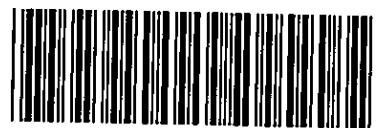


THE BLACK SHEEP BREWERY PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

Company Registration Number 02686985

WEDNESDAY



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THE BLACK SHEEP BREWERY PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

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THE BLACK SHEEP BREWERY PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2012

The board of directors	Paul Theakston (Chairman) Robert Theakston (Managing Director) Stephen Constable Alan Dunn Brian Smith Jo Theakston John Lindop (Non-Executive) Anthony Robinson (Non-Executive) John Theakston (Non-Executive)
Company secretary	Stephen Constable
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Stockbrokers	Brewin Dolphin Limited 1 The Avenue Spinningfields Square Manchester M3 3AP
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors	RSM Tenon Audit Limited 2 Wellington Place Leeds LS1 4AP
Bankers	HSBC Bank Plc 34 Westgate Ripon HG4 2BL
Solicitors	Eversheds LLP Bridgewater Place Water Lane Leeds LS11 5DR

THE BLACK SHEEP BREWERY PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2012

It is a particular pleasure for me to present Black Sheep Brewery's Report and Accounts for the 2011 – 2012 year. This is for two reasons: it is the twentieth set of Accounts in the Black Sheep's life, which means that we are celebrating twenty years of brewing in September 2012, and it is the first time that I am writing as Chairman, having taken over the role from Tony Robinson in August last year. I am very glad that Tony has stayed on the Board as a Non Executive Director. He continues to give the Board the benefit of his experience of a lifetime in the brewing industry, and in particular is supporting me in my new role as Chairman. I know first hand how long Tony has been in brewing, because I first met him when I went to Mansfield Brewery as a brewing pupil in 1965, and he was Junior Brewer there.

The trading environment that Rob Theakston and his team are facing is extremely challenging. The pub trade nationally continues to experience extremely difficult trading conditions, because consumer spending is so tight. Whilst one positive effect is that only the best run pubs will survive, and that therefore the standard of pubs generally is improving, we will not see volumes in the on trade moving upwards until the pub going public has more money to spend. This is not going to happen in the short term. The only slightly buoyant part of the market is the off trade, which cash strapped consumers are turning to for their beer because of the low prices charged for their favourite product by the major supermarkets. It will be interesting to see the effect out there if minimum pricing is introduced.

Our strategy for the year has been to sustain our volumes in both the on and the off trade as best we can, protecting our margins where ever possible. We will not sell beer at little or no margin, just for the sake of increasing volume. We have controlled costs rigidly, constantly examining our overheads, and making savings where ever possible, without compromising our beer quality, or the integrity of our excellent team of employees. It is a reflection of the times that all that effort and good husbandry results in a similar profit performance to the previous year.

I must mention the burden of taxation. In times when the market is in decline, price increases are nigh on impossible to achieve, and cost increases are relentless, the Government sees fit to take more and more in tax. The brewing trade golden goose is coughing badly, and the sooner Government recognises it and stops choking it with an excessive duty burden, the better. The same message applies to fuel duty and VAT.

Despite the difficult trading conditions, we are proposing to maintain our dividend at 9 pence. We do very much appreciate the support of our shareholders, and doing our best with the dividend each year, commensurate with the needs of the business, is a reflection of that appreciation.

Paul Theakston
Chairman
26 July 2012

THE BLACK SHEEP BREWERY PLC
MANAGING DIRECTOR'S REPORT
YEAR ENDED 31 MARCH 2012

This last year continues the trend of steady progression for Black Sheep , both financial and physical. However, we have not been immune to the economic turmoil. The national market continues to decline, with On Trade reducing by some 3.7% and the Off Trade by 2%, to the end of March 2012. These are some of the toughest trading conditions we have seen.

It was a challenging year on a number of fronts and definitely a year of two halves. As I sat at last year's AGM, volumes for the year had progressed well and were ahead of the previous year, but the last six months were a challenge both from a volume and profitability perspective, people felt the sting in the pocket of the economy and its double dip roller coaster.

