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THE BLACK SHEEP BREWERY PLC
REPORTS AND ACCOUNTS
2004



THE BLACK SHEEP BREWERY PLC

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THE BLACK SHEEP BREWERY PLC

COMPANY INFORMATION

Directors	Richard Harbottle (Non-Executive Chairman) Paul Theakston (Managing Director) Paul Ambler Stephen Constable Patrick Green Anthony Robinson (Non-Executive) John Theakston (Non-Executive)
Company Secretary	Stephen Constable
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Registered number	2686985
Auditors	Bentley Jennison Chartered Accountants 21-27 St Paul's Street Leeds LS1 2ER
Bankers	HSBC Bank Plc Park Square Masham Ripon North Yorkshire HG4 4HG
Solicitors	Eversheds LLP Cloth Hall Court Infirmary Street Leeds LS1 2JB
Stockbrokers and Registrars	Brewin Dolphin Securities Limited PO Box 512 36 St Ann Street Manchester M60 2EP

THE BLACK SHEEP BREWERY PLC

CHAIRMAN'S STATEMENT

The first dozen brews have come from our new brewhouse. This new £1.1 million facility will ultimately raise our capacity from 43,000 to nearly 80,000 barrels a year. Of course, it will be quite some time before all this capacity will be needed and it can only be fully used when other facilities are expanded to match the brewhouse.

We should be able to bring members up to date with progress at the Annual General Meeting. The costs of fully completing the proposed additions both at Wellgarth and Fearby Road have still to be ascertained, but substantial further capital expenditure will have to be made over the next two to three years.

Sales of £11.7 million have again made an impressive advance, but, as more and more of our production of necessity goes to supermarkets and pub companies, gross profit has made less satisfactory headway. We analyse our "channels of trade" as fully as we can. Trade with our larger customers attracts lower overheads than trade with individual licensees, so we can be happy that all our business is profitable.

Two factors have affected the profit before tax. First, it was necessary to close the Visitor Centre for nearly three months to allow work on the brewhouse to be completed. An unquantifiable loss of revenue was necessarily suffered; a sum which may properly be regarded as advance depreciation on the new facility. Second, we have invested in an increased sales force to maximise the benefits of our greater capacity. The correctness of this decision is already evident in the current year.

The year past has not been an easy one. The disruption attendant on building work has made for problems for all members of staff. I am delighted to have this opportunity to thank them for their hard work and forbearance.

Your Board remain confident in your Company's progress and accordingly recommend an increased dividend of 8p per share.

And finally, Members will be pleased but not surprised to learn that Riggwelter and Black Sheep Best Bitter have won Silver and Bronze Medals in their respective categories at the Brewing Industry International Awards 2004; all the more reason for you to come to the Annual General Meeting to load your boot with a Silver Medal ale at the price supermarkets grant us rather than charge you!

Richard Harbottle FCA
Chairman
28 July 2004

THE BLACK SHEEP BREWERY PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is brewing for sale.

REVIEW OF THE BUSINESS

A review of the year and events since the year end is included in the Chairman's Statement.

DIVIDENDS

The directors recommend payment of a dividend of £132,053 (2003: £112,814).

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.

	2004	2003
Average number of days trade creditors as at 31 March	34	34

SHAREHOLDERS

Shares held as at 15 June 2004	Number of Shareholders	%	% holding in the Company
1 - 1,000	681	68	21
1,001 - 3,000	221	22	26
3,001 - 5,000	51	5	13
5,001 and above	<u>48</u>	<u>5</u>	<u>40</u>
	1,001	100	100

EMPLOYEE SAVINGS RELATED SHARE OPTION SCHEME

Shortly after the year end the Board established a ninth Inland Revenue approved SAYE scheme for 49,524 Ordinary shares which has been taken up by 52 employees. Options have been granted at a share price of £2.88 exercisable at the end of 3 years.

Note 19 includes a summary of all outstanding options.

THE BLACK SHEEP BREWERY PLC

REPORT OF THE DIRECTORS (continued)

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:

	£1 Ordinary shares	
	31.3.04	31.3.03
P R M Harbottle	15,798	15,798
P F Theakston	51,568	52,740
P M J Ambler	16,700	17,732
S J Constable	3,057	2,250
J P Green	1,960	4,865
A J Robinson	15,988	18,488
J A Theakston	35,559	38,385

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

STATEMENT OF CORPORATE GOVERNANCE

The Board, which comprises Paul Theakston, three executive directors and three non-executive directors, meets monthly. A member of senior management also attends meetings. 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

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the accounts on the going concern basis.

