<u>975,928</u>
New hire purchase agreements		(339,960)	(425,596)
Movement in net funds in the year		<u>335,877</u>	<u>550,332</u>
Net debt at the start of the year	18	<u>(4,017,077)</u>	<u>(4,567,409)</u>
Net debt at the end of the year	18	<u>(3,681,200)</u>	<u>(4,017,077)</u>

Notes to the accounts for the Year Ended 31 March 2009

1 ACCOUNTING POLICIES

The following paragraphs summarise the more important accounting policies applied in the preparation of the Company's accounts.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents sales of goods and services exclusive of Value Added Tax but inclusive of beer duty.

Depreciation

Depreciation is provided on the cost of fixed assets including those capitalised under finance lease and hire purchase agreements to write down from the month they come into use on a straight line basis, to their estimated residual value over their anticipated useful lives as follows:

Land and buildings	50 years
Office equipment	4 years
Motor vehicles	4 to 5 years
Plant and equipment	3 to 15 years

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value.

In establishing cost, stock and work in progress at the end of the period are taken to represent latest purchases or production. On this basis cost comprised:

Raw materials	Purchase price
Work in progress and finished goods	Raw materials, direct labour and attributable production overheads

Grants

Grants in respect of fixed assets are credited to the profit and loss account in equal annual instalments over the useful lives of the assets concerned. Revenue grants are credited to the profit and loss account as expenditure is incurred.

Deferred taxation

Deferred tax is recognised on a full provision basis on all timing differences which have originated, but not reversed, at the balance sheet date. Timing differences represent accumulated differences between the Company's taxable profit and its financial profit and arise from the difference between accelerated capital allowances and depreciation.

Pensions

The company operates a money purchase scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased assets

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the accounts for the Year Ended 31 March 2009

Hire purchase

Where assets are financed by hire purchase agreements the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The interest element of repayments is charged to the profit and loss account in proportion to the balance of capital repayments outstanding.

Share based payments

The company has adopted Financial Reporting Standard 20 (FRS 20), "Share based payments". This expense, which is calculated by reference to the fair value of the options granted, measured at grant date, is recognised on a straight line basis over the performance period based on the company's estimate of options that will eventually vest. The charge is then credited back to reserves. This Standard has no effect on the company's cash flow or net assets.

2 Operating profit before share-based payments

Operating profit before share-based payments is stated after charging:

	2009 £	2008 £
Depreciation	806,001	786,394
Auditor's remuneration	19,855	18,485
Operating lease rentals	52,426	12,980
- plant and machinery	64,991	58,875
- other	103,601	-
Restructuring costs	<u>103,601</u>	<u>-</u>

Auditors' remuneration

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	9,250	9,250
Fees payable to the company's auditor for other services:		
Taxation	10,605	9,235
	<u>19,855</u>	<u>18,485</u>

3 Interest receivable

	2009 £	2008 £
Bank interest	240	1,838
Other interest	940	4,459
	<u>1,180</u>	<u>6,297</u>

4 Interest payable

	2009 £	2008 £
Bank interest	181,143	190,468
Hire purchase	87,175	111,409
	<u>268,318</u>	<u>301,877</u>

Notes to the accounts for the Year Ended 31 March 2009

5 Employees

The number of full and part time staff (including directors) employed by the Company during the year:

	2009 No.	2008 No.
Production	19	19
Sales and distribution	35	36
Administration	13	13
Visitor centre	33	36
	<u>100</u>	<u>104</u>

Cost in respect of these employees:

	2009 £	2008 £
Wages and salaries	2,409,019	2,199,881
Social security costs	247,356	226,908
Other pension costs	212,660	180,685
	<u>2,869,035</u>	<u>2,607,474</u>

6 Directors' emoluments

The directors' emoluments for the year are as follows:

	2009 £	2008 £
Directors' remuneration (including benefits in kind)	305,894	317,505
Directors' pension contributions	42,042	40,622
	<u>347,936</u>	<u>358,127</u>

The amounts in respect of the highest paid director are as follows:

	2009 £	2008 £
Emoluments	118,229	126,165
Contributions to money purchase pension scheme	15,161	14,578
	<u>133,390</u>	<u>140,743</u>

