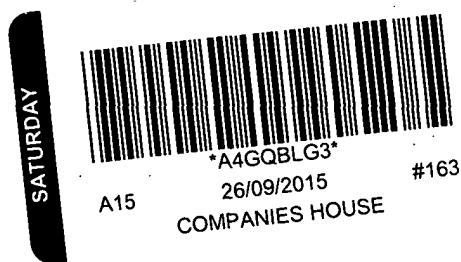


THE BLACK SHEEP BREWERY PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Company Registration Number 02686985



THE BLACK SHEEP BREWERY PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015

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THE BLACK SHEEP BREWERY PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2015

The Board of directors	Paul Theakston (Chairman) Robert Theakston (Managing Director) Stephen Constable (Finance Director) Alan Dunn (Production Director) Jo Theakston (Sales & Marketing Director) Anthony Robinson (Non-Executive) John Theakston (Non-Executive)
Company secretary	Stephen Constable
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Share Dealing and registrars	Capita Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors	Baker Tilly UK Audit LLP Chartered Accountants 2 Whitehall Quay Leeds LS1 4HG
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

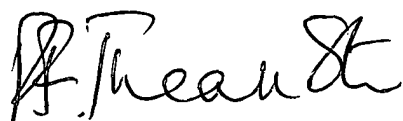
YEAR ENDED 31 MARCH 2015

Watching the progress of Black Sheep, I am variously bewildered and amazed at how the whole beer market has changed in the last three or four years. The model for the business when we started all those years ago, three or four brands of beer into the on and off trade, and taking advantage of the volumes available through the big pub companies, has now disappeared. With 1400 or so small brewers taking a rapidly increasing share of the cask market with their duty pricing advantage and their wide range of interesting beers, the mid size longer standing cask brewers compete with one hand firmly tied behind their backs. The regional brewers we all know and love are doing well, but mainly because of their skill in developing their longstanding tied estates. With no such estate to support us, we are at the sharp end of the need to change and adapt to today's market.

Rob and the team continue to do wonders in reducing the costs of running the business – this is a never ending task – but what will take us forward into very solid profitability is developing new beers to sell into the profitable areas of the market. For us, that means craft beers in small pack, keg and indeed cask. There will be a small prize at the AGM for anyone who can give me a good definition of "craft" beers, but it seems to me that what started as an American definition of a heavily grapefruity hopped IPA has spread out to mean any over the top flavoured radically named beer; the edgier the better. We are as capable as any brewery of producing these new wave beers, but our versions are well balanced as well as interesting, with very contemporary presentation. Getting them out into a crowded market is challenging, and will take time, but all sorts is happening within Black Sheep, and our pace of change and development is accelerating fast.

The Board itself is changing during this financial year. I am happy to announce that we have been joined by Dr Chris Bruton, who besides being a time served scientist and running a hospitality company in recent years, is Chairman of the CAMRA Members' Investment Club, which is the largest non-family shareholder in Black Sheep. Tony Robinson, who has served on the Black Sheep Board since we started, has told us that he would like to retire at the end of the financial year, by which time I will be able to tell you about two other senior industry figures who I expect will have joined us by that time. It will be a significantly strengthened Board that takes Black Sheep forward into 2016 and beyond.

And once again, I want to record my heartfelt appreciation of the dedication of Rob and his senior management team, driving the business forward on all our behalves. They are supported unstintingly by all the Black Sheep employees in all their varied roles. My thanks go to every one of you.



Paul Theakston
Chairman
28 July 2015

THE BLACK SHEEP BREWERY PLC
MANAGING DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2015

This has been another year of progression for us all at Black Sheep. It continues to be a mix of positive change and frustration in equal measure. We have succeeded in moving the business close to profitability, but not at the pace we had set out and hoped at the start of the financial year. Our total focus remains on getting the company back into profit but at the same time balancing the cash position against the need to drive hard towards our goals for you the shareholders. I would once again like to thank you for your patience and support as we firmly believe we are on the right path for long term success.