THE BLACK SHEEP BREWERY PLC

**REPORT OF THE DIRECTORS
(continued)**

DIRECTORS' RESPONSIBILITIES (continued)

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 that the accounts comply with the Companies Act 1985. 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.

AUDITORS

On 23 July 2004, wbs announced their merger with Bentley Jennison. The firm will practise under the name of Bentley Jennison and the audit report has been signed accordingly. A resolution to re-appoint Bentley Jennison as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

The report of the directors was approved by the Board on 28 July 2004 and signed on its behalf by:



**Stephen Constable
Company Secretary**

THE BLACK SHEEP BREWERY PLC

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 2004 on pages 7 to 20. These financial statements have been prepared under the historical cost convention and 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 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 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 on pages 4 and 5 the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

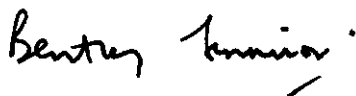
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bentley Jennison

Chartered Accountants
Registered Auditors
21 – 27 St Paul's Street
Leeds LS1 2ER
29 July 2004

THE BLACK SHEEP BREWERY PLC
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Turnover	1	11,680,524	10,465,353
Cost of sales		(7,634,910)	(6,644,401)
Gross profit		4,045,614	3,820,952
Distribution costs		(2,465,966)	(2,253,249)
Administrative expenses		(850,593)	(847,251)
Operating profit	2	729,055	720,452
Net interest payable	3 & 4	(9,019)	(5,580)
Profit on ordinary activities before taxation		720,036	714,872
Tax on profit on ordinary activities	7	(206,189)	(209,281)
Profit on ordinary activities after taxation		513,847	505,591
Dividends on ordinary shares	8	(132,053)	(112,814)
Retained profit for the year	21	381,794	392,777

Continuing operations

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

Recognised gains and losses

The Company had no recognised gains or losses in either 2004 or 2003 other than in the profit and loss account and, therefore, a statement of total recognised gains and losses has not been prepared.

THE BLACK SHEEP BREWERY PLC
BALANCE SHEET AT 31 MARCH 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	9	4,281,664	3,159,784
Current assets			
Stocks	10	610,587	467,791
Debtors	11	1,609,071	1,497,773
Cash at bank and in hand		4,491	602,518
		<u>2,224,149</u>	<u>2,568,082</u>
Creditors:			
Amounts falling due within one year			
Trade creditors		(800,620)	(642,334)
Other creditors	12	(1,216,531)	(1,095,694)
		<u>(2,017,151)</u>	<u>(1,738,028)</u>
Net current assets		206,998	830,054
Total assets less current liabilities		4,488,662	3,989,838
Creditors:			
Amounts falling due after more than one year	13	(330,977)	(333,366)
Provision for liabilities and charges			
Deferred taxation	15	(336,604)	(293,095)
		<u>3,821,081</u>	<u>3,363,377</u>
Capital and reserves			
Called up share capital	19	1,611,631	1,580,004
Reserves			
Share premium account	20	342,638	298,355
Profit and loss account	21	1,866,812	1,485,018
Equity Shareholders' funds	22	<u>3,821,081</u>	<u>3,363,377</u>

The accounts were approved by the Board on 28 July 2004 and signed on its behalf by:



Paul Theakston
Director

THE BLACK SHEEP BREWERY PLC
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	16	<u>1,231,911</u>	<u>927,872</u>
Return on investments and servicing of finance			
Interest paid		(987)	(754)
Interest element of hire purchase payments		(26,784)	(20,071)
Interest received		<u>18,752</u>	<u>15,245</u>
		<u>(9,019)</u>	<u>(5,580)</u>
Taxation			
Corporation tax paid		<u>(200,124)</u>	<u>(149,630)</u>
Capital expenditure			
Payments to acquire tangible fixed assets		(1,399,342)	(278,859)
Receipts from sales of tangible fixed assets		<u>54,506</u>	<u>90,746</u>
		<u>(1,344,836)</u>	<u>(188,113)</u>
Equity dividends paid		<u>(112,814)</u>	<u>(94,050)</u>
Net cash (outflow)/inflow before financing		<u>(434,882)</u>	<u>490,499</u>
Financing			
Exercise of share options		75,910	71,362
Capital elements of hire purchase payments	18	<u>(254,278)</u>	<u>(228,610)</u>
		<u>(178,368)</u>	<u>(157,248)</u>
(Decrease)/increase in cash	17	<u><u>(613,250)</u></u>	<u><u>333,251</u></u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2004

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.

Depreciation

Depreciation is provided on the cost of fixed assets including those capitalised under finance leases 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 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 taxation 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.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2004

1 ACCOUNTING POLICIES (continued)

Pensions

The Company operates a money purchase scheme. Contributions are charged to the profit and loss account as payable.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

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.

