

THE BLACK SHEEP BREWERY PLC

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THE BLACK SHEEP BREWERY PLC

COMPANY INFORMATION

Directors	John Warwick Whitworth (Chairman) Paul Francis Theakston (Managing) Anthony John Robinson John Andrew Theakston Philip Richard Milnes Harbottle FCA
Secretary	Stephen John Constable
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Registered number	2686985
Auditors	Wilson Braithwaite Scholey Chartered Accountants 21-27 St Paul's Street Leeds LS1 2ER
Bankers	HSBC Park Square Masham Ripon North Yorkshire HG4 4HG
Solicitors	Eversheds Cloth Hall Court Infirmary Street Leeds LS1 2JB
Stockbrokers and Registrars	Wise Speke A Division of Brewin Dolphin Securities Limited PO Box 512 36 St Ann Street Manchester M60 2EP

THE BLACK SHEEP BREWERY PLC

CHAIRMAN'S STATEMENT

Many of the changes in the brewing and retailing industry to which I referred last year have come about, and indeed, further major changes are now occurring. Both Bass and Whitbread have sold their brewing interests abroad, leaving Scottish Courage as the only major UK owned brewer. Invariably, they are reinvesting in the purchase of large numbers of public houses or hotels or in ventures outside the ambit of the traditional British Brewing Company. This leaves the smaller breweries, such as Black Sheep, to uphold the tradition of producing high quality British draught beers for sale in a declining, but still very substantial market. Nonetheless, the pub market continues to consolidate, with pub companies progressively purchasing the better free houses and thus narrowing the market for the likes of free trade brewers like ourselves.

We still have some capacity here at the Wellgarth site. Distribution and much of the warehousing has been transferred off site to Well, some three miles away, on a temporary basis until we find a site in Masham. Also, from the beginning, we decided to contract out all bottling operations. These moves will allow us to maximise production on the Wellgarth site.

We at Black Sheep still see opportunity for a number of reasons. We do see continuing demand for a truly British draught beer, but if we continue to grow sales along the now well established lines, and as we get nearer to capacity on the site, we shall need to choose carefully where we sell the beer, to focus on more profitable channels of trade. In the longer term there may be a need to consider major investment in brewing plant on site.

Turnover for the year increased from £6.5m to £7.3m, and profits before taxation rose from £308,000 to £359,000, an increase of 17%. Total sales volume rose by 12%, fully justifying the capital investment made to expand our brewing capacity.

We do not anticipate major capital expenditure on production facilities in this current year, as we plan to concentrate on other projects which will help to make the business more efficient and profitable to run.

In accordance with our progressive dividend policy, your directors are recommending that a dividend should be declared of 3p per ordinary share, a 20% increase over last year. May 2000 saw the completion of the first of the three year Employee Share Schemes, resulting in 36,105 shares being issued to employees. In the meantime, Black Sheep shares are trading at about 325p compared with a price of 300p a year ago.

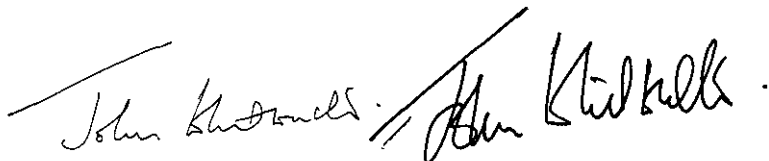
Your directors now consider that the company has reached a stage where it is desirable more evenly to balance numbers between executive and non executive directors. We have therefore decided to appoint two of our senior managers to the Board to achieve this, whilst Paul Theakston continues his overall control as Managing Director. Both individuals have been with the company from the start, and have been intimately connected with its successful growth over the past eight years.

Paul Ambler has as Head Brewer, apart from maintaining the quality of all Black Sheep beers to a consistently high standard, been mainly responsible for the several production expansion schemes. In addition to his carrying out these responsibilities at Board level he will take charge of distribution and warehousing.

Patrick Green is already responsible as Sales Manager for all channels of UK and export sales and his appointment to the Board gives him the necessary authority to represent the company at the highest level on all trading matters.

Your directors very much hope that the shareholders will endorse both these appointments at the AGM.

Finally, it remains for me to record my thanks to all at Black Sheep for their commitment and hard work in a year when the company has consolidated its position as a significant player on the British Brewing scene.



John Warwick Whitworth
Chairman
26 July 2000

THE BLACK SHEEP BREWERY PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31 March 2000.