The year was one of two halves. When I stood before you at the AGM last September we were on budget. The trouble with our industry at the moment is that it remains very unpredictable, and the last six months of the financial year proved extremely challenging. Best Bitter, our biggest cask brand, has remained under pressure, and consumer spending has stayed cautious despite the noise that the economy was moving forward. A number of our key customers reported having a particularly challenging first quarter to this calendar year, the last quarter of our financial year. Despite all this we still managed to move our operating profit up to £148k and as you will see in the report ended the year with a small loss before tax of £34k which is a progression of £147k from the previous year.

We continue to concentrate on product/channel of trade change to sell more profitable forms of beer. The cask market generally remains thinly profitable as margins continue to be squeezed by the ever growing number of micro brewers. It would be very easy for us to drop our prices and increase turnover, but we believe that is not the way forward for the business, and as such we have been focussing on controlling costs and managing the customer base. We have increased turnover this year by 6% on the previous year to £19.5m. This is largely due to growth in the off trade which has moved to 33% of the overall business, and we have achieved an overall improvement in our gross margin as a result of internal cost management. We saw the Chancellor reduce beer duty once again, which was well received, but duty still accounts for 54% of our cost of sales which is a heavy burden.

We have maintained our focus on overheads within the business. You will note in the accounts administrative expenses have increased. Cost increases relate to keg rental as we continue to push keg Best Bitter, and a rise in rates at Fearby Road. Our annual pay review happens in September each year. As at September last year we felt as a Board that given we were on budget and that the employees had had no cost of living increases for three years, that all staff within the business should receive a 2.5% rise. We have always held the view that in order to build a solid future for Black Sheep we must recruit well and remunerate appropriately in order to retain talent for the future benefit of the company, even in the face of adversity.

July proved to be an excellent month with the excitement of the Tour De France passing through Masham. What a weekend it was as for the first time ever the Le Grand Party in Masham saw Black Sheep and Theakstons come together to provide hospitality for the town. This caused quite a bit of positive light hearted press coverage. Masham was a hub for the tour and we saw about 15,000 people descend upon us. The weather was kind and the shop had a record month especially with our tour T – shirts! It does feel like a long time ago now but the legacy is still there as we constantly see large numbers of Lycra clad folks regularly passing through Masham, myself included! The tour of Yorkshire has now become a fixture in the national cycling calendar.

The Visitor Centre deserves a special mention, as this continues to be a vital cog in the wheel for Black Sheep. Its remit is wide, from being a place for tourists and locals alike to visit, a promotional tool for the brewery, a place to bring prospective or existing customers, or a meeting venue, all of which can

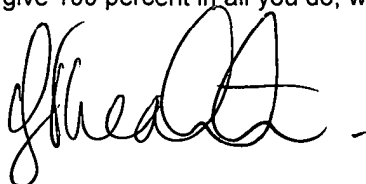
THE BLACK SHEEP BREWERY PLC

MANAGING DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

make it tough to manage on a day to day basis. That said, with the welcome boost of the Tour De France, it has had its most successful year ever. Our aim is to build on this and take it to the next stage.

I know that you as a shareholder will be as frustrated as I am that we seem to be edging ever closer to a profit, but as a team I feel that we have all the tools in the box to take that next step forward. We have recruited well over the course of the year to strengthen the team, and we have some exciting products in the pipeline that will really step us on in the lucrative craft market. We have a number of projects under construction that will take us forward. We have now specifically recruited in the export department and will see the volumes in this profitable area really step on over the next two years. We continue to drive down overheads as and when we can, with another significant step in the current financial year. I will tell you more about this in September at the AGM. Our progress to date has taken blood sweat and tears and I thank you the shareholders for remaining patient and to all the staff for continuing to give 100 percent in all you do; we will get there, I promise.



Robert Theakston
Managing Director
28 July 2015

THE BLACK SHEEP BREWERY PLC
THE DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2015

The directors present their report and the financial statements of the company for the year ended 31 March 2015.

Principal activity

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

Results and dividends

The loss for the year, after taxation, amounted to £25,957. No dividends were paid or proposed. Further details on results are provided in the profit and loss account on page 9 and in the five year summary on page 25 which includes key performance indicators.

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 2015	At 1 April 2014
Paul Theakston (Chairman)	144,844	144,844
Robert Theakston (Managing Director)	6,256	6,256
Stephen Constable (Finance Director)	7,484	7,484
Alan Dunn (Production Director)	2,541	2,541
Jo Theakston (Sales & Marketing Director)	11,050	11,050
Anthony Robinson (Non-Executive)	24,791	24,791
John Theakston (Non-Executive)	52,633	52,633

Directors' share options are shown in note 16 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 trade creditor days as at 31 March 2015 was 36 days (2014 - 28).