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2009 No.	2008 No.
Money purchase	<u>3</u>	<u>3</u>

Notes to the accounts for the Year Ended 31 March 2009

7 Tax on profit on ordinary activities

Analysis of current period tax charge

	2009 £	2008 £
Current tax		
Corporation tax charge	222	276
(Over)/under provision in previous year	-	(937)
UK Corporation tax	<u>222</u>	<u>(661)</u>
 Deferred tax		
Origination and reversal of timing differences	13,964	355,921
Deferred tax adjustment relating to previous years	(1,047)	(110,833)
Total deferred tax	<u>12,917</u>	<u>245,088</u>
 Total tax on profit on ordinary activities	<u><u>13,139</u></u>	<u><u>244,427</u></u>

Factors affecting current period tax charge/(credit)

The tax assessed on the profit on ordinary activities for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK of 21.00% (2008 - 28.00%).

The differences are reconciled below:

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>84,889</u>	<u>715,257</u>
Standard rate corporation tax charge	17,827	200,272
Income/(expenses) not deductible for tax purposes	(7,360)	(23,759)
Depreciation in excess of accelerated capital allowances	(2,963)	(118,830)
Other short-term timing differences	(64)	882
Utilisation of tax losses and other deductions	(7,218)	(58,289)
Adjustments in respect of prior years	-	(937)
Total current tax for the year	<u><u>222</u></u>	<u><u>(661)</u></u>

Notes to the accounts for the Year Ended 31 March 2009

8 Dividends

	2009 £	2008 £
Equity dividends		
Ordinary dividends paid of 10.5p	<u>202,150</u>	<u>188,311</u>
	2009 £	2008 £
Proposed final dividend of 7.5p	<u>147,508</u>	<u>202,150</u>

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9 Share based payments

The company operates SAYE and EMI schemes.

The SAYE share option schemes are available to all employees of the company with one year service as described in note 19. Options are exercisable at a price determined on the date grant and the vesting period is three years. Options are forfeited if the employee leaves the company before the options vest.

Details of the share options outstanding during the year are as follows.

	2009		2008	
	Shares under option	Weighted average exercise price	Shares under option	Weighted average exercise price
Outstanding at beginning of year	209,524	£3.80	212,054	£3.54
Granted during the year	50,976	£5.10	55,384	£4.50
Forfeited during the period	(25,749)	£4.75	(2,827)	£4.42
Exercised during the year	<u>(33,098)</u>	£4.28	<u>(55,087)</u>	£3.45
Outstanding at the end of the year	<u>201,653</u>	£3.93	<u>209,524</u>	£3.80
Exercisable at the end of the year	<u>86,801</u>	£3.12	<u>86,801</u>	£3.12

The weighted average share price at the date of exercise for share options exercised during the year was £7.00. The options outstanding at 31 March 2009 had a weighted average exercise price of £4.11, and a weighted average remaining contractual life of 2.41 years.

Included within this balance are options over 33,000 shares (2008 - 33,000 shares) that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20.

Notes to the accounts for the Year Ended 31 March 2009

10 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
As at 1 April 2008	6,022,521	6,908,787	960,673	13,891,981
Additions	6,805	450,501	286,204	743,510
Disposals	-	(1,200)	(466,943)	(468,143)
As at 31 March 2009	<u>6,029,326</u>	<u>7,358,088</u>	<u>779,934</u>	<u>14,167,348</u>
Depreciation				
As at 1 April 2008	583,189	3,012,221	428,396	4,023,806
Released on disposal	-	(454)	(187,413)	(187,867)
Charge for the year	120,398	487,916	197,687	806,001
As at 31 March 2009	<u>703,587</u>	<u>3,499,683</u>	<u>438,670</u>	<u>4,641,940</u>
Net book value				
As at 31 March 2009	<u>5,325,739</u>	<u>3,858,405</u>	<u>341,264</u>	<u>9,525,408</u>
As at 31 March 2008	<u>5,439,332</u>	<u>3,896,566</u>	<u>532,277</u>	<u>9,868,175</u>

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £2,352,138 (2008 - £2,423,076) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £241,314 (2008 - £256,878).

