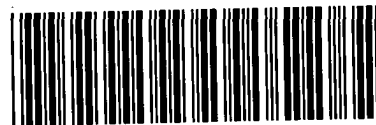


Registration number: 00026018

MOLSON COORS BREWING COMPANY (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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MOLSON COORS BREWING COMPANY (UK) LIMITED

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MOLSON COORS BREWING COMPANY (UK) LIMITED

COMPANY INFORMATION

Company number 00026018

Registered office 137 High Street
Burton upon Trent
Staffordshire
DE14 1JZ

Directors R Eveson
P Whitehead
J Shearer

Company secretary K Wolfe

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Herald Way
East Midlands
DE74 2UZ

/

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the financial year ended 31 December 2018.

Principal activities

The principal activities of the Company comprise brewing, packaging and the supply of beer, cider, wines, spirits and soft drinks.

Sales are primarily in England and Wales led by the Carling brand (a mainstream lager). Other brands distributed include Coors Light, Doom Bar, Cobra, Worthington's and Rekorderlig Cider.

The Company has an associate arrangement for the production and distribution of Grolsch in the UK and Republic of Ireland, a joint arrangement for the production and distribution of Cobra brands in the UK and Republic of Ireland, distribution rights for the Bavaria & Rekorderlig brands in the UK, factored brand sales (beverage brands owned by other companies, but sold and delivered to retailers by the Company), and a 100% investment in Sharps Brewery Limited which owns the Doom Bar brand. Additionally, the Company has a 100% subsidiary, Franciscan Well, specialising in cask ales based in Cork, Ireland.

On 5 January 2018, the Company purchased 100% of the shares of Aspoll Holdings Limited. Aspoll Holdings Limited is a holding company whose sole investment is 100% of the share of Aspoll Cyder Limited, the trading entity of the business.

Review of the business

The UK beer market in 2018 increased by 2.6% in total volume, with on premise increasing by 0.1% and off premise increasing by 4.7%. During 2018 we continued to invest behind our first choice for consumers and customers agenda which resulted in the company taking volume share in both on and off premise channels. As a result, in 2018 Molson Coors Brewing Company (UK) Limited increased sales to £1,449,268,000 (2017: £1,423,572,000) delivering strong year on year growth of 1.8% (2017: 5.5%).

Industry pricing continues to be the biggest challenge causing margin pressure in the UK beer business in both the on trade and off trade. The Company is managing pricing by channel, in the context of local competition, while staying focused on the core strategy of building strong brands for the long-term and focussing on our strategy of first choice for consumer and customer.

Operating profit for the year was £16,274,000 (2017: £56,845,000).

The Company incurred exceptional costs of £4,153,000 (2017: £7,020,000) during the year relating to restructuring of our operations. This was principally restructuring costs incurred for Burton South brewery following the decision to close the facility in November 2015.

Profit before taxation saw a period on period decline to £21,567,000 (2017: £61,325,000). This decline was mainly a result of a combination of margin reduction from pricing pressure and increased cost of goods due to commodity inflation.

On 1 March 2018, the Company entered into an arrangement with Close Brewery Rentals Limited where kegs owned by the company were sold to Close Brewery for £22.0m. These kegs were placed into an 8 year lease agreement, with kegs and casks previously being rented transferred and the existing rental agreements terminated. At the end of the 8 year lease term there is a repurchase obligation for the kegs that remain.

The Company is performing ongoing evaluations of the impact of Brexit on the business. Majority of the Company's products are produced and packaged in the UK, hence there is no significant risks. For primary imported brands and raw materials, the Company has increased the stock holdings to ensure we are able to continue to sell to and service our customers.

A High Court judgment in October 2018 confirmed that the effect of guaranteed minimum pensions (GMPs) on occupational pension scheme benefits should be equalised between men and women. This will result in an increase in the benefits for a number of members and as a result an increase in the defined benefit obligation. It has been calculated that the increase in the accounting liabilities as at 31 December 2018 due to GMP equalisation for the Plan is £7.4m (broadly speaking, an increase in the liabilities of around 0.45%).