THE BLACK SHEEP BREWERY PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2015

Directors' responsibilities

The directors are responsible for preparing the Directors' report, the Strategic 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 appointment of Baker Tilly UK Audit LLP 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 28 July 2015

THE BLACK SHEEP BREWERY PLC
THE STRATEGIC REPORT
YEAR ENDED 31 MARCH 2015

The Chairman's statement on page 2 and Managing Directors' report on pages 3 to 4 include details of the business strategy and expected future developments. In addition the key performance indicators (KPI's) used in the business are set out in the Five Year Summary on page 25.

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The company's principal financial instruments comprise bank loans, an overdraft, and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments can be analysed as follows:

Credit risk

The company's principal financial assets are bank balances, cash, and trade debtors which represent the company's maximum exposure to credit risk in relation to financial assets. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment. The company does have a large proportion of its business throughout the year, and outstanding debtor balances at the year end, with a concentrated number of multiple pub groups. The exposure to multiple pub groups and other customer groups is managed through regular management reviews and credit insurance.

Liquidity risk

The company's policy has been to ensure continuity of funding through working closely with providers of finance and by arranging funding for operations via loans and overdraft facilities.

Cash flow interest rate risk

The company has bank borrowings which are susceptible to exposure to changes in interest rates. The directors continue to monitor the overall funding structure to limit any potential adverse effects interest rate fluctuations may have on the financial performance of the company.



Stephen Constable
Company Secretary

Approved by the directors on 28 July 2015

THE BLACK SHEEP BREWERY PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
BLACK SHEEP BREWERY PLC REGISTRATION NUMBER:02686985
YEAR ENDED 31 MARCH 2015

We have audited the financial statements on pages 9 to 24. 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 more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2015 and of its loss 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.

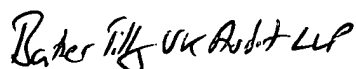
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



BAKER TILLY UK AUDIT LLP

Neil Sevitt (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

30 July 2015

THE BLACK SHEEP BREWERY PLC
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Note	£	(restated) £
Turnover		19,544,982	18,400,928
Cost of sales		(14,325,443)	(13,594,170)
Gross profit		<u>5,219,539</u>	<u>4,806,758</u>
Distribution costs		(3,071,868)	(2,949,402)
Administrative expenses		<u>(2,000,103)</u>	<u>(1,838,417)</u>
Operating profit	2	147,568	18,939
Interest payable and similar charges	3	(181,908)	(200,526)
Loss on ordinary activities before taxation		<u>(34,340)</u>	<u>(181,587)</u>
Tax on loss on ordinary activities	6	8,383	97,469
Loss for the financial year		<u><u>(25,957)</u></u>	<u><u>(84,118)</u></u>

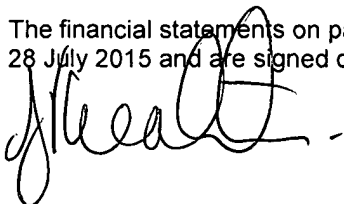
All of the activities of the company are classed as continuing.

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

THE BLACK SHEEP BREWERY PLC
BALANCE SHEET AS AT 31 MARCH 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	7	9,060,348	9,566,430
Current assets			
Stocks	8	1,372,200	1,358,409
Debtors	9	3,468,728	2,616,500
Cash at bank		6,495	7,688
		<u>4,847,423</u>	<u>3,982,597</u>
Creditors: Amounts falling due within one year	10	<u>(5,251,176)</u>	<u>(4,535,220)</u>
Net current liabilities		(403,753)	(552,623)
Total assets less current liabilities		<u>8,656,595</u>	<u>9,013,807</u>
Creditors: Amounts falling due after more than one year	11	(1,355,503)	(1,682,542)
Provisions for liabilities			
Deferred taxation	14	(606,899)	(618,471)
		<u>6,694,193</u>	<u>6,712,794</u>
Capital and reserves			
Called-up share capital	16	2,117,172	2,116,126
Share premium account	18	1,162,627	1,160,065
Share options reserve	18	141,865	138,117
Profit and loss account	18	3,272,529	3,298,486
Shareholders' funds	19	<u>6,694,193</u>	<u>6,712,794</u>

