Company Registration No. 02686985 (England and Wales)

THE BLACK SHEEP BREWERY PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

THE BLACK SHEEP BREWERY PLC

COMPANY INFORMATION

Directors	Andrew Slee (Chairman) Charlene Lyons (Chief Executive Officer) Robert Theakston (Managing Director) Jonathan Theakston (Innovation and Export Director)
Secretary	Amy Clarkson
Company number	02686985
Registered office	Wellgarth Masham Ripon North Yorkshire HG4 4EN
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Bankers	Lloyds Bank plc Thirsk Branch PO Box 1000 BX1 1LT
Solicitors	Eversheds Sutherland (International) LLP Bridgewater Place Water Lane Leeds LS11 5DR

THE BLACK SHEEP BREWERY PLC

CONTENTS

THE BLACK SHEEP BREWERY PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

When I hear companies in our sector, many times our size and with centuries more heritage, saying last year was the most challenging in their history, my overwhelming sense in writing this update to you is one of pride.

It is difficult to describe the enormity of the challenges we, like many others, have faced in the last twelve months. The fact that Black Sheep was in a stronger financial position at 31 March 2021 compared to 31 March 2020 is simply extraordinary and testament to every member of the Black Sheep team who have made sacrifices to make this happen.

Led by Charlene Lyons, who only became CEO in January 2020, the management team seized the initiative in every area they could influence to take control of Black Sheep's destiny. They have not just dealt with the obvious challenges facing the business but they have spent considerable time reviewing the strategy for re-establishing the business post restriction easing and the strategic direction is outlined more fully in the CEO report.

The key elements of the strategy include our continued focus on growing our market share in Yorkshire, innovating to broaden our product range and continuing to invest in and grow our ecommerce business. We have no plans to invest in more retail outlets, due to the capital requirements involved, but we intend to invest modestly in our existing estate to ensure it can trade as hard as possible.

Naturally, the CEO report highlights many achievements during the pandemic, but the completion of the packaging plant, the development of our ecommerce business, our ability to adapt our production through the various stages of the pandemic and the sheer enthusiasm and commitment of our people have been personal highlights.

The business initially survived the impact of the pandemic thanks to government assistance, through furlough, grants, deferral of taxes and its support of the CBIL system. Our £3.125 million CBIL loan has created liquidity that the business has not enjoyed for some time. This, combined with the receipt from our insurers of c£2.5 million to cover business interruption losses, has strengthened our balance sheet. We do though retain the legacy of the CBIL which means we have significant debt repayments due up to August 2025 and this will potentially limit investment going forward.

I would like to thank Rob Theakston and his team for their huge personal investment in completing the packaging line. Whilst this is later than originally planned, for us to have a functioning bottling and canning line is the completion of a major element of our strategic plan and provides security of supply to our off trade customers and in the longer term will enhance profitability.

People

This has been a very difficult year for everyone. I cannot thank the team at Black Sheep enough for their commitment and effort in getting us to where we are today. The level of personal disruption for so many people has been incredible and everyone has shown amazing flexibility and adaptability.

A truly unfortunate consequence of the pandemic was a number of employees, many of them longstanding, left Black Sheep during the financial year. I would like to give my thanks to each of them for their efforts for the Black Sheep cause over the years.

Finally I would like to thank Paul Nolan who left the Board at the last AGM for his tremendous efforts over a number of years on behalf of Black Sheep. We wish him well.

Outlook

The changes in the restrictions imposed by Government during the pandemic which were finally relaxed on 19 July 2021 allow more individual freedom than we have enjoyed for quite some time. Whilst this presents an opportunity for further recovery at Black Sheep, these changes have come at a time of increasing case numbers, a considerable increase in isolation triggered by track and trace and a general nervousness in sections of the UK population. These factors make it difficult to predict when there will be a return to pre pandemic conditions and profitability.

The UK Brewing sector is a force for good in society. It now supports over 300,000 jobs, contributes billions in taxes per annum and is at the heart of communities across the land. It is a rare British Millennial manufacturing success story and an integral part of our heritage. However, the UK brewing sector is also the most taxed sector in the UK economy and received no sector specific Government help during the pandemic which seems to us to be unfair.

For the long term success of the sector, society and Government perception of UK brewing, especially independent UK brewing, needs to change. This is not a quick job, but at Black Sheep we are front and centre in developing a unified sector approach to the challenges this brings. We are a credible voice in the industry and are making our voice heard.

I am delighted that we have a very strong leadership team at Black Sheep. They have demonstrated that they are able to respond effectively to change and I am confident that they will execute the strategy set out in the CEO report and that we will see profitable growth in the business.

Finally, as things currently stand I very much hope to see many of our shareholders at the AGM on 23 September 2021 in Masham. It would be amazing to experience a return to normality. If things change we will be in touch. In the meantime I would like to thank all of our shareholders for your ongoing support.

Andrew Slee
Chairman
9 August 2021

My first full financial year as CEO of Black Sheep has certainly been one to remember. A year like no other, I think, is a fair statement. I am immensely proud of what the business achieved when its very existence was threatened by the pandemic. We entered into the financial year in lockdown and ended it in the same way, albeit with some short interludes of the hospitality sector being open for trade.

Every business has in some ways been affected by this global pandemic and on reflection the Black Sheep story has been a positive one. The resilience, strength, determination and focus displayed by all team members has been outstanding and exemplary and I would publicly like to thank every member of the team for their outstanding contributions throughout the most challenging of times.

Result for the financial year

The adjusted operating loss for the year was £1,053,058 and of course this was not unexpected given the circumstances in which we traded. Once we add back exceptional items (principally redundancy, insurance proceeds and proceeds from settling a legal dispute) the company made a profit of £1,014,144 before interest and tax.

Our off trade business grew its turnover from £6,864,988 to £9,547,261, our on trade turnover was decimated, reducing from £9,838,810 to £2,245,457 and our Retail turnover reduced from £2,752,682 to £1,505,155. Of the retail turnover £741,951 related to ecommerce compared to £108,150 in the previous year.

The support received from Government and local authorities was fundamental to the survival of the business and we are grateful for ongoing support. It was though disappointing that whilst we received support for our Retail business the brewery received no grant support whatsoever outside of furlough. However, it proved fortunate that our business interruption insurance policy provided cover for a significant proportion of losses incurred since lock down started (including those in late FY2020), and as a result we recorded a pre tax profit of £862,871 after exceptional items.

Our pandemic response

Whilst the Coronavirus pandemic has defined this trading year, it has created many opportunities for Black Sheep. Faced with the scenario that all pubs closed on 20th March 2020, we had little choice but to act quickly, think differently and change the business focus. Change can be uneasy and daunting, but when there is no choice it often allows for an easier and smoother transition.

Utilising all available Government schemes and grants, focus turned quickly to diversification and the obvious pivot was towards ecommerce in the first instance as consumers looked for different ways to get their fix of Black Sheep. Year on year growth in this area was 600% and since pubs reopened trade has still been strong.

Other new ventures included a beer delivery service, a beer collection service, a food delivery service and the identification of many other routes to market, including other ecommerce sites and smaller farm and retail shops that were open intermittently throughout the year. Innovation did not stop with 9 new beers being brewed throughout lockdown and sold through ecommerce as well as the decision to sell Best Bitter in bottles in the absence of pubs being open. The feedback from consumers that we were continuing to grow and innovate has been excellent.