11 Stocks

	2009 £	2008 £
Raw materials and consumables	302,652	301,941
Finished goods and goods for resale	498,179	573,429
	<u>800,831</u>	<u>875,370</u>

12 Debtors

	2009 £	2008 £
Trade debtors	2,376,561	2,478,609
Other debtors	42,421	84,309
Prepayments	120,776	155,734
	<u>2,539,758</u>	<u>2,718,652</u>

Notes to the accounts for the Year Ended 31 March 2009

13 Creditors: Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	780,134	606,780
Obligations under finance leases and hire purchase contracts	384,571	438,420
Trade creditors	927,129	1,262,793
Corporation tax	7,472	276
Social security and other taxes	988,825	1,009,249
Other creditors	5,068	7,894
Accruals and deferred income	222,561	165,691
	<u>3,315,760</u>	<u>3,491,103</u>

14 Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Bank loans and overdrafts	1,626,805	1,947,021
Obligations under finance leases and hire purchase contracts	892,475	1,027,421
Accruals and deferred income	37,137	38,159
	<u>2,556,417</u>	<u>3,012,601</u>

15 Analysis of borrowings

Amounts repayable:

	Bank loans & overdrafts	Obligations under hire purchase contracts	Total
	£	£	£
As at 31 March 2009			
In one year or less on demand	780,134	384,571	1,164,705
Between one and two years	317,844	323,638	641,482
Between two and five years	931,722	568,837	1,500,559
After more than five years	377,239	-	377,239
	<u>2,406,939</u>	<u>1,277,046</u>	<u>3,683,985</u>
As at 31 March 2008			
In one year or less on demand	606,780	438,420	1,045,200
Between one and two years	289,428	354,451	643,879
Between two and five years	868,284	599,061	1,467,345
After more than five years	789,309	73,909	863,218
	<u>2,553,801</u>	<u>1,465,841</u>	<u>4,019,642</u>

Hire purchase agreements are at various rates of interest. Repayments under the terms of the existing agreements will clear the liabilities within five years. Hire purchase agreements are secured on the assets to which they relate.

The bank facilities are secured by a mortgage over the Freehold Property and Freehold land of the company, a debenture including fixed charge over all present freehold and leasehold property and a fixed and floating charge over the Company's assets.

Notes to the accounts for the Year Ended 31 March 2009

16 Provisions for liabilities and charges

	Deferred taxation £
As at 1 April 2008	884,244
Charge for the year	12,917
As at 31 March 2009	<u>897,161</u>

Deferred tax

Deferred tax is provided at 28.00% (2008 - 28.00%).

	2009 £	2008 £
Accelerated capital allowances	1,048,167	1,049,314
Short-term timing differences	(4,924)	(5,009)
Tax losses carried forward and other deductions	(146,082)	(160,061)
	<u>897,161</u>	<u>884,244</u>

17 Net cash inflow from operating activities

	2009 £	2008 £
Operating profit	352,027	1,010,837
Depreciation, amortisation and impairment charges	806,001	786,394
Loss/(profit) on disposal of fixed assets	65,776	(32,319)
Decrease/(increase) in stocks	74,539	(144,894)
Decrease/(increase) in debtors	178,894	(488,779)
(Decrease)/increase in creditors	(303,066)	493,573
Share-based payments	39,931	56,951
Net cash inflow from operating activities	<u>1,214,102</u>	<u>1,681,763</u>

18 Analysis of net debt

	At start of period £	Cash flow £	Other non-cash changes £	At end of period £
Cash at bank and in hand	2,565	220	-	2,785
Bank overdraft	(317,352)	(144,938)	-	(462,290)
Cash and bank net funds	<u>(314,787)</u>	<u>(144,718)</u>	-	<u>(459,505)</u>
Bank loan	(2,236,449)	291,800	-	(1,944,649)
Hire purchase	(1,465,841)	528,755	(339,960)	(1,277,046)
Change in debt	<u>(3,702,290)</u>	<u>820,555</u>	<u>(339,960)</u>	<u>(3,221,695)</u>
Net debt	<u>(4,017,077)</u>	<u>675,837</u>	<u>(339,960)</u>	<u>(3,681,200)</u>

Notes to the accounts for the Year Ended 31 March 2009

19 Share capital

	2009 £	2008 £
Authorised		
Ordinary shares of £1 each	<u>2,750,000</u>	<u>2,250,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,930,208</u>	<u>1,897,110</u>

During the year 33,098 £1 Ordinary shares were issued on the exercise of share options.