The financial statements on pages 9 to 24 were approved by the directors and authorised for issue on 28 July 2015 and are signed on their behalf by:



Robert Theakston
Director

Registered number: 02686985

THE BLACK SHEEP BREWERY PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

		2015		2014	
	Note	£	£	£	£
Net cash inflow from operating activities	20		296,903		406,829
Returns on investments and servicing of finance					
Interest paid		(175,447)		(193,005)	
Interest element of hire purchase		(6,461)		(7,521)	
Net cash outflow from returns on investments and servicing of finance			(181,908)		(200,526)
Taxation			(5,578)		34,826
Capital expenditure					
Payments to acquire tangible fixed assets		(210,490)		(410,671)	
Receipts from sale of fixed assets		13,755		380,927	
Net cash outflow from capital expenditure			(196,735)		(29,744)
Cash (outflow)/inflow before financing			(87,318)		211,385
Financing					
Issue of equity share capital		1,046		3,554	
Share premium on issue of equity share capital		2,562		6,966	
New bank loans		-		200,000	
Repayment of bank loans		(340,990)		(541,635)	
Capital element of hire purchase		(88,909)		(227,595)	
Net cash outflow from financing			(426,291)		(558,710)
Decrease in cash	20		(513,609)		(347,325)

Reconciliation of net cash flow to movement in net debt

		2015		2014	
		£	£	£	£
Decrease in cash in the period		(513,609)		(347,325)	
Net cash outflow from bank loans		340,990		341,635	
Cash outflow in respect of hire purchase		88,909		227,595	
Change in net debt resulting from cash flows			(83,710)		221,905
New finance leases			(55,525)		(230,431)
Movement in net debt in the period			(139,235)		(8,526)
Net debt at 31 March 2014			(3,898,511)		(3,889,985)
Net debt at 31 March 2015	20		(4,037,746)		(3,898,511)

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

1. Accounting policies

Basis of accounting

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

The company recorded a loss for the year ended 31 March 2015 of £25,957. The Chairman's Statement and Managing Director's report set out in more detail the result for the year to 31 March 2015 as well the principal risks facing the business and the current trading environment in the brewing sector, which continues to be challenging.

The directors have prepared forecasts for the forthcoming 18 months which show that the company can continue to operate within its available facilities. These forecasts reflect the current trading conditions as well as current initiatives to return the company to profitability, some of which are in place and others of which are scheduled to commence throughout the period of these forecasts. The directors consider that there remains the risk that trading conditions in the sector will deteriorate further. To mitigate that risk the directors have a number of further actions which will be implemented over the forecast period. These actions enable the company to continue to trade and meet its debts as they fall due.

The company's banking facilities are scheduled for annual review in September 2015. Discussions have been held with the company's bankers concerning this forthcoming review and the bank has confirmed that there are no matters arising that it is aware of that will prevent successful review of the facilities.

Having considered all of the factors listed above the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover represents sales of goods and services exclusive of Value Added Tax but inclusive of beer duty. Turnover is recognised at the point of delivery of goods.

Corresponding amounts

Costs of sale totalling £92,185 and distribution costs totalling £87,496 in the year ended 31 March 2014 have been re-presented in administrative costs as in the opinion of the directors this gives a true and fair view of the company's financial performance.

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:

Freehold Property	- 50 years
Plant & Machinery	- 3 to 15 years
Motor Vehicles	- 4 to 5 years

Stock

Stock is stated at the lower of cost and net realisable value.