At the heart of our business throughout the pandemic has been our off trade sales, primarily to supermarkets. It is incredible to think that even though our major third party packaging supplier stopped working with us in April that we quickly obtained alternative providers and at no point, despite vastly increased demand did we have issues with stock availability. Off Trade overall growth this financial year has been outstanding and above the ale category average of 21.4%. Black Sheep Ale outperformed the category with 35.9% growth which was driven by recruiting new drinkers, our regular drinkers buying more and lapsed drinkers returning to the brand. The mainstream stout category grew by 47.7% and Milk Stout outperformed with a growth of over 50%. The rebrand of the York Brewery bottles has seen sales increase an average of 42% across these 3 core beers in the supermarkets.

The strength in the brand shone through as all major off trade customers increased orders safe in the knowledge that Black Sheep was a must stock brand on the shelf. Rate of sale across our 2 main product lines, Black Sheep Ale and Milk Stout, increased consistently across all retailers and has since led to some additional distribution in recent range reviews and early trading this current financial year has started off incredibly strongly.

Pub reopening in July 2020 was of course seen as the beginning of the return to normality. On both occasions this year when pubs reopened, before any firm commitment that pubs and restaurants would be permitted to open, we made the commercial decision to brew a significant amount of beer, to gain first mover advantage and market share. This decision was quite clearly the right one, with all beer that was brewed being sold. The mere fact customers knew we were 'ready for business' put us in a position of strength and the reliability of Black Sheep led to repeat orders in the majority of cases within a number of days.

Packaging line completion

The packaging line completion has been one of our biggest successes. Completion took place in the most challenging of circumstances as Coronavirus prevented contractors from completing works, kit took much longer than anticipated to arrive and skilled technicians were prohibited from visiting from abroad. The production of mini kegs from May 2020 has been a huge strength and contributed £55,105 in GP throughout the year.

In the first few months of the new financial year we have been commissioning the bottle and canning lines and have begun production of Black Sheep Ale in significant volumes. We have also begun canning our own range of craft beers which initially will be sold through our ecommerce platform. We also intend to offer contract packing services to third parties and have already completed our first contract producing mini kegs.

BSB Retail

For the majority of the financial year all Black Sheep retail outlets were closed. Since the government roadmap allowed pubs to reopen, we have traded at the Visitor Centre in Masham, The Black Sheep Tap & Kitchen in Leeds and the Three Legged Mare in York. So far, our trading performance has been ahead of our expectations albeit that it is hard to assess normal trading levels at this stage. We intend to substantially refurbish The Last Drop Inn in York and to reopen it in the late summer and to refurbish Mr Foleys in Leeds once we have confidence that footfall will return. We have recruited a Head of Operations for our Retail business and we are delighted at the impact she is making.

Inevitably our ecommerce performance has been impacted by the reopening of pubs and society in general, however we have now recruited an ecommerce manager and we anticipate that we can grow this aspect of our business significantly in the coming years. Our initial investment is in improving our web shop and our consumer experience.

Strategic direction

Coronavirus has most certainly created change without the luxury of time to consider options and whilst many businesses are still facing huge uncertainty we have successfully managed to ensure Black Sheep is ready for the future, having executed a significant change plan and created a strategy that everyone is fully focussed on delivering. That said, no one is under any illusion that this is going to be easy. As the recovery starts, amidst uncertainty of what is still yet to come, all we can do is focus and drive forwards.

Fundamental strategic changes this year have included removing factored goods from our portfolio, to allow every single inch of space on every single vehicle to be committed to Black Sheep products. Product ranges have been streamlined and plans to maximise commercial relationships with wholesale and multiple pub group customers have been clearly created.

As we look to the future we are all very much looking forward to executing the strategic plan and the vision is simple. The team are committed to leveraging the excellent brand. Black Sheep is an iconic Brand and has great potential to develop and grow. We remain dedicated to maximising our competitive position in our Yorkshire heartland. We have re-established a large proportion of our trading relationships as pubs have reopened and are focussed on gaining market share as pubs increase the range that they sell as more consumers return and vertical drinking is once again permitted. We have further plans for developing and growing core brands where our product range is strong and in demand. Our packaging line should help with providing more flexibility and pack size options.

Innovation is also key to future growth. We see opportunities for innovating in line with market trends and opportunities, in particular creating a solid craft offering under the Black Sheep Brand. Finally we also developing new products to further extend the Black Sheep range, the most recent additions are cider and vodka, all at the same time as continuing to grow the ecommerce business. We see ecommerce as a great shop window for people to experience our product range and this was demonstrated time and again during lock down when we introduced products such as APA, Hazelnut and Salted Caramel Stout and a limited edition of Black Sheep Bitter in bottle.

Financing

Finally, none of the above would have been possible without government support including our CBIL which we obtained in August 2020. We have also been fortunate to have had a business interruption policy which covered up to £2.5 million of losses and has now paid out in full. The resultant liquidity has provided us with the opportunity to trade without the major cash flow restrictions that would otherwise have arisen. I am personally indebted to the efforts of Chris Kelly our Interim FD and Amy Clarkson our Company Secretary who worked with our banks and advisors to ensure that the necessary funding was always available.

People

I continue to be amazed by and grateful to our staff. They are the best advertisement for Black Sheep one could ever hope for. Very few of our staff have been working throughout the year because of furlough, and I would like to thank both those that haven't as well as those that have, for their commitment and for the help they have provided both to me personally and to the management team. The furlough and flexi furlough schemes allowed us to protect our staff, reduce our overheads and operate with a strawman structure when we needed it. Most staff are now back at work though we continue to make limited use of furlough until we can get fully up and running. Thank you also to all of you and to those staff we have had to let go, for being totally supportive and on side at a very difficult time.

Charlene Lyons
Chief Executive Officer
9 August 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business
The Chairman's Statement on pages 1 & 2 and the Chief Executive Officer's report on pages 3 to 5 include details of the business strategy and expected future developments.

The profit before tax of £862,871 compares to a loss before tax of £1,769,841 in 2020.

A review of the business for the year is set out in the Chairman and CEO reports. 2021 was by far the most challenging and unpredictable in the company's history. We entered April in national lockdown and saw two further lockdowns in the second half of the financial year. Whilst we remain cautious of the future impact of Coronavirus, we were encouraged by the Government decision to remove social distancing measures from 19 July 2021. We will naturally seek to take advantage of the anticipated positive impact of this, whilst at the same time seeking to act in the best interests of our staff and consumers at our outlets.

Turnover declined to £13,295,873 in the year from £19,456,480 in 2020. Brewery turnover fell from £16.7m to £11.8m. Underlying this decline was a fall in on trade sales due to the closure of our pub customers from £9.8m to £2.2m. To offset this there was a very strong increase in off trade sales (mainly supermarkets) from £6.9 to £9.5m, a 37.7% increase. Our retail business saw a decline in turnover to £1.5m from £2.8m. This would have been significantly worse had our ecommerce strategy not produced sales for the year of £0.75m (2020 - £0.1m).