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 £43,508 (1999: £35,468).

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.

	2000	1999
Average number of days trade creditors as at 31 March	39	35

SHAREHOLDERS

Shares held as at 12 June 2000	Number of Shareholders	%	% holding in the company
1 - 1,000	524	63	35
1,001 - 3,000	216	26	30
3,001 - 5,000	52	6	16
5,001 and above	<u>41</u>	<u>5</u>	<u>19</u>
	<u>833</u>	<u>100</u>	<u>100</u>

EMPLOYEE SAVINGS RELATED SHARE OPTION SCHEME

Shortly after the year end the Board established a fifth Inland Revenue approved SAYE scheme for 37,356 Ordinary Shares which has been taken up by 41 employees. Options have been granted at a share price of £2.40 exercisable at the end of 3 years.

Note 20 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.

All directors served throughout the year. Their interests in the shares of the company were as follows:

	£1 Ordinary shares	
	31.3.00	31.3.99
J W Whitworth	9,175	8,925
P F Theakston	60,419	77,419
A J Robinson	12,929	12,929
J A Theakston	31,576	31,576
P R M Harbottle	10,500	10,500

Directors' share options are shown in note 20 to the financial statements.

YEAR 2000

The Company has not encountered any significant operational or financial difficulty relating to the year 2000 date change. The Board do not expect any significant disruption to arise in the future but will keep the situation under review.

STATEMENT OF CORPORATE GOVERNANCE

The Board, which comprises Paul Theakston and four non-executive directors, meets monthly. Four members of senior management also attend 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Wilson Braithwaite Scholey as auditors will be proposed at the annual general meeting.

The report of the directors was approved by the Board on 26 July 2000 and signed on its behalf by:



Stephen John Constable
Secretary

THE BLACK SHEEP BREWERY PLC

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE BLACK SHEEP BREWERY PLC**

We have audited the accounts on pages seven to twenty which have been prepared on the basis of the accounting policies set out on pages ten and eleven.

Respective responsibilities of directors and auditors

As described on pages four and five the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and group's affairs at 31 March 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Wilson Braithwaite Scholey 

Chartered Accountants
Registered Auditor
21-27 St Paul's Street
Leeds
LS1 2ER

27 July 2000

THE BLACK SHEEP BREWERY PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
Turnover	1	7,298,025	6,452,039
Cost of sales		<u>(4,522,501)</u>	<u>(3,994,567)</u>
Gross profit		2,775,524	2,457,472
Distribution costs		(1,592,226)	(1,338,055)
Administrative expenses		<u>(767,503)</u>	<u>(752,386)</u>
Operating profit	2	415,795	367,031
Net interest payable	3&4	<u>(56,815)</u>	<u>(58,739)</u>
Profit on ordinary activities before taxation		358,980	308,292
Tax on profit on ordinary activities	7	<u>(78,915)</u>	<u>(126)</u>
Profit for the financial year		280,065	308,166
Dividends on ordinary shares	8	<u>(43,508)</u>	<u>(35,468)</u>
Retained profit for the year	22&23	<u><u>236,557</u></u>	<u><u>272,698</u></u>

Recognised gains and losses

The company had no recognised gains or losses in either 2000 or 1999 other than those shown in the profit and loss account and, therefore, a statement of total recognised gains and losses has not been prepared.

Continuing operations

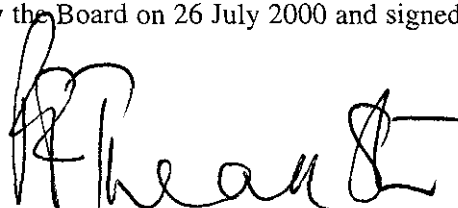
None of the company's activities were acquired or discontinued during the current or previous year.

THE BLACK SHEEP BREWERY PLC
CONSOLIDATED AND COMPANY BALANCE SHEET
AT 31 MARCH 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	9	2,732,868	2,362,618
Investments	10	-	-
		<u>2,732,868</u>	<u>2,362,618</u>
Current assets			
Stocks	11	306,506	339,956
Debtors	12	1,054,581	920,910
Cash at bank and in hand		2,608	1,500
		<u>1,363,695</u>	<u>1,262,366</u>
Creditors:			
Amounts falling due within one year			
Trade creditors		(422,777)	(314,406)
Other creditors	13	(1,084,981)	(897,653)
		<u>(1,507,758)</u>	<u>(1,212,059)</u>
Net current (liabilities)/assets		<u>(144,063)</u>	<u>50,307</u>
Total assets less current liabilities		<u>2,588,805</u>	<u>2,412,925</u>
Creditors:			
Amounts falling due after more than one year	14	(315,020)	(402,366)
Provision for liabilities and charges			
Deferred taxation	16	(21,011)	-
		<u>2,252,774</u>	<u>2,010,559</u>
Capital and reserves			
Called up share capital	20	1,421,789	1,418,714
Reserves			
Share premium account	21	217,379	214,796
Profit and loss account	22	613,606	377,049
Equity Shareholders' funds	23	<u>2,252,774</u>	<u>2,010,559</u>