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Summary of key performance indicators

The Company's key performance indicators are sales volume, turnover and result before taxation. The financial performance is summarised as follows:

	Year ended 31 December			
	2018 £'000	2017 £'000	Change £'000	%
Turnover	1,449,268	1,423,572	25,696	1.8
Gross profit	224,666	261,930	(37,264)	(14.2)
Profit before taxation	21,567	61,325	(39,758)	(64.8)
Net assets	313,805	332,434	(18,629)	(5.6)

The Company saw an increase in sales volumes during the year despite continuing challenges in the off-trade market. This has resulted in a slight increase in turnover.

Continued pricing pressure in the UK Beer market and increased cost of goods due to commodity inflation has resulted in a reduction to gross profit and profit before tax.

Despite the challenging trading condition, the Company maintained a strong dividend pay-out in 2018. This resulted in a slight reduction in the net assets.

Future developments

The Molson Coors UK & Ireland business continues to focus on delivering our ambition to be first choice for consumers and customers and is making good progress in building a growing portfolio. During this period we have increased our focus on energising core brands whilst growing our portfolio.

The Company will continue to develop and invest in the key brands of the business in order to build a well-balanced product portfolio.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

We depend exclusively on one logistics provider for distribution of our products in the United Kingdom

Tradeteam handles all of the physical distribution for the Company in the UK, except where a different distribution system is requested by a customer. If Tradeteam were unable to continue distribution of our product and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could have an adverse financial impact.

Sales volume trends in the UK brewing industry reflect movement from on premise locations to off premise locations, a trend which adversely impacts our profitability

In recent years, beer volume sales in the UK have been shifting from pubs and restaurants (on premise) to retail stores (off premise), for the industry in general. Margins on sales to off premise customers tend to be lower than margins on sales to on premise customers. As a result, continuation or acceleration of this trend could adversely impact our profitability.

Our success as a business depends largely on the success of one primary product in a mature market; failure or weakening could materially adversely affect our financial results

Although we currently have a variety of different products in our portfolio, Carling lager is the best-selling lager brand in the United Kingdom. Any material shift in consumer preferences away from this brand, or from the categories in which it competes, would have a disproportionately large adverse impact on our business.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Changes in tax, environmental or other regulations or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on our financial condition

Our industry is highly regulated by legislation and regulations regarding such matters as licensing requirements, trade and pricing practices, labelling, advertising, promotion and marketing practices, relationships with distributors, environmental matters, smoking bans at on premise locations, and other matters. These laws and regulations are subject to frequent re-evaluation. Failure to comply with existing laws and regulations or changes in these laws and regulations or in tax and environmental laws and regulations and excise tax levels could result in the loss, revocation or suspension of our licences, permits or approvals and could have a material adverse effect on our business, financial condition, and results of operations.

Our operations face significant commodity price change exposure which could materially and adversely affect our operating results

We use a large volume of agricultural and other raw materials to produce our products, including barley, barley malt, hops, corn, other various starches, water and packaging materials, including aluminium, cardboard and other paper products. We also use a significant amount of diesel fuel and electricity in our operations. The supply and price of these raw materials and commodities can be affected by a number of factors beyond our control, including market demand, global geopolitical events (especially with regard to their impact on crude oil prices and the resulting impact on diesel fuel prices), frosts, droughts and other weather conditions, economic factors affecting growth, plant diseases and theft. To the extent that any of the foregoing factors affect the prices of ingredients or packaging or our hedging arrangements do not effectively or completely hedge changes in commodity price risks, the results of our operations could be materially and adversely impacted.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could adversely impact liquidity and results of operations

Our costs of providing for historical defined benefit pension plans are dependent upon a number of factors, such as the rates of return on the plan's assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plan, future government regulation and our required and/or voluntary contributions to the plan. Without sustained growth in the plan's investments over time to increase the value of the plan assets, and depending on certain other factors as listed above, we could be required to fund the plan with significant amounts of cash. Such cash funding obligations could have a material impact on our cash flows, credit rating and cost of borrowing, financial position or results of operations.