It is extremely pleasing that we are able to announce a profit for the year. This profit requires a degree of explanation of the accounting presentation that is provided in the accounts. The operating profit amounted to £1.01m (2020 – loss of £1.5m) and this is analysed in the table below;

	Brewery	Retail	Group
Adjusted EBITDA	**(311,883)**	**(97,440)**	**(409,323)**
Depreciation and amortisation	(522,487)	(121,248)	(643,735)
Adjusted operating loss	**(834,370)**	**(218,688)**	**(1,053,058)**
Redundancy and reorganisation costs	(279,012)	(58,533)	(337,545)
Net insurance proceeds	1,782,879	485,726	2,268,605
Net proceeds of legal dispute	136,142	-	136,142
Operating profit	**805,639**	**208,505**	**1,014,144**

What was particularly pleasing was that for both the Brewery and Retail businesses the impact on adjusted EBITDA was significantly mitigated by management actions described in the CEO report. This was particularly important given the need to conserve cash prior to receipt of the CBIL loan. The impact of Government measures to assist our sector also mitigated the impact. The level of the adjusted operating loss compares favourably with results published by other companies in our sector. For the Retail business the positive impact of our ecommerce business was considerable and trading losses for our five sites were substantially offset by this upside.

The gross margin this year was lower than in the prior year due to a very different product mix which was weighted towards off trade. Distribution costs reduced from £2.9m to £1.6m reflecting the lower delivery volumes. Administrative expenses were £3.9m compared to £4.3m in 2020. This figure includes furlough payments to staff of £1.1m, the credit for which is included in other income and redundancy costs.

The most significant impact on the reported operating profit was the net insurance proceeds of £2.27m. We were fortunate to have a business interruption policy which covered the pandemic and invested significant time and energy in working to secure the related proceeds. One of the reasons for the profit in this financial year was the insurance contribution to FY2020 losses to which the insurers contributed in the region of £0.35m. We also incurred redundancy related costs of £0.34m and these costs have helped to mitigate losses but also to provide a sustainable level of overheads as the business emerges from the pandemic.

As reported last year, the impact on the business of replacing beer was considerable. The accrual we made in March 2020 proved to be sufficient to provide for the costs incurred. We were fortunate with subsequent lockdowns that the supply chain did not carry very much stock specifically to ensure the issue was less material.

The Group's net asset position has strengthened in FY21, largely a result of the insurance proceeds. This has also resulted in significantly improved liquidity. We continue to have a working capital facility provided through invoice discounting. Subsequent to the year end the receipt of £1.28m from insurers, most of which was accrued for in these accounts, has further improved our cash position. The £3.1m CBIL facility (which was announced last year), along with finance lease agreements for the packaging line have led to a significant increase in longer term liabilities, for which repayment periods are detailed in note 19.

No dividends have been paid or declared in the period.

Principal risks and uncertainties

The industry in which we operate has been profoundly impacted by Covid-19. The relaxing of restrictions by the Government should provide a welcome stimulus to the sector in which the company operates. The management team continue to work very closely with our customers and react accordingly to challenges within the hospitality sector.

Our industry remains vulnerable to Government changes to legislation and taxation. The burden of beer duty, as detailed in the Five Year Summary, remains significant.

Financial risk management objectives and policies

The group'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 group's principal financial instruments comprise of bank loans, an overdraft, forward contracts to purchase hops, together with trade debtors and trade creditors that arise from its operations. The main risks arising from the group's financial instruments can be analysed as follows:

Credit risk

The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment. The group does have a large proportion of its business throughout the year, and outstanding debtor balances at the year end, with a concentrated number of supermarkets and multiple pub groups. The exposure to these customer groups is managed through regular management reviews and credit insurance.

Liquidity risk

The group'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 group 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 group.

Report under s172 of the Companies Act 2006

The Directors' key decisions are made with due regard for the Group's key stakeholders and other matters as specified in s172. When making decisions each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole. It is important to the Board that the Group maintains its positive reputation for high standards of business conduct. The Directors consider that they act fairly as between the members of the company.

Previous efforts to grow the brewery presence within the Yorkshire heartland have become evidently worthwhile as we retained a loyal customer base upon pubs reopening in July 2020 and April 2021. This remains a key strategic focus and we continue to focus on gaining Yorkshire market share. The packaging plant in Masham is now fully functional, with in house bottling, canning and kegging facilities. This element of the strategic plan was to enable us to become self-sufficient and provide ourselves with flexibility within the supply chain. This will also open up opportunities for third party contracts, thus generating incremental revenues. Whilst it is unlikely to see significant financial benefits in year one due to commissioning and commitments with third parties, year two and beyond are expected to generate the savings previously anticipated. Product innovation remains a key focus and one that has really supported the ecommerce channel over the past twelve months.

Other key management decisions in the year impacting the business going forward were the restructuring in October 2020, which significantly reduced the headcount and the overhead base of the company, and the growth of the ecommerce business. Additional commentary in respect of these management decisions is also provided in the Chairman's Statement and Chief Executive Officer's Report.

The impact of decisions on the interests of the Group's employees is considered at all times as are the interests of investors, suppliers, customers and other key stakeholders.

During the year the Company has communicated with shareholders by way of presentations and Q&A linked to its AGM and by way of announcements on its web site. The directors engage on a regular basis with employees, and this has been a key focus since March 2020 as increased numbers of employees worked from home and many others were on furlough. Engagement with suppliers, customers and other stakeholders has been managed throughout the year based on a clear management reporting structure and lines of communication.

Many of our employees, suppliers and customers are based in North Yorkshire. The Directors therefore have particular regard for the impact of the business on the local community and environment. We have provided support to the local community through continued employment and additional services to the local community during lockdown. We have also made outstanding improvements in our management of effluent and waste product.

By order of the board

Amy Clarkson
Secretary
9 August 2021

THE BLACK SHEEP BREWERY PLC

DIRECTORS’ REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activities of the group during the year were brewing for sale and the operation of pubs. The principal activity of the company during the year was brewing for sale.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Andrew Slee (Chairman)
Charlene Lyons (Chief Executive Officer)
Robert Theakston (Managing Director)
Jonathan Theakston (Innovation and Export Director)
Paul Nolan (Non-Executive) (Resigned 15 October 2020)

Results and dividends
The results for the year are set out in the consolidated income statement.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Further details on results are provided in the consolidated income statement on page 15 and in the five-year summary which includes key performance indicators.

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each:	
	At 31 March 2021	**At 31 March 2020**
Andrew Slee (Chairman)	6,900	6,900
Robert Theakston (Managing Director)	6,256	6,256
Jonathan Theakston (Innovation and Export Director)	11,050	11,050
Charlene Lyons (CEO)	-	-

Details of directors' share options are shown in note 23 to the financial statements.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events
Subsequent to the year end the company concluded its discussions with insurers regarding its claim for Business Interruption costs due to Coronavirus. The additional net proceeds relating to the period to 31 March 2021 have been included in these accounts and amounted to £1,163,605.

Auditor
A resolution proposing that RSM UK Audit LLP be reappointed as auditor of the group will be proposed at the forthcoming Annual General Meeting.