2 OPERATING PROFIT

	2004 £	2003 £
Operating profit is arrived at after charging:		
Depreciation	458,829	419,074
Auditor's remuneration for		
- audit services	8,400	8,400
- non-audit services	6,125	6,700
Operating lease rentals		
- plant and machinery	51,800	51,800
- other	33,710	29,325
	<u>550,864</u>	<u>505,299</u>

3 INTEREST RECEIVABLE

	2004 £	2003 £
Bank interest	18,714	15,122
Other	38	123
	<u>18,752</u>	<u>15,245</u>

4 INTEREST PAYABLE

	2004 £	2003 £
Hire purchase	26,784	20,071
Bank interest	987	754
	<u>27,771</u>	<u>20,825</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

5 EMPLOYEES

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

	2004 Number	2003 Number
Production	17	17
Sales and distribution	36	33
Administration	11	11
Visitor Centre	42	43
	<u>106</u>	<u>104</u>

	2004 £	2003 £
Cost in respect of these employees:		
Wages and salaries	1,810,040	1,685,369
Social security costs	186,084	155,347
Other pension costs	127,781	110,729
	<u>2,123,905</u>	<u>1,951,445</u>

6 DIRECTORS' EMOLUMENTS

	2004 £	2003 £
Emoluments	330,274	317,076
Contributions to money purchase pension scheme	<u>28,963</u>	<u>28,047</u>

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

Emoluments	108,564	106,996
Contributions to money purchase pension scheme	<u>10,234</u>	<u>9,888</u>

	2004 Number	2003 Number
Number of directors accruing retirement benefits under money purchase schemes:	<u>4</u>	<u>4</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2004

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

a) Analysis of current period tax charge

	2004 £	2003 £
UK corporation tax on profits in the year	162,768	200,212
Adjustments in respect of previous years	(88)	18
Deferred taxation - current year	43,469	9,051
Deferred taxation - prior year	40	-
	<u>206,189</u>	<u>209,281</u>

b) Factors affecting current year tax charge

Profit on ordinary activities before tax	720,036	714,872
Current tax on profit on ordinary activities calculated at the standard rate of corporation tax in the UK 30%	216,011	214,462
Effects of:		
Expenses not deductible for tax purposes	15,253	15,776
Accelerated capital allowances	(43,469)	(9,051)
Small companies relief	(24,119)	(20,975)
Current year under provision	(908)	-
UK corporation tax on profits in the year	<u>162,768</u>	<u>200,212</u>

c) Factors that may affect future tax changes

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

8 DIVIDENDS

	2004 £	2003 £
Proposed final ordinary equity dividend of 8.0p per share (2003: 7.0p)	<u>132,053</u>	<u>112,814</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2003	1,218,804	3,197,095	703,848	5,119,747
Additions	867,823	481,772	269,608	1,619,203
Disposals	-	(225,694)	(136,212)	(361,906)
At 31 March 2004	2,086,627	3,453,173	837,244	6,377,044
Depreciation				
At 1 April 2003	197,348	1,402,495	360,120	1,959,963
Charge for the year	28,610	276,427	153,792	458,829
Released on disposal	-	(222,830)	(100,582)	(323,412)
At 31 March 2004	225,958	1,456,092	413,330	2,095,380
Net book value				
At 31 March 2004	1,860,669	1,997,081	423,914	4,281,664
At 31 March 2003	1,021,456	1,794,600	343,728	3,159,784

The net book value of tangible fixed assets includes £706,316 (2003: £691,921) in respect of assets purchased under hire purchase agreements. Depreciation charged in the period on these assets amounted to £101,691 (2003: £88,682).

10 STOCKS

	2004 £	2003 £
Raw materials and consumables	137,764	100,058
Finished goods and goods for resale	472,823	367,733
	<u>610,587</u>	<u>467,791</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

11 DEBTORS

	2004	2003
	£	£
Trade debtors	1,408,737	1,278,480
Other debtors	138,853	151,844
Prepayments	61,481	67,449
	<u>1,609,071</u>	<u>1,497,773</u>

**12 OTHER CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Borrowings (Note 14)	206,062	223,889
Proposed dividend	132,053	112,814
Deferred income - grants	1,022	1,022
Other taxes and social security	456,837	463,104
Corporation tax	162,768	200,212
Accruals	94,928	90,970
Other creditors	162,861	3,683
	<u>1,216,531</u>	<u>1,095,694</u>

**13 CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2004	2003
	£	£
Borrowings (Note 14)	288,730	290,097
Deferred income - grants	42,247	43,269
	<u>330,977</u>	<u>333,366</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

14 ANALYSIS OF BORROWINGS

	2004	2003
	£	£
Due within one year		
Bank overdraft	15,223	-
Obligations under hire purchase contracts	190,839	223,889
	<u>206,062</u>	<u>223,889</u>
Due after more than one year		
Obligations under hire purchase contracts	288,730	290,097
	<u>288,730</u>	<u>290,097</u>
Total borrowings	<u>494,792</u>	<u>513,986</u>

Hire purchase agreements are at various fixed 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 fixed and floating charge over the Company's assets.