The accounts were approved by the Board on 26 July 2000 and signed on its behalf by:

Paul Francis Theakston
Director



THE BLACK SHEEP BREWERY PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	17	<u>767,129</u>	<u>532,779</u>
Return on investments and servicing of finance			
Interest paid		(30,409)	(35,166)
Interest element of hire purchase payments		(26,546)	(24,174)
Interest received		140	601
		<u>(56,815)</u>	<u>(58,739)</u>
Taxation			
Corporation tax paid		<u>(6,725)</u>	<u>-</u>
Capital expenditure			
Payments to acquire tangible fixed assets		(472,437)	(230,450)
Receipts from sale of tangible fixed assets		10,900	27,200
		<u>(461,537)</u>	<u>(203,250)</u>
Equity dividends paid		<u>(35,468)</u>	<u>(26,874)</u>
Net cash inflow before financing		<u>206,584</u>	<u>243,916</u>
Financing			
Exercise of share options		5,658	123,750
Capital elements of hire purchase payments	19	(237,270)	(190,595)
Loan repayments	19	(72,510)	(62,499)
		<u>(304,122)</u>	<u>(129,344)</u>
(Decrease)/increase in cash	18	<u><u>(97,538)</u></u>	<u><u>114,572</u></u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2000

1 ACCOUNTING POLICIES

The following paragraphs summarise the more important accounting policies applied in the preparation of the group accounts.

Basis of accounting and consolidation

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

The consolidated balance sheet includes the assets and liabilities of the company and its subsidiary undertaking. Goodwill, representing the difference between the cost and the fair value of the net assets acquired, is written off against reserves in the year of acquisition.

As the cost of investment in the subsidiary company has been fully provided in the accounts of the company the consolidated net assets are the same as the net assets of the company.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the accounts.

Turnover

Turnover represents sale 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

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2000

1 ACCOUNTING POLICIES (continued)

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.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. However no provision is made for taxation deferred by relief where there is reasonable evidence that no liability will arise in the foreseeable future. In assessing the likelihood of continuing deferment the directors have regard to past investment levels and the extent to which tax allowances will be available on expected capital expenditure.

Development and promotional expenditure

Expenditure is written off to the profit and loss account in the year in which it is incurred.

Pensions

The company operates a money purchase scheme. Contributions are charged to 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 groups normal accounting policies. The interest element of repayments made are charged to profit and loss account in proportion to the balance of capital repayments outstanding.

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2000

2 OPERATING PROFIT

	2000 £	1999 £
Operating profit is arrived at after charging:		
Depreciation	322,932	258,258
Auditors' remuneration for		
- audit services	5,700	5,700
- non-audit services	7,747	1,050
Operating lease rentals - land and buildings	19,594	9,400
	<u>355,973</u>	<u>274,408</u>

3 INTEREST RECEIVABLE

Bank interest	140	601
	<u>140</u>	<u>601</u>

4 INTEREST PAYABLE

Hire purchase	26,546	24,174
Bank interest	30,409	35,166
	<u>56,955</u>	<u>59,340</u>

5 EMPLOYEES

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

	2000 Number	1999 Number
Production	15	13
Sales and distribution	25	19
Administration	8	7
Visitor centre	41	34
	<u>89</u>	<u>73</u>

	2000 £	1999 £
Cost in respect of these employees:		
Wages and salaries	1,303,928	1,194,295
Social security costs	115,166	106,223
Other pension costs - defined contributions	73,018	68,894
	<u>1,492,112</u>	<u>1,369,412</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2000**

6 DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Emoluments	114,386	109,408
Contributions to money purchase pension scheme (including life cover)	5,540	6,496
	<hr/>	<hr/>
Emoluments of directors (including pension contributions)	<hr/> <hr/> 119,926	<hr/> <hr/> 115,904