Matters of strategic importance
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of financial risk management objectives and policies.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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 group, 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.

Stakeholder engagement
The Board recognises the importance of engagement with its key stakeholders and has a delegated structure for appropriate levels of engagement. Our key stakeholders include employees, investors, funders, customers and suppliers as well as our local community in North Yorkshire. Business decisions are made taking into account the group's relationships with key stakeholder groups.

Policy on the payment of creditors
The group 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 2021 was 42 days (2020 - 61). Improved liquidity throughout 2021 has enabled timely creditor payments to resume.

Greenhouse Gas emissions, energy consumption and energy efficiency
The following table shows an estimate of the amount of CO2 emissions resulting from the purchase of energy for the Group's use during the financial year. The group is reviewing ways of reducing its carbon footprint. An energy review was commissioned in early 2021 and it intended to implement a number of recommendations. Much of the company's brewing waste is now sold for biomass energy production and a major project was undertaken to significantly reduce risks to the environment from our effluent streams. Whilst the new packaging line will increase direct emissions it will reduce the overall impact of the group's supply chain.

	2021		**2020**	
	Tonnes of CO2	**kWh**	**Tonnes of CO2**	**kWh**
Gas	348.70	1,931,374	406.45	2,251,239
Fuel for transport	183.79	1,017,973	462.96	2,564,236
Electricity	277.40	1,536,459	333.69	1,848,250
	809.89	**4,485,806**	**1203.1**	**6,663,725**

The calculations are based on metered readings and for transport on quantities of fuel purchased. The above statistics indicate that the group emitted 60 (2020 : 42) tonnes of CO2 per £1m of turnover.

By order of the board

Amy Clarkson
Secretary
9 August 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate financial information included on The Black Sheep Brewery PLC web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF THE BLACK SHEEP BREWERY PLC

Opinion

We have audited the financial statements of Black Sheep Brewery PLC (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2021 which comprise the consolidated income statement, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2021 and of the group’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s or the parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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;

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The group audit engagement team identified the risk of management override of controls and existence and valuation of revenue and stocks as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, sample testing revenue related controls, and sample testing revenue transactions, year end stock count attendance and sample testing on year end stock balances.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

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.

Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Fifth Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

9 August 2021

THE BLACK SHEEP BREWERY PLC

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	13,295,873	19,456,480
Cost of sales		(10,569,460)	(13,808,963)
Gross profit		2,726,413	5,647,517
Distribution costs		(1,569,272)	(2,908,207)
Administrative expenses		(3,851,612)	(4,278,902)
Other Income		3,708,615	-
Operating profit/(loss)	6	1,014,144	(1,539,592)
Adjusted operating (loss)		(1,053,058)	(711,060)
Exceptional Costs	6	(337,545)	(828,532)
Exceptional Income		2,404,747	-
Operating profit/(loss)		1,014,144	(1,539,592)
Interest payable and similar expenses	8	(151,273)	(230,249)
Profit/(loss) before taxation		862,871	(1,769,841)
Tax credit/(charge) on profit/(loss)	9	48,033	(26,595)
Profit/(loss) for the financial year		910,904	(1,796,436)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

THE BLACK SHEEP BREWERY PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Negative goodwill	**10**		(52,523)		(56,860)
Tangible assets	**11**		10,221,393		9,342,507
			10,168,870		9,285,647
Current assets					
Stocks	**14**	1,375,330		1,434,809	
Debtors	**15**	3,253,972		2,364,494	
Cash at bank and in hand		1,263,523		114,674	
		5,892,825		3,913,977	
Creditors: amounts falling due within one year	**16**	(4,912,497)		(6,993,608)	
Net current assets/(liabilities)			980,328		(3,079,631)
Total assets less current liabilities			11,149,198		6,206,016
Creditors: amounts falling due after more than one year	**17**		(5,274,478)		(1,242,609)
Provisions for liabilities	**21**		(577,752)		(577,343)
Net assets			5,296,968		4,386,064
Capital and reserves					
Called up share capital	**22**		2,432,172		2,432,172
Share premium account	**24**		1,396,306		1,396,306
Share option reserve	**24**		12,428		23,209
Profit and loss reserves	**24**		1,456,062		534,377
Total equity			5,296,968		4,386,064

The financial statements were approved by the board of directors and authorised for issue on 9 August 2021 and are signed on its behalf by:

Charlene Lyons
Chief Executive Officer

THE BLACK SHEEP BREWERY PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	11		9,538,275		8,547,406
Investments	12		100		100
			9,538,375		8,547,506
Current assets					
Stocks	14	1,254,496		1,354,958	
Debtors	15	4,051,737		3,245,867	
Cash at bank and in hand		1,178,090		4,416	
		6,484,323		4,605,241	
Creditors: amounts falling due within one year	16	(4,689,791)		(6,554,517)	
Net current assets/(liabilities)			1,794,532		(1,949,276)
Total assets less current liabilities			11,332,907		6,598,230
Creditors: amounts falling due after more than one year	17		(5,274,478)		(1,242,609)
Provisions for liabilities	21		(484,316)		(451,615)
Net assets			5,574,113		4,904,006
Capital and reserves					
Called up share capital	22		2,432,172		2,432,172
Share premium account	24		1,396,306		1,396,306
Share option reserve	24		12,428		23,209
Profit and loss reserves	24		1,733,207		1,052,319
Total equity			5,574,113		4,904,006

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £670,107 (2020 - £1,196,043 loss).

The financial statements were approved by the board of directors and authorised for issue on 9 August 2021 and are signed on its behalf by:

Charlene Lyons
Chief Executive Officer

THE BLACK SHEEP BREWERY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2021

	Share capital	Share premium account	Share option reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2019	2,117,172	1,162,627	89,958	2,264,064	5,633,821
Year ended 31 March 2020:					
Issue of share capital	315,000	315,000	-	-	630,000
Related costs of fundraising	-	(81,321)	-	-	(81,321)
Transfer relating to lapsed options	-	-	(66,749)	66,749	-
Loss and total comprehensive income for the year	-	-	-	(1,796,436)	(1,796,436)
Balance at 31 March 2020	2,432,172	1,396,306	23,209	534,377	4,386,064
Year ended 31 March 2021:					
Transfer relating to lapsed options	-	-	(10,781)	10,781	-
Loss and total comprehensive income for the year	-	-	-	910,904	910,904
Balance at 31 March 2021	2,432,172	1,396,306	12,428	1,456,062	5,296,968

THE BLACK SHEEP BREWERY PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2021

	Share capital	Share premium account	Share option reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2019	2,117,172	1,162,627	89,958	2,181,613	5,551,370
Year ended 31 March 2020:					
Issue of share capital	315,000	315,000	-	-	630,000
Related costs of fundraising	-	(81,321)	-	-	(81,321)
Transfer relating to lapsed options	-	-	(66,749)	66,749	-
Loss and total comprehensive income for the year	-	-	-	(1,196,043)	(1,196,043)
Balance at 31 March 2020	2,432,172	1,396,306	23,209	1,052,319	4,904,006
Year ended 31 March 2021:					
Transfer relating to lapsed options	-	-	(10,781)	10,781	-
Loss and total comprehensive income for the year	-	-	-	670,107	670,107
Balance at 31 March 2021	2,432,172	1,396,306	12,428	1,733,207	5,574,113