The Government have once more done their 'bit' for the Brewing industry by raising Duty again, adding 5% in March to give a hefty 42% rise since 2008 and taking last year's £7.5m Duty bill for Black Sheep up to an eye watering £8.3m.

This level of punitive rises does not seem to register amongst the wider public and, frustratingly, we seem to be able to get people to engage on pasty taxes more than we can on a British institution – 'a pint of beer'. This has to change as the industry cannot sustain increases at this level for much longer. The national campaigns by the likes of Camra are vital in raising a debate on Duty in the Commons and help what is one of the oldest manufacturing industries in the country grow once more – rant over!

The effect of the Duty increase in the business is there for all to see, turnover rose 8% to £19,864,376 with a 2.7% increase in barrelage, resulting in a profit before tax of £504,053.

We remain positive despite the pressures on the business. We have invested, as previously mentioned, in the Fearby Road site and the Distribution fleet, Technical Services and Telesales are all about to move once the final external work has been completed. This gives us a 7 acre site in Masham to continue the Black Sheep legacy well into the future.

The focus for the year was efficiency. We have used 'in-house' skills as much as possible, focused on the customer base and continued the trend of moving volume to more profitable areas. We have recruited where it was needed, bringing in some much needed support in the Off Trade. Our seasonal range of beers has continued with great success, 'All Creatures' being the last one at 3.5% abv and proving very popular.

2012 finds Black Sheep in our 20th year, with the first brew of 50 barrels of Best Bitter going through the brew house on the 14th September 1992, so it will be a year of celebration. We are brewing a commemorative beer called 'Progress'. There have been many ups and downs over the years in the life of Black Sheep but I believe we are pushing in the right direction, and with the dedicated Black Sheep family there to support, we have the exciting opportunity to move the business on over the next 20 years!

Rob Theakston
Managing Director
26 July 2012

THE BLACK SHEEP BREWERY PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements of the company for the year ended 31 March 2012

Principal activities and business review

The principal activity of the company during the year is brewing for sale

Results and dividends

The profit for the year, after taxation, amounted to £433,423. Particulars of dividends paid and proposed are detailed in note 7 to the financial statements

Employee savings related share option scheme

Subsequent to the year end the Board has established a seventeenth Inland Revenue approved SAYE scheme for 32,342 ordinary shares which has been taken up by 42 employees. Options have been granted at a share price of £3.47 exercisable at the end of 3 years.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 31 March 2012	At 1 April 2011
Paul Theakston (Chairman)	147,161	133,607
Robert Theakston (Managing Director)	100	100
Stephen Constable	5,141	5,709
Alan Dunn	698	100
Brian Smith	2,494	100
Jo Theakston	4,700	4,700
John Lindop (Non-Executive)	5,573	4,975
Anthony Robinson (Non-Executive)	22,791	22,791
John Theakston (Non-Executive)	42,417	42,417

Directors' share options are shown in note 17 to the financial statements

Statement of corporate governance

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.

Policy on the payment of creditors

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 complied with them. The average number of days trade creditors as at 31 March 2012 was 40 (2011 - 42).

THE BLACK SHEEP BREWERY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping 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.


In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution for the reappointment of RSM Tenon Audit Limited for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the directors



Stephen Constable

Company Secretary

Approved by the directors on 26 July 2012

THE BLACK SHEEP BREWERY PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
BLACK SHEEP BREWERY PLC
YEAR ENDED 31 MARCH 2012

We have audited the financial statements of The Black Sheep Brewery plc for the year ended 31 March 2012 on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

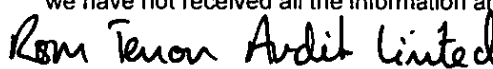
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Steven Williams, Senior Statutory Auditor
For and on behalf of
RSM Tenon Audit Limited
Statutory Auditor
26 July 2012