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

Emoluments	80,911	76,908
Contributions to money purchase pension scheme (including life cover)	5,540	6,496
	<hr/>	<hr/>

	2000	1999
	Number	Number
Number of directors accruing retirement benefits under money purchase schemes:	<hr/> 1	<hr/> 1

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Current years provision at 21%	57,904	126
Deferred taxation	21,011	-
	<hr/>	<hr/>
	<hr/> <hr/> 78,915	<hr/> <hr/> 126

8 DIVIDENDS

Proposed final ordinary equity dividend of 3p per share (1999: 2.5p)	<hr/> 43,508	<hr/> 35,468
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THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2000

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 1999	988,125	1,757,618	357,678	3,103,421
Additions	189,126	333,073	181,836	704,035
Disposals	-	-	(28,236)	(28,236)
At 31 March 2000	1,177,251	2,090,691	511,278	3,779,220
Depreciation				
At 1 April 1999	102,865	518,708	119,230	740,803
Charge for the year	22,113	188,395	112,424	322,932
Released on disposal	-	-	(17,383)	(17,383)
At 31 March 2000	124,978	707,103	214,271	1,046,352
Net book value				
At 31 March 2000	1,052,273	1,383,588	297,007	2,732,868
At 31 March 1999	885,260	1,238,910	238,448	2,362,618

The net book value of tangible fixed assets includes £438,785 (1999: £564,463) in respect of assets purchased under hire purchase agreements. Depreciation charged in the period on these assets amounted to £87,454 (1999: £92,321)

10 INVESTMENT IN SUBSIDIARY COMPANY

At 31 March 2000 and 1999 the company owned the whole of the share capital of Wellgarth Maltings Ltd, which is dormant and is incorporated in England and Wales.

	2000 £	1999 £
The investment comprises:		
Ordinary shares of £1 each at cost	49,998	49,998
Loan to subsidiary	48,603	48,603
	98,601	98,601
Less: Provision	(98,601)	(98,601)
	-	-

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2000**

11 STOCKS

	2000	1999
	£	£
Raw materials and consumables	82,021	69,345
Work in progress	10,706	6,014
Finished goods and goods for resale	213,779	264,597
	<u>306,506</u>	<u>339,956</u>

12 DEBTORS

Trade debtors	952,517	808,955
Advance corporation tax	-	6,719
Other debtors	94,822	77,966
Prepayments	7,242	27,270
	<u>1,054,581</u>	<u>920,910</u>

Other debtors at 31 March 1999 included a loan to P F Theakston, amounting to £21,021. The loan was repaid during the year ended 31 March 2000.

13 OTHER CREDITORS

	2000	1999
	£	£
Borrowings (Note 15)	545,212	438,424
Deferred income - grants	1,022	1,022
Other taxes and social security	394,559	348,719
Corporation tax	51,305	126
Other creditors	11,587	20,643
Accruals	37,788	53,251
Proposed dividend	43,508	35,468
	<u>1,084,981</u>	<u>897,653</u>

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

Borrowings (Note 15)	268,684	355,008
Deferred income - grants	46,336	47,358
	<u>315,020</u>	<u>402,366</u>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS

31 MARCH 2000

15 BORROWINGS ANALYSIS

	2000 £	1999 £
Due within one year		
Bank overdraft	287,510	188,864
Bank loan	63,333	63,333
Obligations under hire purchase contracts	194,369	186,227
	<u>545,212</u>	<u>438,424</u>
Due after more than one year		
Bank loans - between two and five years	121,545	171,937
- over five years	13,934	36,052
Obligations under hire purchase contracts	133,205	147,019
	<u>268,684</u>	<u>355,008</u>

The bank loans and overdraft are secured by a fixed and floating charge over the company's assets. Bank loans are repayable by instalments at between 2.00% and 2.25% over the HSBC base rate. Hire purchase agreements are at varied fixed rates of interest. Repayments under the terms of the existing agreements will clear the liabilities by March 2003.