THE BLACK SHEEP BREWERY PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	29		329,832		1,371,212
Investing activities					
Aborted acquisition costs		-		(190,357)	
Purchase of tangible fixed assets		(1,511,658)		(1,868,151)	
Proceeds on disposal of tangible fixed assets		-		59,374	
Net cash used in investing activities			(1,511,658)		(1,999,134)
Financing activities					
Proceeds of share issue		-		630,000	
Proceeds of pre inception loan		183,682		984,806	
Costs of share issue		-		(81,321)	
Repayment of pre inception loan finance		(984,086)		-	
Proceeds of new bank loans		3,125,000		-	
Proceeds of new finance lease		1,613,619		85,500	
Repayment of bank loans		(411,093)		(284,151)	
Payment of finance leases obligations		(34,098)		(60,009)	
Interest paid		(133,973)		(228,252)	
Interest element of hire purchase		(17,300)		(1,997)	
Net cash generated from financing activities			3,341,751		1,044,576
Net increase in cash and cash equivalents			2,159,925		416,654
Cash and cash equivalents at beginning of year			(1,528,416)		(1,945,070)
Cash and cash equivalents at end of year			631,509		(1,528,416)
Relating to:					
Cash at bank and in hand			1,263,523		114,674
Bank overdrafts included in creditors payable within one year			(632,014)		(1,643,690)

1 Accounting policies

Company Information

The Black Sheep Brewery PLC (“the company”) is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Wellgarth, Masham, Ripon, North Yorkshire, HG4 4EN.

The group consists of The Black Sheep Brewery PLC and its subsidiaries details of which are set out in note 13.

The company's and the group's principal activities and nature of their operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of The Black Sheep Brewery PLC and its subsidiaries. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies (Continued)

Business combinations
The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern
The group recorded a profit before tax of £862,871, reported a net asset position of £5,296,968 and had net current assets of £980,328 (2020: liabilities £3,079,631). The Chairman's statement and CEO's report set out in more detail the result for the year to 31 March 2021 as well as the principal risks facing the business and the current trading environment in which the business operates within.

The directors have prepared forecasts for the 12 months from the date of signing which show that the group is able to meets its obligations as they fall due. The directors have made an assessment of the speed of recovery of the hospitality sector and they do not expect a further lockdown or a reversal of the relaxation of social distancing measures. In making this assessment the directors particularly considered the additional headroom available resulting from the CBIL loan and insurance proceeds. The directors consider that risks remain within the brewing sector and wider economy as a consequence of the Covid-19 virus and that this may cause delays in a return to normal trading due to circumstances beyond the Directors' control.

The directors have considered all the factors noted above and consider that it is appropriate to prepare the financial statements on a going concern basis.

Turnover
Turnover represents sales of goods, net of discounts and rebates, exclusive of Value Added Tax but inclusive of beer duty. Revenue is recognised when control and ownership of the product passes to the customer. Turnover is recognised at the point of delivery of goods for brewery customers and point of sale for retail customers.

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary course of business. The fair value of consideration takes into account trade discounts and volume rebates.

Negative goodwill
Negative goodwill arises when the cost of a business combination is less that the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit.

The negative goodwill arising on the acquisition in 2019 of £142,743 is being released to the profit and loss in line with the realisation of the assets to which it relates. The balance of £52,523 at 31 March 2021 continues to be released to profit and loss in line with the depreciation of the leasehold properties. The leasehold properties are being depreciated over their lease terms which were 13 to 15 years at the date of acquisition.

The amortisation charge of £4,337 for the period is included within administrative expenses in the consolidated income statement.

Other Income
Other income represents amounts received from HMRC in relation to furloughed employees, the proceeds from insurers for business interruption and the settlement of a legal dispute. Insurance proceeds and associated costs have been recognised in the period where they related to losses from previous or current periods.

1 Accounting policies (Continued)

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Cost represents purchase price together with any incidental costs of acquisition. Direct internal costs incurred on major projects are included in the value of assets along with capitalised interest where appropriate.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives once they are brought into use on the following bases:

Freehold property	50 years
Leasehold property	over the term of the lease
Plant & machinery	3 to 15 years
Motor vehicles	4 to 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments
In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets
At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.
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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies (Continued)

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments
The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The group has forward contracts to fix the price for the purchase of hops, however these are not recognised as physical delivery of the goods is taken and this is a commitment for the purpose of trade and as such are excluded from the scope of section 12 of FRS 102.

1 Accounting policies (continued)

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, accruals, bank overdrafts and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (Continued)

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Share-based payments
The group grants share options ("equity-settled share-based payments") to certain employees.
Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a systematic and objective model. Fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Lapsed options and cancellations
Where options lapse, the related value of share based payments are transferred to retained earnings. Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Exceptional costs
The directors have classified certain costs as exceptional having judged that they are non-recurring in nature. The impact on the accounts is demonstrated by adding these costs back to show an adjusted operating loss for the year (see note 6).

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Assessment of asset carrying values
The impact of coronavirus on the brewing sector and wider economy has been considered by the directors in preparing these accounts. The directors have carefully considered whether the Group's assets are carried at appropriate values. This included preparing detailed forecasts and assessing whether the carrying value of assets is supported by their value in use. Discounts rates applied in the calculations varied between 10% and 13% and applied long term growth rates of 2.5%. The directors have concluded that the forecasts which include an assessment of the recovery of sales to normal levels in line with the government roadmaps support the values recognised in the accounts.

3 Turnover and other revenue
Turnover is generated by the principal activities of the group as disclosed in the Directors' Report on page 9. Group turnover included sales from brewed products of £11,790,718 (2020 - £16,703,798) and retail sales of £1,505,155 (2020 - £2,752,682). Of the £11,790,718 brewed products, £247,136 (2020 - £201,758) related to export revenues.

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Production	24	25	24	25
Sales and distribution	27	30	27	30
Administration	16	19	16	19
Retail	59	71	-	-
	126	145	67	74

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,617,755	3,274,217	1,884,954	2,277,510
Social security costs	199,622	274,137	161,793	220,606
Pension costs	154,928	273,418	135,367	231,604
	2,972,305	3,821,772	2,182,114	2,729,720
Furlough contribution from HMRC	(1,086,822)	-	(626,429)	-
	1,885,483	3,821,772	1,555,685	2,729,720

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	196,146	270,191
Company pension contributions to defined contribution schemes	19,655	30,216
	215,801	300,407

The number of directors for whom retirement benefits accrued under defined contribution schemes amounted to 2 (2020 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	113,388	102,379
Company pension contributions to defined contribution schemes	12,969	14,229

6 Operating profit/(loss)

a) Operating profit/(loss) for the year is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned tangible fixed assets	639,307	633,127
Depreciation of tangible fixed assets held under finance leases	8,765	7,304
Profit on disposal of tangible fixed assets	-	(10,657)
Amortisation of negative goodwill (note 10)	(4,337)	(4,337)
Operating lease charges	336,342	348,657

b) **Exceptional costs**

	2021 £	2020 £
Redundancy and reorganisation costs	337,545	251,350
Exceptional legal costs	-	57,805
Bad debts and stock related Covid -19 expenses	-	329,020
Costs relating to aborted acquisition	-	190,357
Total exceptional costs	337,545	828,532