2 Wellington Place
Leeds
LS1 4AP

THE BLACK SHEEP BREWERY PLC
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Turnover		19,864,376	18,354,219
Cost of sales		(14,143,222)	(12,854,610)
Gross profit		<u>5,721,154</u>	<u>5,499,609</u>
Distribution costs		(3,286,659)	(3,209,136)
Administrative expenses		(1,692,261)	(1,582,524)
Operating profit before share-based payments	2	742,234	707,949
Share-based payments charge	16	(31,715)	(41,416)
Operating profit	2	<u>710,519</u>	<u>666,533</u>
Interest payable and similar charges	3	(206,466)	(201,655)
Profit on ordinary activities before taxation		<u>504,053</u>	<u>464,878</u>
Tax on profit on ordinary activities	6	(70,630)	(51,746)
Profit for the financial year		<u><u>433,423</u></u>	<u><u>413,132</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

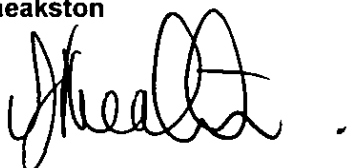
The notes on pages 10 to 20 form part of these financial statements

THE BLACK SHEEP BREWERY PLC
BALANCE SHEET AS AT 31 MARCH 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	10,193,079	10,454,066
Current assets			
Stocks	9	1,237,111	1,048,515
Debtors	10	2,723,967	3,085,435
Cash at bank		4,190	3,560
		<u>3,965,268</u>	<u>4,137,510</u>
Creditors: Amounts falling due within one year	11	<u>(3,975,814)</u>	<u>(4,036,879)</u>
Net current (liabilities)/assets		(10,546)	100,631
Total assets less current liabilities		<u>10,182,533</u>	<u>10,554,697</u>
Creditors: Amounts falling due after more than one year	12	(2,030,330)	(2,656,505)
Provisions for liabilities			
Deferred taxation	15	(810,127)	(935,008)
		<u>7,342,076</u>	<u>6,963,184</u>
Capital and reserves			
Called-up share capital	17	2,038,316	2,007,028
Share premium account	19	1,047,129	981,252
Share options reserve	19	272,216	240,501
Profit and loss account	19	3,984,415	3,734,403
Shareholders' funds	20	<u>7,342,076</u>	<u>6,963,184</u>

These financial statements were approved by the directors and authorised for issue on 26 July 2012 and are signed on their behalf by

Robert Theakston
Director



Registered number 02686985

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

THE BLACK SHEEP BREWERY PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

		2012		2011	
	Note	£	£	£	£
Net cash inflow from operating activities	21		1,119,123		1,570,097
Returns on investments and Servicing of finance					
Interest paid		(179,864)		(165,143)	
Interest element of hire purchase		(26,602)		(36,512)	
Net cash outflow from returns on investments and servicing of finance			(206,466)		(201,655)
Taxation			(153,776)		(54,873)
Capital expenditure					
Payments to acquire tangible fixed assets		(206,769)		(2,077,475)	
Receipts from sale of fixed assets		54,068		108,095	
Net cash outflow from capital expenditure			(152,701)		(1,969,380)
Equity dividends paid			(183,411)		(180,510)
Cash inflow/(outflow) before financing			422,769		(836,321)
Financing					
Issue of equity share capital		31,288		46,801	
Share premium on issue of equity share capital		65,876		117,882	
New bank loans		-		1,275,000	
Repayment of bank loans		(342,848)		(317,848)	
Capital element of hire purchase		(405,113)		(339,965)	
Net cash (outflow)/inflow from financing			(650,797)		781,870
Decrease in cash	21		(228,028)		(54,451)

Reconciliation of net cash flow to movement in net debt

		2012		2011	
		£	£	£	£
Decrease in cash in the period		(228,028)		(54,451)	
Net cash outflow/(inflow) from bank loans		342,848		(957,152)	
Cash outflow in respect of hire purchase		405,113		339,965	
Change in net debt resulting from cash flows			519,933		(671,638)
New finance leases			(280,476)		(101,787)
Movement in net debt in the period			239,457		(773,425)
Net debt at 1 April 2011			(3,692,790)		(2,919,365)
Net debt at 31 March 2012	21		(3,453,333)		(3,692,790)