Directors' share options

	At 1 April 2008	Granted	Exercised/ Lapsed	At 31 March 2009	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
P F Theakston								
SAYE Scheme 10	1,101	-	(1,101)	-	3.44	£7.00		06/08
SAYE Scheme 11	1,051	-	-	1,051	3.20			07/09
SAYE Scheme 12	630	-	-	630	3.60			07/10
SAYE Scheme 13	-	1,197	-	1,197	3.14			07/11
EMI Scheme 1	23,000	-	-	23,000	3.00		05/05	05/12
EMI Scheme 2	5,750	-	-	5,750	3.22		11/06	11/13
S J Constable								
SAYE Scheme 10	550	-	(550)	-	3.44	£7.00		06/08
SAYE Scheme 11	584	-	-	584	3.20			07/09
SAYE Scheme 12	1,575	-	-	1,575	3.60			07/10
SAYE Scheme 13	-	598	-	598	3.14			07/11
EMI Scheme 2	15,090	-	-	15,090	3.22		11/06	11/13
A J Robinson								
SAYE Scheme 12	2,625	-	-	2,625	3.60			07/10
J A Theakston								
SAYE Scheme 11	2,921	-	-	2,921	3.20			07/09
J D Lindop								
SAYE Scheme 13	-	598	-	598	3.14			07/11

The market price of the shares at 31 March 2009 was £5.00 (2008 - £7.00).

Notes to the accounts for the Year Ended 31 March 2009

The following options were outstanding at 31 March 2009:

	Ordinary shares	Price £	Date of exercise
SAYE Scheme 11	36,560	3.20	July 2009
SAYE Scheme 12	39,583	3.60	July 2010
SAYE Scheme 13	38,709	3.14	July 2011
EMI Scheme 1	33,000	3.00	May 2005 - May 2012
EMI Scheme 2	53,801	3.22	November 2006 - November 2013

The SAYE and EMI schemes are Inland Revenue approved.

20 Reserves

	Share premium account £	Share-based payment £	Profit and loss account £	Total £
Balance at 1 April 2008	717,327	116,310	3,346,067	4,179,704
Premium on exercise of share options	80,001	-	-	80,001
Share-based payment charge	-	39,931	-	39,931
Retained profit for the year	-	-	71,750	71,750
Dividends	-	-	(202,150)	(202,150)
Balance at 31 March 2009	<u>797,328</u>	<u>156,241</u>	<u>3,215,667</u>	<u>4,169,236</u>

21 Reconciliation of movements in equity shareholders' funds

	2009 £	2008 £
Profit attributable to members of the company	71,750	470,830
Dividends	(202,150)	(188,311)
	<u>(130,400)</u>	<u>282,519</u>
Share-based payments	39,931	56,951
New share capital subscribed	113,099	160,331
Net addition to shareholders' funds	<u>22,630</u>	<u>499,801</u>
Opening equity shareholders' funds	<u>6,076,814</u>	<u>5,577,013</u>
Closing equity shareholders' funds	<u>6,099,444</u>	<u>6,076,814</u>

22 Commitments and contingencies

As at 31 March 2009 the company had capital commitments as follows:

	2009 £	2008 £
Contracted but not provided for in the accounts	<u>195,600</u>	<u>352,160</u>

Notes to the accounts for the Year Ended 31 March 2009

23 Operating lease commitments

As at 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2009 £	2008 £	2009 £	2008 £
Within one year	14,344	14,344	45,783	38,940
Within two and five years	-	-	83,979	142,780
	<u>14,344</u>	<u>14,344</u>	<u>129,762</u>	<u>181,720</u>

24 Earnings per share

The earnings per share of 3.7p (2008 - 25.1p) has been calculated on earnings of £71,750 (2008- £470,830) and on a weighted average number of shares of 1,922,788 (2008 - 1,878,596).

25 Pension schemes

The company operates a money purchase scheme. The charge to the profit and loss account in the year was £212,660 (2008 - £180,685).

Contributions totalling £19,266 (2008 - £17,887) were payable to the scheme at the end of the period and are included in creditors.