Stocks at the end of the period are recorded at their latest purchase cost or production cost. On this basis raw materials are valued at purchase price and finished goods are valued at raw material cost plus a proportion of directly attributable labour and production overheads.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

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 defined contribution pension 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 in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

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.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

2. Operating profit

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned fixed assets	407,740	376,330
Depreciation of assets held under hire purchase agreements	347,302	361,107
Loss/(profit) on disposal of fixed assets	3,300	(59,685)
Auditor's remuneration		
- as auditor	12,000	10,500
- for other services relating to taxation	9,148	2,000
Operating lease costs:		
-plant and machinery	<u>226,096</u>	<u>150,995</u>

3. Interest payable and similar charges

	2015 £	2014 £
Bank interest	175,447	193,005
Hire purchase	<u>6,461</u>	<u>7,521</u>
	<u>181,908</u>	<u>200,526</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

4. Particulars of employees

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

	2015 No	2014 No
Production	18	17
Sales and distribution	35	33
Administration	12	11
Visitor centre	31	33
	<u>96</u>	<u>94</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	2,469,992	2,388,673
Social security costs	248,053	250,706
Other pension costs	198,575	194,078
	<u>2,916,620</u>	<u>2,833,457</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015 £	2014 £
Remuneration receivable	445,760	448,967
Value of company pension contributions to defined contribution pension schemes	55,004	53,400
	<u>500,764</u>	<u>502,367</u>

Remuneration of highest paid director:

	2015 £	2014 £
Total remuneration	94,411	89,912
Value of company pension contributions to defined contribution pension schemes	13,377	12,750
	<u>107,788</u>	<u>102,662</u>

The director exercised no share options during the period.

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

	2015 No	2014 No
Defined contribution pension schemes	<u>5</u>	<u>5</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £	2014 £
In respect of the year:		
UK Corporation tax charge at 20% (2014 - 20%)	12,762	17,961
Over provision in prior year	(9,573)	-
Total current tax	3,189	17,961
Deferred tax:		
Origination and reversal of timing differences	(11,572)	(19,704)
Effect of changes in the rate of tax	-	(95,726)
Total deferred tax (note 14)	(11,572)	(115,430)
Tax on loss on ordinary activities	(8,383)	(97,469)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2014 - 20%).

	2015 £	2014 £
Loss on ordinary activities before taxation	(34,340)	(181,587)
Loss on ordinary activities by rate of tax	(6,868)	(36,317)
Effects of:		
Items not deductible for tax purposes	6,112	9,589
Depreciation in excess of capital allowances	28,368	44,689
Adjustments to tax charge in previous periods	(9,573)	-
Other short term timing differences	699	-
Fixed asset differences	(15,549)	-
Total current tax (note 6(a))	3,189	17,961

(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 2015

7. Tangible fixed assets

	Assets under the course of construction £	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost					
At 31 March 2014	235,878	8,232,893	6,517,887	540,608	15,527,266
Transfer	(235,878)	-	235,878	-	-
Additions	-	-	201,643	64,372	266,015
Disposals	-	-	(64,502)	(54,120)	(118,622)
At 31 March 2015	-	8,232,893	6,890,906	550,860	15,674,659
Depreciation					
At 31 March 2014	-	1,344,440	4,323,710	292,686	5,960,836
Charge for the year	-	158,137	522,654	74,251	755,042
Disposals	-	-	(55,606)	(45,961)	(101,567)
At 31 March 2015	-	1,502,577	4,790,758	320,976	6,614,311
Net book value					
At 31 March 2015	-	6,730,316	2,100,148	229,884	9,060,348
At 31 March 2014	235,878	6,888,453	2,194,177	247,922	9,566,430

Hire purchase agreements

Included within the net book value of £9,060,348 is £286,056 (2014 - £1,523,222) 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 £94,889 (2014 - £312,998).

8. Stocks

	2015 £	2014 £
Raw materials and consumables	602,529	557,793
Finished goods and goods for resale	769,671	800,616
	<u>1,372,200</u>	<u>1,358,409</u>

9. Debtors

	2015 £	2014 £
Trade debtors	3,293,700	2,452,420
Other debtors	8,348	13,998
Prepayments	166,680	150,082
	<u>3,468,728</u>	<u>2,616,500</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

10. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts	2,627,647	2,177,728
Trade creditors	1,510,840	1,143,360
Corporation tax	12,761	15,150
Other taxation and social security	767,094	773,361
Hire purchase agreements	92,693	78,468
Other creditors	31,195	108,256
Accruals	208,946	238,897
	<u>5,251,176</u>	<u>4,535,220</u>

11. Creditors: Amounts falling due after more than one year

	2015	2014
	£	£
Bank loans	1,148,828	1,427,321
Hire purchase agreements	175,073	222,682
	<u>1,323,901</u>	<u>1,650,003</u>
Other creditors	31,602	32,539
	<u>1,355,503</u>	<u>1,682,542</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 property of the company, a debenture including fixed and floating charges over all present freehold property and a fixed and floating charge over the company's assets.