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

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

1. Accounting policies

Basis of accounting

The financial statements 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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Land and Buildings	- 50 years
Plant & Equipment	- 3 to 15 years
Motor Vehicles	- 4 to 5 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 raw materials are valued at purchase price and work in progress and finished goods are valued at raw material cost plus a proportion of directly attributable labour and production overheads

Hire purchase agreements

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

Leased assets

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

Pension costs

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

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 differences between accelerated capital allowances and depreciation

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

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.

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.

2 Operating profit

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of owned fixed assets	492,162	490,916
Depreciation of assets held under hire purchase agreements	250,263	248,680
Profit on disposal of fixed assets	(48,260)	(84,715)
Auditor's remuneration		
- as auditor	9,530	9,530
- for other services relating to taxation	7,950	11,120
Operating lease costs		
-Plant and machinery	38,940	35,840
-Other	146,071	152,805

3. Interest payable and similar charges

	2012 £	2011 £
Bank interest	179,864	165,143
Hire purchase	26,602	36,512
	<u>206,466</u>	<u>201,655</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2012 No	2011 No
Production	18	17
Sales and distribution	35	34
Administration	13	14
Visitor centre	35	35
	<u>101</u>	<u>100</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	2,430,606	2,345,976
Social security costs	260,437	247,745
Other pension costs	192,171	196,095
	<u>2,883,214</u>	<u>2,789,816</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	526,845	538,416
Value of company pension contributions to money purchase schemes	61,290	61,822
	<u>588,135</u>	<u>600,238</u>

Remuneration of highest paid director

	2012 £	2011 £
Total remuneration	89,746	115,239
Value of company pension contributions to money purchase schemes	11,206	15,617
	<u>100,952</u>	<u>130,856</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2012 No	2011 No
Money purchase schemes	<u>6</u>	<u>6</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
In respect of the year		
UK Corporation tax charge at 26% (2011 - 28%)	188,616	146,901
Under/(over) provision in prior year	6,895	(569)
Total current tax	195,511	146,332
Deferred tax		
Origination and reversal of timing differences	(118,855)	(21,043)
Deferred tax adjustment in respect of previous years	(6,026)	(73,543)
Total deferred tax (note 15)	(124,881)	(94,586)
Tax on profit on ordinary activities	<u>70,630</u>	<u>51,746</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>504,053</u>	<u>464,878</u>
Profit on ordinary activities by rate of tax	131,054	130,166
Effects of		
Marginal relief	(10,985)	(16,065)
Items not deductible for tax purposes	17,203	10,138
Depreciation in excess of capital allowances	50,994	22,662
Adjustments to tax charge in previous periods	6,895	(569)
Other short term timing differences	350	-
Total current tax (note 6(a))	<u>195,511</u>	<u>146,332</u>

(c) Factors that may affect future tax charges

Based upon future capital expenditure plans, the company expects to be able to claim capital allowances in excess of depreciation in future years

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

7 Dividends

Equity dividends

	2012 £	2011 £
Paid during the year		
Ordinary dividend paid of 9p (2011 9p)	<u>183,411</u>	<u>180,510</u>
Proposed at the year-end (not recognised as a liability)		
Ordinary dividend proposed of 9p (2011 9p)	<u>190,407</u>	<u>183,815</u>