Exceptional income	2021 £	2020 £
Net insurance proceeds	2,268,605	-
Net proceeds of resolution of legal dispute	136,142	-
Total exceptional income	2,404,747	-

Exceptional redundancy and reorganisation costs have arisen as a result of the impact of Covid-19 for both the Company and its subsidiary BSB Retail Limited. Net proceeds of resolution of legal dispute relate to the resolution of the long term litigation to protect the use of the Black Sheep brand. This was resolved in March 2021. Insurance proceeds were received prior to the year-end of £1,175,000 (£850,000 for the company and £375,000 for its subsidiary). A further £1,163,605 net of £70,000 of costs (£1,002,879 for the company and £160,726 for its subsidiary) was received subsequent to the year-end relating to the financial year to 31 March 2021.

c) **Other**

During the period the Group received support from the government and local authorities which assisted in enabling the group to continue to trade during the disruption caused by Coronavirus. Amounts received were local authority grants of £156,722 and furlough payments of £1,086,822. The local authority grants are netted against administrative expenses and furlough receipts are shown in other income.

7 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the group and company	40,000	35,000
Audit of the financial statements of the company's subsidiaries	6,000	5,000
	46,000	40,000
For other services		
Taxation compliance services	5,000	5,000
Other taxation services	-	1,000
All other non-audit services	-	4,200
	5,000	10,200

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	217,827	228,252
Interest on finance leases and hire purchase contracts	17,300	1,997
Contribution from government for interest charged on CBIL loan	(83,854)	-
Total finance costs	151,273	230,249

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax charge on profits for the current period	-	-
Adjustments in respect of prior periods	(48,442)	(41,967)
Total current tax	(48,442)	(41,967)
Deferred tax		
Origination and reversal of timing differences	409	68,562
Adjustment in respect of prior periods	-	-
Total deferred tax	409	68,562
Total tax (credit)/charge for the year	(48,033)	26,595

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£	£
Profit/(loss)before taxation	862,871	(1,769,841)
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	163,945	(336,270)
Tax effect of expenses that are not deductible in determining taxable profit	4,347	1,382
Effect of tax losses not previously recognised	(186,962)	268,089
Losses carried back	-	41,967
Adjustments in respect of prior years	(48,442)	(41,967)
Effect of change in corporation tax rate	-	59,857
Fixed asset timing differences	22,567	33,537
Other prior period adjustments	(3,488)	-
Taxation charge for the year	(48,033)	26,595

10 Intangible fixed assets

Group	**Negative goodwill**
	£
Cost	
At 31 March 2021	(142,743)
Amortisation and impairment	
At 31 March 2020	(85,883)
Amortisation charged for the year	(4,337)
At 31 March 2021	(90,220)
Carrying amount	
At 31 March 2021	(52,523)
At 31 March 2020	(56,860)

The company had no other intangible fixed assets at 31 March 2021 or 31 March 2020.

The amortisation charge for the year is included within administrative expenses in the consolidated income statement.

11 Tangible fixed assets

Group	Freehold property	Leasehold property	Plant & machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2020	8,232,893	568,637	10,213,524	387,665	19,402,719
Additions	279,466	-	1,232,192	-	1,511,658
Disposals	-	-	-	-	-
At 31 March 2021	8,512,359	568,637	11,445,716	387,665	20,914,377
Depreciation and impairment					
At 1 April 2020	2,293,486	40,874	7,347,610	378,242	10,060,212
Depreciation charged in the year	158,137	41,214	443,385	5,336	648,072
Adjustment	-	-	(15,300)	-	(15,300)
At 31 March 2021	2,451,623	82,088	7,775,695	383,578	10,692,984
Carrying amount					
At 31 March 2021	6,060,736	486,549	3,670,021	4,087	10,221,393
At 31 March 2020	5,939,407	527,763	2,865,914	9,423	9,342,507

Included in fixed assets is capitalised interest amounting to £92,953 (2020 - £11,196). Interest is capitalised based on amounts of interest charged on the assets concerned prior to them being brought in to use

11 Tangible fixed assets (Continued)

Company	Freehold property	Plant & machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2020	8,232,893	9,899,339	387,665	18,519,897
Additions	279,466	1,218,872	-	1,498,338
Disposals	-	-	-	-
At 31 March 2021	8,512,359	11,118,211	387,665	20,018,235
Depreciation and impairment				
At 1 April 2020	2,293,486	7,300,763	378,242	9,972,491
Depreciation charged in the year	158,137	359,296	5,336	522,769
Adjustment	-	(15,300)	-	(15,300)
At 31 March 2021	2,451,623	7,644,759	383,578	10,479,960
Carrying amount				
At 31 March 2021	6,060,736	3,473,452	4,087	9,538,275
At 31 March 2020	5,939,407	2,598,576	9,423	8,547,406

Plant & machinery for the group and company includes £2,339,062 of packaging line assets not in use at year end. No depreciation will be charged until the assets are brought into use following commissioning.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Plant & machinery	1,686,790	81,808	1,686,790	81,808
Depreciation charge for the year in respect of leased assets	8,765	7,304	8,765	7,304

12 Fixed asset investments

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	13	-	-	100	100

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost	
At 1 April 2020	100
Additions	-
At 31 March 2021	100
Carrying amount	
At 31 March 2021	100
At 31 March 2020	100

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
BSB Retail Limited	Wellgarth, Masham, Ripon, North Yorkshire, HG4 4EN	Operation of pubs	Ordinary	100.00	-
BSB Retail (Property) Limited *	Wellgarth, Masham, Ripon, North Yorkshire, HG4 4EN	Dormant	Ordinary	-	100.00
The York Brewery Co.Ltd *	Wellgarth, Masham, Ripon, North Yorkshire, HG4 4EN	Dormant	Ordinary	-	100.00

*denotes subsidiary is exempt from audit by virtue of s480 of Companies Act

14 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	557,306	630,448	557,306	630,448
Finished goods and goods for resale	818,024	804,361	697,190	724,510
	1,375,330	1,434,809	1,254,496	1,354,958

15 Debtors

Amounts falling due within one year:	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade debtors	1,835,501	1,967,482	1,835,501	1,967,482
Amounts owed by group undertakings	-	-	913,550	1,051,700
Prepayments and accrued income	1,418,471	397,012	1,302,686	226,685
	3,253,972	2,364,494	4,051,737	3,245,867

Included within accrued income is £1,163,605 representing business interruption insurance proceeds received after year end. These amounts relate to compensation for losses in the year ended 31st March 2021.