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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

12. Analysis of borrowings

Amounts repayable:

	Bank loans and overdrafts £	Hire purchase contracts £	Total £
As at 31 March 2015			
Amounts payable within 1 year	2,627,647	92,693	2,720,340
Amounts payable between 1 and 2 years	241,956	90,155	332,111
Amounts payable between 2 and 5 years	560,587	84,918	645,505
Amounts payable after more than 5 years	346,285	-	346,285
	<u>3,776,475</u>	<u>267,766</u>	<u>4,044,241</u>

	Bank loans and overdrafts £	Hire purchase contracts £	Total £
As at 31 March 2014			
Amounts payable within 1 year	2,177,728	78,468	2,256,196
Amounts payable between 1 and 2 years	278,485	76,274	354,759
Amounts payable between 2 and 5 years	635,685	146,408	782,093
Amounts payable after more than 5 years	513,151	-	513,151
	<u>3,605,049</u>	<u>301,150</u>	<u>3,906,199</u>

13. 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 £198,575 (2014 - £194,078). Contributions totalling £19,018 (2014 - £18,755) were payable to the scheme at the end of the period and are included in creditors.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

14. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2015 £	2014 £
At 31 March 2014	618,471	733,901
Profit and loss account movement during the year	(11,572)	(115,430)
At 31 March 2015	<u>606,899</u>	<u>618,471</u>

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

	2015 £	2014 £
Accelerated capital allowances	610,703	621,627
Other timing differences	(3,804)	(3,156)
	<u>606,899</u>	<u>618,471</u>

Deferred tax is provided at 20% (2014 - 20%).

15. 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 16. 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:

	2015		2014	
	Shares under option	Weighted average exercise price	Shares under option	Weighted average exercise price
Outstanding at beginning of year	102,896	£3.55	160,798	£3.55
Granted during the year	28,440	£2.60	20,495	£2.60
Forfeited during the year	(24,256)	£3.32	(74,843)	£3.31
Exercised during the year	(1,046)	£3.45	(3,554)	£2.96
Outstanding at the end of the year	<u>106,034</u>	£3.35	<u>102,896</u>	£3.55
Exercisable at the end of the year	<u>48,000</u>	£3.99	<u>32,000</u>	£3.83

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

15. Share-based payments *(continued)*

The weighted average share price at the date of exercise for share options exercised during the year was £3.45. The options outstanding at 31 March 2015 had a weighted average exercise price of £3.35, and a weighted average remaining contractual life of 3.3 years.

A charge has been made relating to the share based payments in accordance with FRS20. No disclosure has been made for this on the grounds of materiality.

16. Share capital

Authorised share capital:

	2015 £	2014 £
Ordinary shares of £1 each	<u>2,750,000</u>	<u>2,750,000</u>

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>2,117,172</u>	<u>2,117,172</u>	<u>2,116,126</u>	<u>2,116,126</u>

During the year 1,046 £1 Ordinary shares were issued on the exercise of share options.

The following options were outstanding under HMRC approved option schemes at 31 March 2015:

	Ordinary shares	Price £	Date of exercise
SAYE Scheme 17	15,133	3.47	August 2015
SAYE Scheme 18	15,845	2.60	August 2016
SAYE Scheme 19	27,056	2.60	November 2017
EMI Scheme 3	16,000	3.98	October 2012 – October 2019
EMI Scheme 4	16,000	3.68	June 2013 – June 2020
EMI Scheme 5	16,000	4.30	July 2014 – July 2021

Shareholders breakdown

Shares held at 2 June 2015	Number of Shareholders	%	% holding in the company
1 – 1,000	877	72	17
1,001 – 5,000	286	24	33
5,001 and above	52	4	50
	<u>1,215</u>	<u>100</u>	<u>100</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