The proposed 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

8. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1 April 2011	7,872,069	7,329,917	784,777	15,986,763
Additions	35,176	218,304	233,765	487,245
Disposals	-	(81,163)	(156,550)	(237,713)
At 31 March 2012	<u>7,907,245</u>	<u>7,467,058</u>	<u>861,992</u>	<u>16,236,295</u>
Depreciation				
At 1 April 2011	938,875	4,065,824	527,998	5,532,697
Charge for the year	104,617	490,113	147,695	742,425
On disposals	-	(81,163)	(150,743)	(231,906)
At 31 March 2012	<u>1,043,492</u>	<u>4,474,774</u>	<u>524,950</u>	<u>6,043,216</u>
Net book value				
At 31 March 2012	<u>6,863,753</u>	<u>2,992,284</u>	<u>337,042</u>	<u>10,193,079</u>
At 31 March 2011	<u>6,933,194</u>	<u>3,264,093</u>	<u>256,779</u>	<u>10,454,066</u>

Hire purchase agreements

Included within the net book value of £10,193,079 is £1,918,117 (2011 - £1,909,404) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £250,263 (2011 - £248,680)

9. Stocks

	2012 £	2011 £
Raw materials and consumables	571,773	435,098
Finished goods and goods for resale	665,338	613,417
	<u>1,237,111</u>	<u>1,048,515</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

10. Debtors

	2012 £	2011 £
Trade debtors	2,510,739	2,929,193
Other debtors	27,059	29,645
Prepayments	186,169	126,597
	<u>2,723,967</u>	<u>3,085,435</u>

11 Creditors Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	1,078,101	776,520
Trade creditors	1,119,929	1,576,768
Corporation tax	188,636	146,901
Other taxation and social security	1,082,744	1,078,501
Hire purchase agreements	383,589	299,100
Other creditors	39,352	38,988
Accruals	83,463	120,101
	<u>3,975,814</u>	<u>4,036,879</u>

12 Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans	1,850,337	2,266,108
Hire purchase agreements	145,496	354,622
	<u>1,995,833</u>	<u>2,620,730</u>
Accruals	34,497	35,775
	<u>2,030,330</u>	<u>2,656,505</u>

Hire purchase agreements are at various rates of interest Repayments under the terms of the existing agreements will clear the liabilities within two 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 and floating charges over all present freehold and leasehold property and a fixed and floating charge over the company's assets

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

13. Analysis of borrowings

Amounts repayable

	Bank loans and overdrafts £	Hire purchase contracts £	Total £
As at 31 March 2012			
Amounts payable within 1 year	1,078,101	383,589	1,461,690
Amounts payable between 1 and 2 years	421,042	145,496	566,538
Amounts payable between 3 and 5 years	544,260	-	544,260
Amounts payable after more than 5 years	885,035	-	885,035
	<u>2,928,438</u>	<u>529,085</u>	<u>3,457,523</u>
	Bank loans and overdrafts £	Hire purchase contracts £	Total £
As at 31 March 2011			
Amounts payable within 1 year	776,524	299,100	1,075,624
Amounts payable between 1 and 2 years	381,598	251,245	632,843
Amounts payable between 3 and 5 years	791,370	103,377	894,747
Amounts payable after more than 5 years	1,093,136	-	1,093,136
	<u>3,042,628</u>	<u>653,722</u>	<u>3,696,350</u>

14. Pensions

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £192,171 (2011 - £196,095). Contributions totalling £18,955 (2011 - £17,607) were payable to the scheme at the end of the period and are included in creditors.

15. Deferred taxation

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
At 1 April 2011	935,008	1,029,594
Profit and loss account movement during the year	(124,881)	(94,586)
At 31 March 2012	<u>810,127</u>	<u>935,008</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Accelerated capital allowances	814,677	939,143
Other timing differences	(4,550)	(4,135)
	<u>810,127</u>	<u>935,008</u>

Deferred tax is provided at 24% (2011 - 26%)

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

16. Share-based payments

Equity-settled 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 17. Options are exercisable at a price determined on the grant date 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

	2012		2011	
	Shares under option	Weighted average exercise price	Shares under option	Weighted average exercise price
Outstanding at beginning of year	267,591	£2.92	259,951	£2.96
Granted during the year	56,887	£3.81	72,093	£3.16
Forfeited during the year	(41,789)	£3.04	(17,652)	£2.93
Exercised during the year	(31,288)	£3.11	(46,801)	£3.52
Outstanding at the end of the year	<u>251,401</u>	£3.08	<u>267,591</u>	£2.92
Exercisable at the end of the year	<u>43,840</u>	£3.10	<u>71,474</u>	£3.12

The weighted average share price at the date of exercise for share options exercised during the year was £3.11. The options outstanding at 31 March 2012 had a weighted average exercise price of £3.08, and a weighted average remaining contractual life of 2.8 years.