16 PROVISIONS FOR LIABILITIES AND CHARGES -DEFERRED TAXATION

The movements in deferred taxation in the year are as follows:-

	2000 £
At 1 April	-
Charge for the year (Note 7)	<u>21,011</u>
At 31 March	<u>21,011</u>

Deferred taxation provided and amounts not provided are as follows:-

	Provided		Not provided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	21,011	-	133,020	110,516
Trading losses offset	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,483)</u>
	<u>21,011</u>	<u>-</u>	<u>133,020</u>	<u>104,033</u>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2000**

17 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating profit	415,795	367,031
Depreciation of tangible fixed assets	322,933	258,258
Profit on disposal of tangible fixed assets	(48)	(5,508)
Decrease/(increase) in stock	33,450	(30,038)
Increase in debtors	(140,390)	(146,150)
Increase in creditors	135,389	89,186
	<hr/>	<hr/>
Net cash inflow from operating activities	767,129	532,779
	<hr/>	<hr/>

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	2000	1999
	£	£
(Decrease)/increase in cash	(97,538)	114,572
Cash outflow from debt and lease finance	309,780	253,094
	<hr/>	<hr/>
Decrease in net debt from cash flows	212,242	367,666
New hire purchase contracts	(231,598)	(219,381)
	<hr/>	<hr/>
(Increase)/decrease in net debt	(19,356)	148,285
Net debt at 1 April	(791,932)	(940,217)
	<hr/>	<hr/>
Net debt at 31 March	(811,288)	(791,932)
	<hr/>	<hr/>

19 ANALYSIS OF NET DEBT

	1 April	Cash	Other	31 March
	1999	Flow	Changes	2000
	£	£	£	£
Cash at bank and in hand	1,500	1,108	-	2,608
Bank overdraft	(188,864)	(98,646)	-	(287,510)
	<hr/>	<hr/>	<hr/>	<hr/>
	(187,364)	(97,538)	-	(284,902)
Loans	(271,322)	72,510	-	(198,812)
Hire purchase	(333,246)	237,270	(231,598)	(327,574)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	(791,932)	212,242	(231,598)	(811,288)
	<hr/>	<hr/>	<hr/>	<hr/>

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2000**

20 SHARE CAPITAL

	2000	1999
	£	£
Authorised		
Ordinary shares of £1 each	<u>2,250,000</u>	<u>2,250,000</u>
Allotted and fully paid		
Ordinary shares of £1 each	<u>1,421,789</u>	<u>1,418,714</u>

During the year 3,075 ordinary shares were allotted at £1.84 each, totalling £5,658 upon the exercise of share options.

Directors' share options

	At 1 April 1999	Exercised	At 31 March 2000	Exercise price £	Date from which exercisable	Expiry date
P F Theakston						
1996 Scheme	82,225	-	82,225	1.50	09/00	09/04
SAYE Scheme 1	3,450	-	3,450	1.20		05/01
SAYE Scheme 2	1,828	-	1,828	1.28		05/00
SAYE Scheme 4	1,862	-	1,862	2.08		05/02
J A Theakston						
SAYE Scheme 1	5,750	-	5,750	1.20		05/01
SAYE Scheme 3	1,060	-	1,060	1.84		05/01
P R M Harbottle						
SAYE Scheme 3	5,299	-	5,299	1.84		05/01
A J Robinson						
SAYE Scheme 1	11,500	-	11,500	1.20		05/01
SAYE Scheme 3	1,060	-	1,060	1.84		05/01
J W Whitworth						
SAYE Scheme 1	5,750	-	5,750	1.20		05/01
SAYE Scheme 2	2,285	-	2,285	1.28		05/00
SAYE Scheme 3	1,590	-	1,590	1.84		05/01

THE BLACK SHEEP BREWERY PLC

**NOTES TO THE ACCOUNTS
31 MARCH 2000**

20 SHARE CAPITAL (continued)

The following options were outstanding at 31 March 2000.

	Ordinary shares	Price £	Date of exercise
1992 scheme	25,000	1.65	September 2000 - August 2004
1996 scheme	82,225	1.50	September 2000 - September 2004
SAYE scheme 1	59,800	1.20	May 2001
SAYE scheme 2	28,482	1.28	May 2000
SAYE scheme 3	28,826	1.84	May 2001
SAYE scheme 4	25,486	2.08	May 2002

The SAYE schemes are Inland Revenue approved.