Financial risk management

The Company's operations expose it to a variety of financial risks that include currency risk, credit risk, commodity risk, liquidity risk and interest rate cash flow risk. The Company has in place financial risk management control processes that seek to limit the adverse effects of financial performance of the Company by monitoring levels of trade debtors and creditors. Overseas suppliers and customers are monitored, though dealings with overseas suppliers and customers are limited, hence minimising the Company's exposure to currency risk. The Company uses derivative financial instruments to manage currency risk and commodity risk exposure in the form of forward purchase contracts. The Company is funded through various intra-group loans, details of which are provided in the notes to the financial statements.

Currency risk

The Company undertakes few transactions in foreign currency and its exposure to currency risk is considered to be minimal. From time to time, the Company minimises exposure to currency risk by entering into forward contracts to purchase foreign currency at fixed exchange rates.

Commodity risk

The Company purchases a variety of commodities for use in the production process. In the current period, forward contracts for the purchase of diesel and natural gas have been used to minimise the risk caused by price fluctuations in the markets for those commodities.

Credit risk

Policies are in place that require appropriate credit checks to be completed in respect of potential customers before sales are made. The Company's policies also require continued contact with customers after sales have

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

been made. The amount of exposure to any individual counter party is subject to a limit, and the limit is reassessed by senior management on a regular basis.

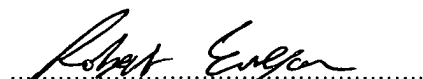
Liquidity risk

Management actively monitor working capital and ensure that the Company has sufficient available funds for operations and meeting its debts as they fall due.

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include trade loans and cash balances. Interest bearing liabilities include bank overdrafts and intercompany debt. The Company has a policy of maintaining debt at a fixed rate to ensure certainty of future cash flows. This is in line with group policy.

On behalf of the Board



R Eveson
Director

19 September 2019

MOLSON COORS BREWING COMPANY (UK) LIMITED

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their report, together with the audited financial statements and the independent auditors' report for the financial year ended 31 December 2018.

Directors

The directors who served the Company during the financial year and up to the date of signing these financial statements unless otherwise stated were:

S Albion (resigned 28 January 2019)
R Eveson (appointed 1 April 2019)
S Kerry (resigned 1 April 2019)
P Whitehead
J Shearer

Results and dividends

The trading results for the financial year and the Company's financial position at the end of the financial year are shown in the attached financial statements, and are discussed further in the business review. Dividends declared and paid in the financial year ended 31 December 2018 totalling £77,180,000 (2017: £119,660,000). The directors do not recommend the payment of a final dividend.

Research and development

Research in the brewing business is concentrated on the development of new products and dispense technologies capable of generating increased turnover.

Events since the balance sheet date and future developments

Details of the likely future developments of the business of the Company, and details of events which have occurred since the end of the financial year are provided in the Strategic Report.

Financial instruments

Details of financial instruments are provided in the Strategic Report on page 4.

Going concern

The directors have received confirmation from the Company's parent undertaking that the Company will receive the required support in order to meet its liabilities as they fall due for a period of not less than 12 months from the approval date of these financial statements. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Political donations

No political donations were made during the year (2017 - £nil).

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, and the internal communications website. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

MOLSON COORS BREWING COMPANY (UK) LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Employee share scheme

During the financial year, the Company's employees have continued to be encouraged, by the Company's parent undertaking, Molson Coors Brewing Company, to be involved in the Company's performance under the Molson Coors Brewing Company Incentive Compensation Plan.

Directors' indemnities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

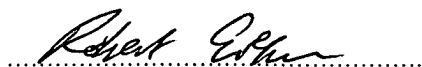
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the Board



R Eveson
Director

19 September 2018

Report on the audit of the financial statements

Opinion

In our opinion, Molson Coors Brewing Company (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

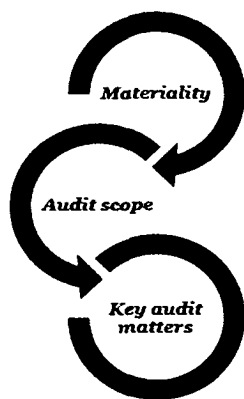
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £14,493,000 (2017: £14,868,000), based on 1% of total revenues.
- A full scope audit was conducted on the financial statements
- Valuation and completeness of customer discount liability.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect

Independent auditors' report to the members of Molson Coors Brewing Company (UK) Limited (continued)

on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation and completeness of customer discount liability</i></p> <p>The company has agreements with customers whereby volume-related allowances, promotional and marketing allowances and various other rebates and discounts are given in connection with the sale of goods. As such, the Company recognises a reduction in revenue as a result of amounts payable to customers.</p> <p>The Company assesses customer performance against specific criteria relevant to the incentive schemes and accrue based on expected pay-out levels. Where the scheme is not aligned with the financial year, retrospective rebate and discount arrangements are accrued for on a pro-rata basis.</p> <p>Given the nature of certain arrangements in place and the need to assess at the period end the level of likely retrospective pay-out, the accounting for these arrangements involves a degree of estimation uncertainty which could result in over or under accrual at the year end.</p>	<p>We obtained a detailed understanding and evaluated the design and operational effectiveness of controls that the Company has established in relation to customer discounts, promotional spend and rebate arrangements.</p> <p>In addition, our substantive audit procedures included a combination of the following:</p> <p>Recalculation of customer discount accruals using sales data and contractual discount rates or other associated contractual metrics on a sample basis, including assessment of customer performance against contractual criteria;</p> <p>Enquiry of Key Account Managers and Senior Commercial Finance Managers with respect to the completeness of the period end liability.</p> <p>Testing settlement of balances accrued for at the prior year end to assess historical accuracy of accruals;</p> <p>Review of accounts receivable aging for evidence of unclaimed balances;</p> <p>Reviewed post year end credit notes issued to identify amounts not accrued at year end.</p> <p>We found the valuation and completeness of accruals in relation to customer discounts, promotion spend and rebate arrangements at the year end to be appropriate.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that sufficient work was performed to be able to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls and the industry in which it operates.

The company comprises of one reporting unit which has been subject to a full scope audit for the purposes of the audit of the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£14,493,000 (2017: £14,868,000).
How we determined it	1% of total revenues.
Rationale for benchmark applied	We believe that revenue is an appropriate benchmark as management make decisions and monitor performance based on market share with focus on brand growth and retention.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £725,000 (2017: £1,400,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

**Independent auditors' report to the members of Molson Coors Brewing Company (UK) Limited
(continued)**

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
19 September 2019

MOLSON COORS BREWING COMPANY (UK) LIMITED

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Turnover	2	1,449,268	1,423,572
Cost of sales		(1,224,602)	(1,161,642)
Gross profit		224,666	261,930
Administrative expenses:			
Before exceptional items		(161,647)	(144,149)
Exceptional restructuring costs	3	(4,153)	(7,020)
		(165,800)	(151,169)
Other operating expenses		(42,592)	(53,916)
Operating profit	4	16,274	56,845
Income from investments	8	5,522	4,877
Interest receivable and similar income	9	434	533
Interest payable and similar expenses	10	(6,463)	(3,530)
Other finance income	11	5,800	2,600
Profit before tax		21,567	61,325
Tax on profit	12	2,776	(6,192)
Profit for the financial year		24,343	55,133

The above results were derived from continuing operations.

The notes on pages 17 to 43 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£'000	£'000
Profit for the financial year	24,343	55,133
Remeasurement gain recognised on defined benefit pension scheme	4,100	(99,202)
Movement on deferred tax relating to pension asset	(7,072)	10,489
Total other comprehensive (expense)	(2,972)	(88,713)
Total comprehensive income/(expense)for the financial year	21,371	(33,580)

The notes on pages 17 to 43 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	1,722	8,278	-	795	321,639	332,434
Profit for the financial year	-	-	-	-	24,343	24,343
Other comprehensive income	-	-	-	-	(2,972)	(2,972)
Total comprehensive income for the year	-	-	-	-	21,371	21,371
Share Premium Reduction	-	-	-	-	-	-
Equity Dividends Paid	-	-	-	-	(77,180)	(77,180)
Capital contribution	-	-	37,180	-	-	37,180
	-	-	37,180	-	(77,180)	(40,000)
At 31 December 2018	1,722	8,278	37,180	795	265,830	313,805

During the year, the company received capital contribution of £37,180,000 (2017: £nil) from its immediate parent company Molson Coors Holdings Limited.