Included within this balance are options over 23,000 shares (2011 - 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.

17. Share capital

Authorised share capital:

	2012	2011
	£	£
Ordinary shares of £1 each	<u>2,750,000</u>	<u>2,750,000</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £1 each	<u>2,038,316</u>	<u>2,038,316</u>	<u>2,007,028</u>	<u>2,007,028</u>

During the year 31,288 £1 Ordinary shares were issued on the exercise of share options.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

Directors' share options

	At 01/04/11	Granted	Exercised / Lapsed	At 31/03/12	Exercise price	Market price at date of exercise	Exercise date	Expiry date
P F Theakston								
SAYE Scheme 13	1,197	-	(1,197)	-	£3 14	£4 50		07/11
SAYE Scheme 14	1,517	-	-	1,157	£2 17			07/12
SAYE Scheme 15	735	-	-	735	£2 96			07/13
SAYE Scheme 16	-	1,046	-	1,046	£3 45			08/14
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
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
R J Theakston								
SAYE Scheme 14	843	-	-	843	£2 17			07/12
SAYE Scheme 15	613	-	-	613	£2 96			07/13
SAYE Scheme 16	-	523	-	523	£3 45			08/14
EMI Scheme 3	4,000	-	-	4,000	£3 98		10/12	10/19
EMI Scheme 4	4,000	-	-	4,000	£3 68		06/13	06/20
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
S J Constable								
SAYE Scheme 13	598	-	(598)	-	£3 14	£4 50		07/11
SAYE Scheme 14	843	-	-	843	£2 17			07/12
SAYE Scheme 15	1,839	-	-	1,839	£2 96			07/13
SAYE Scheme 16	-	523	-	523	£3 45			08/14
EMI Scheme 2	15,090	-	-	15,090	£3 22		11/06	11/13
EMI Scheme 3	4,000	-	-	4,000	£3 98		10/12	10/19
EMI Scheme 4	4,000	-	-	4,000	£3 68		06/13	06/20
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
A Dunn								
SAYE Scheme 13	598	-	(598)	-	£3 14	£4 50		07/11
SAYE Scheme 14	843	-	-	843	£2 17			07/12
SAYE Scheme 15	1,226	-	-	1,226	£2 96			07/13
SAYE Scheme 16	-	1,046	-	1,046	£3 45			08/14
EMI Scheme 3	4,000	-	-	4,000	£3 98		10/12	10/19
EMI Scheme 4	4,000	-	-	4,000	£3 68		06/13	06/20
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
B K Smith								
SAYE Scheme 13	2,394	-	(2,394)	-	£3 14	£4 50		07/11
SAYE Scheme 14	843	-	-	843	£2 17			07/12
SAYE Scheme 16	-	2,092	-	2,092	£3 45			08/14
EMI Scheme 3	4,000	-	-	4,000	£3 98		10/12	10/19
EMI Scheme 4	4,000	-	-	4,000	£3 68		06/13	06/20
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
J F Theakston								
SAYE Scheme 14	4,216	-	-	4,216	£2 17			07/12
EMI Scheme 3	4,000	-	-	4,000	£3 98		10/12	10/19
EMI Scheme 4	4,000	-	-	4,000	£3 68		06/13	06/20
EMI Scheme 5	-	4,000	-	4,000	£4 30		07/14	07/21
J D Lindop								
SAYE Scheme 13	598	-	(598)	-	£3 14	£4 50		07/11
SAYE Scheme 15	2,452	-	-	2,452	£2 96			07/13
A J Robinson								
SAYE Scheme 15	3,065	-	-	3,065	£2 96			07/13
J A Theakston								
SAYE Scheme 14	4,216	-	-	4,216	£2 17			07/12