21 SHARE PREMIUM ACCOUNT

	2000 £	1999 £
At 1 April	214,796	166,046
Premium on exercise of share options	2,583	48,750
	<hr/>	<hr/>
At 31 March	217,379	214,796
	<hr/>	<hr/>

22 PROFIT AND LOSS ACCOUNT

Group and company

At 1 April	377,049	104,351
Retained profit for the year	236,557	272,698
	<hr/>	<hr/>
At 31 March	613,606	377,049
	<hr/>	<hr/>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
At 1 April	2,010,559	1,614,111
Recognised gains - profit for the year	280,065	308,166
Dividends	(43,508)	(35,468)
Exercise of share options	5,658	123,750
	<hr/>	<hr/>
At 31 March	2,252,774	2,010,559
	<hr/>	<hr/>

THE BLACK SHEEP BREWERY PLC

NOTES TO THE ACCOUNTS 31 MARCH 2000

24 COMMITMENTS AND CONTINGENCIES

	2000	1999
	£	£
Future capital expenditure		
Contracted for but not provided in the accounts	<u>106,400</u>	<u>51,250</u>

At 31 March 2000 the company had annual commitments under operating leases as set out below:

	Land and buildings	
	2000	1999
	£	£
Operating leases which expire:		
Within one year	<u>18,880</u>	<u>9,400</u>

25 EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of £280,065 (1999 : £308,166) and on a weighted average number of shares of 1,418,970 (1999 : 1,406,214).

An alternative ratio has been calculated, based on earnings before taxation of £358,980 (1999 £308,292). This calculation removes the effect of tax losses brought forward.

	2000	1999
Earnings after taxation	19.74p	21.91p
Earnings before taxation	25.30p	21.92p

THE BLACK SHEEP BREWERY PLC

FIVE YEAR FINANCIAL SUMMARY YEARS ENDED 31 MARCH

	1996 £'000	1997 £'000	1998 £'000	1999 £'000	2000 £'000
Profit and loss accounts					
Turnover	2,738	4,220	5,284	6,452	7,298
Operating profit	156	233	357	367	416
Net interest payable	(29)	(40)	(56)	(59)	(57)
Profit on ordinary activities before taxation	127	193	301	308	359
Taxation on profit on ordinary activities	(5)	-	-	-	(79)
Profit attributable to shareholders	122	193	301	308	280
Balance sheets					
Fixed assets	1,451	1,810	2,193	2,363	2,733
Net current assets/(liabilities)	(34)	(122)	(113)	50	(144)
Creditors greater than one year	(270)	(348)	(466)	(402)	(315)
Provision - deferred taxation	-	-	-	-	(21)
Shareholders' funds	1,147	1,340	1,614	2,011	2,253
Earnings per share before taxation	9.4p	14.4p	22.4p	21.9p	25.3p
Year end ratios					
Operating profit (%)	5.7	5.5	6.8	5.7	5.7
Total net debt	544	617	940	792	811
Gearing - debt/shareholders' funds (%)	47	46	58	39	36

THE BLACK SHEEP BREWERY PLC

Form of Proxy

I/We

of

being (a) holder(s) of Ordinary Shares of the above-named Company hereby appoint the Chairman of the Meeting OR (see note 5)

.....

of

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 27th September 2000 and at any adjournment thereof.

Resolution	For	Against
1. To receive the Directors' Report and Accounts.		
2. The re-elect J. W. Whitworth as a Director.		
3. To re-elect the following newly appointed Directors: P. M. Ambler J. P. Green		
4. To re-appoint Wilson Braithwaite Scholey as Auditors and to authorise the directors to determine their remuneration.		
5. To approve and declare the payment of a dividend of 3 pence per ordinary share to the members whose names are entered in the register of members, as at close of business on 31 July 2000. This dividend will be paid within six weeks of the passing of this resolution.		

Dated thisday of2000

Signed.....

Notes

1. Please indicate with an X in the spaces provided how you wish your proxy to vote. In the absence of any instruction the proxy will vote or abstain as he thinks fit.
2. In the case of joint holders the vote of the one first on the register who tenders a vote will be accepted.
3. In the case of a corporation this form of proxy must be under the seal or under the hand of an officer or attorney duly authorised.
4. This form of proxy to be valid must be lodged, with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, no later than 48 hours before the time of the Meeting at the offices of Wise Speke, Corporate Finance Division, PO Box 512, 36 St Ann Street, Manchester M60 2EP.
5. If you wish some other person to be your proxy, delete "the Chairman of the Meeting" and insert the name and address of the person you wish to appoint. Such proxy need not be a member of the Company. Any alterations must be initialled.
6. Completion of this form will not preclude you from attending and voting at the Meeting in person if you so wish.

Third Fold (tuck in)

Affix
Stamp
Here

Wise Speke
Corporate Finance Division
P.O. Box 512
36 St Ann Street
Manchester M60 2EP

First Fold

Second Fold