16 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	**18**	1,143,272	2,871,806	1,143,272	2,871,806
Obligations under finance leases	**19**	195,660	17,047	195,660	17,047
Trade creditors		1,772,521	2,356,365	1,617,137	1,982,471
Corporation tax payable		-	-	-	-
Other taxation and social security		1,119,296	1,226,382	1,060,702	1,189,409
Other creditors		26,956	18,612	26,956	13,029
Accruals and deferred income		654,792	503,396	646,064	480,755
		4,912,497	6,993,608	4,689,791	6,554,517

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	18	3,816,530	1,185,569	3,816,530	1,185,569
Obligations under finance leases	19	1,457,948	57,040	1,457,948	57,040
		5,274,478	1,242,609	5,274,478	1,242,609

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,732,784	732,264	1,732,784	732,264

18 Borrowings

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	4,327,788	2,414,285	4,327,788	2,414,285
Bank overdrafts	632,014	1,643,090	632,014	1,643,090
	4,959,802	4,057,375	4,959,802	4,057,375
Payable within one year	1,143,272	2,871,806	1,143,272	2,871,806
Payable due between one and five years	3,151,378	453,305	3,151,378	453,305
Due after five years	665,152	732,264	665,152	732,264

The bank loans are repayable in instalments over a period of up to eleven years from the reporting date and incur variable interest charges at a market rate of interest secured at the inception of the loan.

The Coronavirus Business Interruption Loan of £3,125,000, entered in to in August 2020 was repayment free until March 2021. Monthly repayments are £20,000 for six months and the remaining loan is subsequently repayable over four years with a balance to refinance at the end of the term of £1,002,800. Interest is charged on the loan, however for the first twelve months the liability to the bank was met by the Government under the CBIL scheme.

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 including intellectual property.

19 Finance lease obligations

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Less than one year	195,660	17,047	195,660	17,047
Between one and five years	390,316	57,040	390,316	57,040
Due after 5 years	1,067,632	-	1,067,632	-
	1,653,608	74,087	1,653,608	74,087

Finance leases of £1,613,570 were entered in to in the year to 31 March 2021. These lease agreements are repayable, plus interest on a reducing balance basis over a period of ten years.

Finance lease agreements are secured on the assets to which they relate, primarily the packaging plant.

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	135,367	273,418

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £12,270 (2020 - £16,721) were payable to the scheme at the end of the period and are included in creditors.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021	Liabilities 2020
Group	£	£
Accelerated capital allowances	701,234	580,793
Short term timing differences	(2,263)	(3,450)
Losses carried forward	(121,219)	-
	577,752	577,343

21 Deferred taxation (continued)

Company	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	607,420	454,795
Short term timing differences	(1,885)	(3,180)
Losses carried forward	(121,219)	-
	484,316	451,615

Deferred taxation

Movements in the year:	Group 2021 £	Company 2021 £
Liability at 1 April 2020	577,343	451,615
Charge to profit or loss	409	32,701
Liability at 31 March 2021	577,752	484,316

22 Share capital

	Group and company 2021	
	2021	2020
Ordinary share capital	£	£
Authorised		
2,750,000 Ordinary shares of £1 each	2,750,000	2,750,000
Issued and fully paid		
Ordinary shares of £1 each at 31 March 2020	2,432,172	2,117,172
Issued during the year	-	315,000
Ordinary shares of £1 each at 31 March 2021	2,432,172	2,432,172

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

During the year, there were no shares issued on the exercise of share options.

Shareholders breakdown

Shares held at 31 March 2021:

	Number of shareholders	%	% holding in the company
1 – 1,000	896	73	15
1,001 – 5,000	281	23	28
5,001 and above	55	4	57
Total	**1,232**	**100**	**100**

23 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. 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. There are no SAYE share options in issue.

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

	Shares under option	2021 Weighted average exercise Price (£)	Shares under option	2020 Weighted average exercise Price (£)
Outstanding at beginning of year	27,804	3.37	47,804	3.63
Granted during the year	-	-	-	-
Forfeited during the year	(11,804)	2.53	(12,000)	3.99
Exercised during the year			-	-
Expired during the year	(8,000)	3.68	(8,000)	3.98
Outstanding at the end of the year	8,000	4.30	27,804	3.37
Exercisable at the end of the year	8,000	4.30	16,000	3.99

The weighted average fair value of options granted in the year was determined using a systematic and objective model.

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

23 Share-based payments (Continued)

Outstanding options

The following options were outstanding under HMRC approved option schemes at 31 March 2021:

Ordinary shares	Price (£)	Date of exercise
EMI Scheme 5	4.30	July 2014 - July 2021

Directors' share options

	At 1 April 2020	Forfeited/ expired	At 31 March 2021	Exercise price	Date from which exercisable	Expiry date
R J Theakston						
EMI Scheme 5	4,000	-	4,000	£4.30	07/14	07/21
J F Theakston						
EMI Scheme 5	4,000	-	4,000	£4.30	07/14	07/21

24 Reserves

Share premium
Consideration received for shares issued above their nominal value net of transaction costs.

Share option reserve
The cumulative share-based payment expense, less amounts transferred to profit and loss reserves on forfeiture or expiry of options.

Profit and loss reserve
Cumulative profit and loss net of distributions to owners.

25 Profit / (loss) per share

The group profit per share of 37.45p (2020 - loss of 78.57p) has been calculated on a profit of £910,904 (2020 loss - £1,796,436) and on a weighted average number of shares of 2,432,172 (2020 - 2,286,323). No material difference exists between dilutive EPS and basic EPS.

26 Financial commitments, guarantees and contingent liabilities

As in previous years, the company has entered into agreements to purchase hops in the future. The commitment at 31 March 2021 amounted to £179,870 (2020 - £385,500) with an amount of £145,681 (2020 - £385,500) due within the next 12 months.

27 Operating lease commitments

At the reporting date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Property leases

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	201,000	201,000	-	-
Between one and five years	775,000	816,000	-	-
After 5 years	865,340	1,025,000	-	-
	1,841,340	2,042,000	-	-

Other

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	5,687	54,153	-	42,777
Between one and five years	-	5,687	-	-
	5,687	59,840	-	42,777

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	-	711,934	-	711,934

At 31 March 2020 the amounts contracted for relate to the packaging plant.

29 Cash generated from group operations

	2021 £	2020 £
Profit / (loss) for the year after tax	910,904	(1,796,436)
Adjustments for:		
Taxation (credited) / charged	(48,033)	26,595
Finance costs	151,273	230,249
Aborted acquisition costs	-	190,357
Gain on disposal of tangible fixed assets	-	(10,657)
Adjustment on tangible fixed assets	(15,300)	-
Amortisation and impairment of intangible assets	(4,337)	(4,337)
Depreciation and impairment of tangible fixed assets	648,072	640,431
Movements in working capital:		
Decrease/(increase) in stocks	59,479	(109,301)
(Increase)/decrease in debtors	(841,036)	1,019,849
(Decrease)/increase in creditors	(531,190)	1,184,462
Cash generated from operations	329,832	1,371,212

30 Net debt

	1 April 2020 £	Cashflow £	31 March 2021 £
Bank overdrafts			
Bank loans	1,228,716	(717,458)	511,258
Finance leases	17,047	178,613	195,660
Invoice financing facilities	1,643,090	(1,011,076)	632,014
Debt due within 1 year	**2,888,853**	**(1,549,921)**	**1,338,932**
Bank loans	1,185,569	2,630,961	3,816,530
Finance leases	57,040	1,400,908	1,457,948
Invoice financing facilities	-	-	-
Debt due in more than 1 year	**1,242,609**	**4,031,869**	**5,274,478**
Total net debt	**4,131,462**	**2,481,948**	**6,613,410**

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2021	2020
	£	£
Aggregate compensation	595,992	516,123

Included in the key management personnel figure above are consultancy fees of £178,504 (2020 - £215,716) which were paid to directors.