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2003	293,095
Charge for the year (Note 7)	43,509
	<u>336,604</u>
At 31 March 2004	<u>336,604</u>

Deferred taxation represents:

	2004	2003
	£	£
Accelerated capital allowances	339,232	293,095
Short term timing differences	(2,628)	-
	<u>336,604</u>	<u>293,095</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

16 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating profit	729,055	720,452
Depreciation of tangible fixed assets	458,829	419,074
Profit on disposal of tangible fixed assets	(16,012)	(4,090)
Increase in stock	(142,796)	(138,584)
Increase in debtors	(111,298)	(137,904)
Increase in creditors	314,133	68,924
Net cash inflow from operating activities	1,231,911	927,872

17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	2004	2003
	£	£
(Decrease)/increase in cash	(613,250)	333,251
Cash outflow from debt and lease finance	254,278	228,610
(Increase)/decrease in net debt from cash flows	(358,972)	561,861
New hire purchase contracts	(219,861)	(499,694)
(Increase)/decrease in net debt	(578,833)	62,167
Net funds at 1 April	88,532	26,365
Net (debt)/funds at 31 March	(490,301)	88,532

18 ANALYSIS OF NET DEBT

	1 April 2003	Cash Flow	Other Changes	31 March 2004
	£	£	£	£
Bank overdraft	-	(15,223)	-	(15,223)
Cash at bank and in hand	602,518	(598,027)	-	4,491
Hire purchase	(513,986)	254,278	(219,861)	(479,569)
TOTAL	88,532	(358,972)	(219,861)	(490,301)

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2004**

19 SHARE CAPITAL	2004 £	2003 £
Authorised		
Ordinary shares of £1 each	<u>2,250,000</u>	<u>2,250,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,611,631</u>	<u>1,580,004</u>

During the year 31,627 £1 Ordinary shares were issued on the exercise of share options, at £2.40.

Directors' share options

	At 1 April 2003	Granted	Exercised	At 31 March 2004	Exercise price £	Market price at date of exercise £	Date from which exercisable	Expiry date
P R M Harbottle								
SAYE Scheme 6	3,906	-	-	3,906	2.48			05/04
P F Theakston								
1996 Scheme	82,225	-	-	82,225	1.50		09/00	09/04
SAYE Scheme 5	1,453	-	(1,453)	-	2.40	3.10		07/03
SAYE Scheme 6	938	-	-	938	2.48			05/04
SAYE Scheme 7	1,484	-	-	1,484	2.56			05/05
SAYE Scheme 8	-	1,417	-	1,417	2.40			06/06
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
P M J Ambler								
SAYE Scheme 5	968	-	(968)	-	2.40	3.10		07/03
SAYE Scheme 6	1,172	-	-	1,172	2.48			05/04
SAYE Scheme 8	-	945	-	945	2.40			06/06
EMI Scheme 1	14,000	-	-	14,000	3.00		05/05	05/12
EMI Scheme 2	-	15,326	-	15,326	3.22		11/06	11/13
S J Constable								
SAYE Scheme 5	807	-	(807)	-	2.40	3.10		07/03
SAYE Scheme 6	2,344	-	-	2,344	2.48			05/04
SAYE Scheme 7	742	-	-	742	2.56			05/05
SAYE Scheme 8	-	787	-	787	2.40			06/06
EMI Scheme 1	14,000	-	-	14,000	3.00		05/05	05/12
EMI Scheme 2	-	15,090	-	15,090	3.22		11/06	11/13
J P Green								
SAYE Scheme 5	645	-	(645)	-	2.40	3.10		07/03
SAYE Scheme 6	1,719	-	-	1,719	2.48			05/04
SAYE Scheme 7	1,484	-	-	1,484	2.56			05/05
SAYE Scheme 8	-	630	-	630	2.40			06/06
EMI Scheme 1	14,000	-	-	14,000	3.00		05/05	05/12
EMI Scheme 2	-	13,752	-	13,752	3.22		11/06	11/13
A J Robinson								
SAYE Scheme 6	3,906	-	-	3,906	2.48			05/04
J A Theakston								
SAYE Scheme 8	-	3,937	-	3,937	2.40			06/06

No options lapsed during the year. The market price of the shares at 31 March 2004 was £3.65.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2004

19 SHARE CAPITAL (continued)

The following options were outstanding at 31 March 2004.