The market price of the shares at 31 March 2012 was £4 50 (2011 - £5 00)

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

The following options were outstanding under HMRC approved option schemes at 31 March 2012

	Ordinary shares	Price £	Date of exercise
SAYE Scheme 14	73,847	2 17	July 2012
SAYE Scheme 15	41,062	2 96	July 2013
SAYE Scheme 16	28,652	3 45	July 2014
EMI Scheme 1	23,000	3 00	May 2005 – May 2012
EMI Scheme 2	20,840	3 22	November 2006 – November 2013
EMI Scheme 3	20,000	3 98	October 2012 – October 2019
EMI Scheme 4	20,000	3 68	June 2013 – June 2020
EMI Scheme 5	24,000	4 30	June 2014 – June 2021

Shareholders breakdown

Shares held at 1 June 2012	Number of Shareholders	%	% holding in the company
1 – 1,000	863	73	17
1,001 – 3,000	219	19	21
3,001 – 5,000	52	4	11
5,001 and above	51	4	51
	<u>1185</u>	<u>100</u>	<u>100</u>

18. Earnings per share

The earnings per share of 21 3p (2011 - 20 7p) has been calculated on earning of £433,423 (2011 - £413,132) and on a weighted average number of shares of 2,031,661 (2011 - 1,993,700)

19 Reserves

	Share premium £	Share options reserve £	Profit and loss account £
Balance brought forward	981,252	240,501	3,734,403
Profit for the year	-	-	433,423
Dividends	-	-	(183,411)
New share capital subscribed	65,877	-	-
Share based payment charge	-	31,715	-
Balance carried forward	<u>1,047,129</u>	<u>272,216</u>	<u>3,984,415</u>

20. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	433,423	413,132
New share capital	31,288	46,801
Premium on share capital subscribed	<u>65,877</u>	<u>117,882</u>
	97,165	164,683
Dividends	(183,411)	(180,510)
Share based payment charge	<u>31,715</u>	<u>41,416</u>
Net addition to shareholders' funds	378,892	438,721
Opening shareholders' funds	<u>6,963,184</u>	<u>6,524,463</u>
Closing shareholders' funds	<u>7,342,076</u>	<u>6,963,184</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2012

21 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	710,519	666,533
Depreciation	742,425	739,596
Profit on disposal of fixed assets	(48,261)	(84,715)
Increase in stocks	(188,596)	(33,163)
Decrease in debtors	361,468	88,737
(Decrease)/increase in creditors	(490,147)	151,693
Share based payment charge	31,715	41,416
Net cash inflow from operating activities	<u>1,119,123</u>	<u>1,570,097</u>

Analysis of changes in net debt

	At 1 April 2011 £	Cash flows £	Other changes £	At 31 March 2012 £
Net cash				
Cash in hand and at bank	3,560	630	-	4,190
Overdrafts	(458,676)	(228,658)	-	(687,334)
	<u>(455,116)</u>	<u>(228,028)</u>	<u>-</u>	<u>(683,144)</u>
Debt				
Debt due within 1 year	(317,844)	342,848	(415,771)	(390,767)
Debt due after 1 year	(2,266,108)	-	415,771	(1,850,337)
Hire purchase agreements	(653,722)	405,113	(280,476)	(529,085)
	<u>(3,237,674)</u>	<u>747,961</u>	<u>(280,476)</u>	<u>(2,770,189)</u>
Net debt	<u>(3,692,790)</u>	<u>519,933</u>	<u>(280,476)</u>	<u>(3,453,333)</u>

22. Commitments under operating leases

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	17,109	58,105	17,109	54,632
Within 2 to 5 years	-	32,514	-	35,464
	<u>17,109</u>	<u>90,619</u>	<u>17,109</u>	<u>90,096</u>

23 Capital commitments

Amounts contracted for but not provided amounted to £321,996 (2011 - £Nil)