Other related party transactions

During the year, the group paid £nil (2020 - £13,275) to entities in which a close family member of key management personnel is director of for consultancy services. At the reporting date, £nil (2020 - £Nil) was owed to these entities.

32 Events after the reporting date

Subsequent to the year end, the company concluded its discussions with insurers regarding its claim for Business Interruption costs due to Coronavirus. The additional net proceeds relating to the period to 31 March 2021 have been included in these accounts and amounted to £1,163,605.

FIVE YEAR FINANCIAL SUMMARY

	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000
Profit and loss accounts					
Turnover	17,998	18,597	19,350	19,456	13,296
Beer duty payable	6,960	7,225	7,093	6,752	4,795
Profit/(loss) before adjustments	618	1,014	913	(71)	(409)
Depreciation	(776)	(754)	(651)	(640)	(644)
Restructuring costs	(280)	-	-	(251)	(338)
Insurance proceeds net of costs					2,269
Legal costs	-	-	-	(58)	136
Bad debts and stock related Covid-19 expenses	-	-	-	(329)	-
Costs related to aborted acquisition	-	-	-	(190)	-
Share-based payments charge	-	-	-	-	-
Interest and charges	(198)	(237)	(248)	(230)	(151)
Profit/(loss) on ordinary activities before	(636)	23	14	(1,769)	863
Taxation on profit/(loss) on ordinary activities	74	(22)	(37)	(27)	48
Profit/(loss) attributable to shareholders	(562)	1	(23)	(1,796)	911
Balance sheets					
Fixed assets	8,259	7,894	8,102	9,286	10,169
Net current assets / (liabilities)	(1,193)	(313)	(543)	(3,080)	980
Creditors greater than one year	(1,018)	(1,499)	(1,417)	(1,243)	(5,274)
Provision - deferred taxation	(392)	(425)	(509)	(577)	(578)
Shareholders' funds	5,656	5,657	5,633	4,386	5,297
Earnings/(loss) per share (pence)	(26.5)	0.1	(1.9)	(78.6)	37.5
Year-end ratios					
Profit before adjustments to turnover (%)	3.4	5.5	4.7	(0.4)	(3.0)
Total net debt	2,808	3,586	3,707	4,131	5,348
Gearing - debt/shareholders' funds (%)	50	63	66	94	101
Share price at 31 March	£1.50	£2.00	£1.65	£1.50	£1.35

Share dealing and registrar information

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, please note that Asset Match will run regular online auctions to allow willing buyers and sellers of shares to trade. Black Sheep has an information page on the Asset Match Website, although if you have any associated questions relating to Asset Match and the process, please contact them via blacksheep@assetmatch.com or on tel: 0207 248 2788.

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

If you are an existing shareholder and want to ask, or need any information, about your shareholding, please contact our registrar, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL, tel: +44 (0)371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales). Alternatively, you can visit www.signalshares.com where you can amongst other things view details of your shareholding and update your details

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Masham Town Hall, Masham, HG4 4DY on Thursday 23 September 2021 at 2.00pm.

The meeting will be held for the following purposes:

Ordinary Business

1. To receive the company's accounts together with the Reports of the Directors and of the Auditors thereon for the year ended 31 March 2021.

2. To reappoint RSM UK Audit LLP as auditors to the Company, to hold office until the end of the next general meeting at which accounts are laid before the company.

3. To authorise the Directors of the company to determine the remuneration of the auditors of the Company.

4. That Jonathan Theakston be reappointed as Director.

5. That Robert Theakston be reappointed as Director.

6. That Andrew Slee be reappointed as Director.

7. That Charlene Lyons be reappointed as Director.

Special Business

As special business, to consider and if thought fit pass the following resolutions which are to be proposed as to resolution 8 as an ordinary resolution and as to resolutions 9 to 11 (inclusive) as special resolutions:

Ordinary resolutions:

8. THAT the board be and it is generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the **2006 Act**) (in substitution for any existing authority to allot shares):

   8.1 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £800,000, being approximately one third of the current issued share capital, (such amount to be reduced by any allotments made under resolution 8.2 in excess of such sum); and further

   8.2 to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the said Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £800,000 (being approximately one third of the current issued share capital) (such amount to be reduced by any allotments or grants made under resolution 9.1), provided that such authority shall expire on 31 October 2022 (or if earlier, the date of the next annual general meeting of the Company) but so that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or such rights to be granted after such expiry, and the Directors may allot such shares and grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Special resolutions:

9. THAT if resolution 8 as set out in the notice of this meeting is passed, the board be authorised pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash under the general authority given by resolution 8 as if section 561(1) of the 2006 Act did not apply to such allotment, such authority to be:

9.1 in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and

9.2 otherwise than under paragraph 9.1 above, up to a nominal amount of £360,000,

such authority to expire on 31 October 2022 (or if earlier, the date of the next annual general meeting of the Company) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Directors may allot equity securities under any such offer or agreement as if the authority had not expired.

10. THAT if resolution 8 as set out in the notice of this meeting is passed, the board be authorised pursuant to section 570 of the 2006 Act in addition to any authority granted under resolution 9 as set out in the notice of this meeting to allot equity securities (as defined in section 560 of said 2006 Act) for cash under the authority given by that resolution as if section 561(1) of the 2006 Act did not apply to any such allotment or sale, such authority to be:

10.1 limited to the allotment of equity securities up to a nominal amount of £360,000; and

10.2 used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire on 31 October 2022 (or if earlier, the date of the next annual general meeting of the Company) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the authority expires and the Directors may allot equity securities under any such offer or agreement as if the authority had not expired.

11. THAT the Company be generally and unconditionally authorised, pursuant to section 701 of the 2006 Act, to make market purchases (as defined in section 693(4) of the Companies Act 2006) of up to 243,217 Ordinary Shares of £1.00 each in the capital of the Company (being approximately 10 per cent of the current issued ordinary share capital of the Company) on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

    11.1 the amount paid for each Ordinary Share (exclusive of expenses) shall not be more than the higher of (1) five per cent above the average market value for the five business days before the date on which the contract for the purchase is made, and (2) an amount equal to the higher of the price of the last independent trade and highest current independent bid on Asset Match's market; and

    11.2 the authority herein contained shall expire on 31 October 2022 or if earlier, the date of the next annual general meeting of the Company whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred hereby had not expired.

Notes:

1. Any member entitled to attend and vote at the meeting is entitled (unless they have, pursuant to article 73 of the Articles, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint a proxy (who need not be a member of the Company) to attend and on a poll to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

2. In order to be valid, any form of proxy signed in accordance with article 73 of the Articles must be delivered to the Company in accordance with the provisions of article 75 of the Articles.

3. The right of members to vote at the meeting is determined by reference to the register of members and shareholders must be on the Company's share register at close of business on 21 September 2021 in order to be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

By Order of the Board

Amy Clarkson

Company Secretary

9 August 2021