	Ordinary shares	Price £	Date of exercise
1992 Scheme	6,250	1.65	September 2000 - August 2004
1996 Scheme	82,225	1.50	September 2000 - September 2004
SAYE Scheme 6	39,344	2.48	May 2004
SAYE Scheme 7	26,853	2.56	May 2005
SAYE Scheme 8	52,823	2.40	June 2006
EMI Scheme 1	75,000	3.00	May 2005 - May 2012
EMI Scheme 2	67,553	3.22	November 2006 - November 2013

The SAYE and EMI schemes are Inland Revenue approved.

20 SHARE PREMIUM ACCOUNT

	2004 £	2003 £
At 1 April	298,355	263,883
Premium on exercise of share options	44,283	34,472
At 31 March	<u>342,638</u>	<u>298,355</u>

21 PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
At 1 April	1,485,018	1,092,241
Retained profit for the year	381,794	392,777
At 31 March	<u>1,866,812</u>	<u>1,485,018</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2004

22 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2004 £	2003 £
At 1 April	3,363,377	2,899,238
Recognised gains - profit for the year	513,847	505,591
Dividends	(132,053)	(112,814)
Exercise of share options	75,910	71,362
At 31 March	<u>3,821,081</u>	<u>3,363,377</u>

23 COMMITMENTS AND CONTINGENCIES

	2004 £	2003 £
Future capital expenditure		
Contracted for but not provided in the accounts	<u>413,747</u>	<u>279,940</u>

At 31 March 2004 the Company had annual commitments under operating leases as set out below:

	Land and buildings		Others	
	2004 £	2003 £	2004 £	2003 £
Operating leases which expire:				
Within one year	8,857	6,462	-	-
Between two and five years	-	-	55,534	55,534
	<u>8,857</u>	<u>6,462</u>	<u>55,534</u>	<u>55,534</u>

24 EARNINGS PER SHARE

The earnings per share of 32.0p (2003: 32.2p) has been calculated on earnings of £513,847 (2003: £505,591) and on a weighted average number of shares of 1,603,724 (2003: 1,571,201).

25 PENSIONS

The Company operates a money purchase scheme. The charge to the profit and loss account in the year was £127,781 (2003: £110,729). Due to a change by the pension company contributions are now collected one month in arrears; as a result of this change included in accruals is £10,777 (2003: £Nil) in respect of contributions paid after the year end.

THE BLACK SHEEP BREWERY PLC

FIVE YEAR FINANCIAL SUMMARY YEARS ENDED 31 MARCH 2004

	2000 £000	2001 £000	2002 £000	2003 £000	2004 £000
Profit and loss accounts					
Turnover	7,298	8,586	9,262	10,465	11,681
Operating profit	416	617	634	720	729
Net interest payable	(57)	(52)	(23)	(5)	(9)
Profit on ordinary activities before taxation	359	565	611	715	720
Taxation on profit on ordinary activities	(123)	(158)	(155)	(209)	(206)
Profit attributable to shareholders	236	407	456	506	514
Balance sheets					
Fixed assets	2,733	2,853	2,887	3,160	4,282
Net current assets/(liabilities)	(144)	(4)	429	830	207
Creditors greater than one year	(315)	(183)	(133)	(334)	(331)
Provision - deferred taxation	(234)	(260)	(284)	(293)	(337)
Shareholders' funds	2,040	2,406	2,899	3,363	3,821
Earnings per share	16.6p	28.1p	29.8p	32.2p	32.0p
Dividends per share	3.0p	5.0p	6.0p	7.0p	8.0p
Year end ratios					
Operating profit (%)	5.7	7.2	6.8	6.9	6.2
Total net debt	811	377	-	-	490
Gearing - debt/shareholders' funds (%)	40	16	-	-	13

The Ordinary shares in The Black Sheep Brewery plc are not quoted on any recognised investment exchange, such as the Official List of the London Stock Exchange or the Alternative Investment Market.

However, if you wish to trade in the company's shares, our stockbrokers Brewin Dolphin Securities Limited use their reasonable endeavours to match willing buyers and sellers of Ordinary Shares from their Manchester office.

If you would like more information on this service, please contact Neil Harding at Brewin Dolphin Securities Limited on 0161 839 4222.