Directors' share options

	At 01/04/14	Granted	Forfeited	At 31/03/15	Exercise price	Date from which exercisable	Expiry date
P F Theakston							
SAYE Scheme 16	1,046	-	(1,046)	-	£3.45		08/14
SAYE Scheme 17	933	-	-	933	£3.47		08/15
SAYE Scheme 18	830	-	-	830	£2.60		08/16
R J Theakston							
SAYE Scheme 16	523	-	(523)	-	£3.45		08/14
SAYE Scheme 17	518	-	-	518	£3.47		08/15
SAYE Scheme 18	2,076	-	-	2,076	£2.60		08/16
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 16	523	-	(523)	-	£3.45		08/14
SAYE Scheme 17	518	-	(518)	-	£3.47		08/15
SAYE Scheme 18	2,076	-	-	2,076	£2.60		08/16
SAYE Scheme 19	-	4,153	-	4,153	£2.60		11/17
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 18	1,384	-	-	1,384	£2.60		08/16
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 17	1,556	-	-	1,556	£3.47		08/15
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 A Theakston							
SAYE Scheme 17	2,593	-	-	2,593	£3.47		08/15

17. Loss per share

The loss per share of 1.2p (2014: loss of 4.0p) has been calculated on a loss of £25,957 (2014 loss: £84,118) and on a weighted average number of shares of 2,116,823 (2014: 2,115,238). No material difference exists between dilutive EPS and basic EPS.

18. Reserves

	Share premium £	Share options reserve £	Profit and loss account £
Balance brought forward	1,160,065	138,117	3,298,486
Loss for the year	-	-	(25,957)
New share capital subscribed	2,562	-	-
Share based payment charge	-	3,748	-
Balance carried forward	<u>1,162,627</u>	<u>141,865</u>	<u>3,272,529</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

19. Reconciliation of movements in shareholders' funds

	2015		2014	
	£	£	£	£
Loss for the financial year		(25,957)		(84,118)
New share capital	1,046		3,554	
Premium on share capital subscribed	<u>2,562</u>		<u>6,966</u>	
		3,608		10,520
Share based payment charge		<u>3,748</u>		<u>8,151</u>
Net reduction to shareholders' funds		(18,601)		(65,447)
Opening shareholders' funds		6,712,794		6,778,241
Closing shareholders' funds		<u><u>6,694,193</u></u>		<u><u>6,712,794</u></u>

20. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2015	2014
	£	£
Operating profit	147,568	18,939
Depreciation	755,042	737,437
Loss/(profit) on disposal of fixed assets	3,300	(59,685)
Increase in stocks	(13,791)	(133,793)
(Increase)/decrease in debtors	(852,228)	31,825
Increase/(decrease) in creditors	253,264	(196,045)
Share based payment charge	<u>3,748</u>	<u>8,151</u>
Net cash inflow from operating activities	<u><u>296,903</u></u>	<u><u>406,829</u></u>

Analysis of changes in net debt

	At 31 March 2014 £	Cash flows £	Other changes £	At 31 March 2015 £
Net cash:				
Cash in hand and at bank	7,688	(1,193)	-	6,495
Overdrafts	<u>(1,832,344)</u>	<u>(512,416)</u>	-	<u>(2,344,760)</u>
	<u>(1,824,656)</u>	<u>(513,609)</u>	-	<u>(2,338,265)</u>
Debt:				
Debt due within 1 year	(345,384)	340,990	(278,493)	(282,887)
Debt due after 1 year	<u>(1,427,321)</u>	-	<u>278,493</u>	<u>(1,148,828)</u>
Hire purchase agreements	(301,150)	88,909	(55,525)	(267,766)
	<u>(2,073,855)</u>	<u>429,899</u>	<u>(55,525)</u>	<u>(1,699,481)</u>
Net debt	<u><u>(3,898,511)</u></u>	<u><u>(83,710)</u></u>	<u><u>(55,525)</u></u>	<u><u>(4,037,746)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2015

21. Commitments under operating leases

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	2015		2014	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	15,853	-	16,712
Within 2 to 5 years	-	109,262	-	115,186
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22. Other commitments

Capital commitments

Amounts contracted for but not provided amounted to £188,877 in respect of future plant & machinery purchases.

Financial commitments

As in previous years, the company has entered into agreements to purchase hops in the future over the next 4 years. The commitment at 31 March 2015 amounted to £1,004,838 (2014: £752,875) with an amount of £309,683 (2014: £239,650) due within the next 12 months.