The notes on pages 17 to 43 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	1,722	598,278	795	(115,121)	485,674
Profit for the financial year	-	-	-	55,133	55,133
Other comprehensive expense	-	-	-	(88,713)	(88,713)
Total comprehensive expense for the year	-	-	-	(33,580)	(33,580)
Share Premium Reduction	-	(590,000)	-	590,000	-
Equity Dividends Paid	-	-	-	(119,660)	(119,660)
	-	(590,000)	-	470,340	(119,660)
At 31 December 2017	1,722	8,278	795	321,639	332,434

The notes on pages 17 to 43 form part of these financial statement.

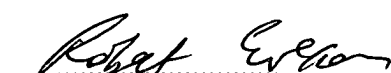
MOLSON COORS BREWING COMPANY (UK) LIMITED
(Registration number: 00026018)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	13	106,072	114,240
Tangible assets	14	258,202	257,743
Investments	15	119,791	92,815
		484,065	464,798
Current assets			
Stocks	16	54,778	55,648
Debtors	17	306,855	272,910
Cash at bank and in hand	18	99,511	84,911
		461,144	413,469
Creditors: Amounts falling due within one year	19	(472,278)	(413,196)
Net current (liabilities)/ assets		(11,134)	273
Total assets less current liabilities		472,931	465,071
Creditors: amounts falling due after more than one year	20	(158,299)	(130,717)
Provisions for liabilities	23	(827)	(1,920)
Net assets excluding pension asset		313,805	332,434
Net pension asset	24	-	-
Net assets		313,805	332,434
Capital and reserves			
Called up share capital	25	1,722	1,722
Share premium account		8,278	8,278
Capital contribution reserve		37,180	-
Revaluation reserve		795	795
Retained earnings		265,830	321,639
Total equity		313,805	332,434

The financial statements on pages 12 to 43 were approved by the Board of Directors on 19 September 2019 and signed on its behalf by



R Eveson
Director

The notes on pages 17 to 43 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

Statement of compliance

Molson Coors Brewing Company (UK) Limited is a company limited by shares, incorporated and domiciled in England & Wales with registration number 00026018. The address of its registered office is:

137 High Street
Burton upon Trent
Staffordshire
DE14 1JZ.

The financial statements of Molson Coors Brewing Company (UK) Limited have been prepared in accordance with the requirements of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102") and the Companies Act 2006.

The financial statements of Molson Coors Brewing Company (UK) Limited were approved for issue by the board of directors on 19 September 2019.

Basis of preparation

The financial statements have been prepared on the going concern basis and under the historical cost convention except that, as disclosed below, certain items are shown at fair value.

The financial statements are prepared in Pounds Sterling, which is the functional currency of the Company, and are rounded to the nearest £'000.

The principal accounting policies of the Company, which are set out below, have been consistently applied to all the financial years presented, unless otherwise stated.

Basis of consolidation

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by Section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Molson Coors Brewing Company, a company registered in the USA, and is included in the consolidated financial statements of that company.

Going concern

The nature of the Company's activities and a review of principal risks and uncertainties facing the business are set out in the Strategic Report on pages 3 and 4. On the basis of current financial projections, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

At the balance sheet date, the Company had net liabilities of £11,134,000 (2017: net assets of £273,000). Subsequent to the reporting date, the Company has continued to trade within its available facilities. The directors have received confirmation from the Company's parent undertaking that the Company will receive the required support in order to meet its liabilities as they fall due for a period of not less than 12 months from the approval date of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Summary of disclosure exemptions

The Company is a wholly owned subsidiary of Molson Coors Holdings Limited and is included in the consolidated financial statements of the ultimate parent company, Molson Coors Brewing Company (a company incorporated in the USA), which are publicly available.

The Company has taken advantage of the exemptions available within FRS102 paragraph 1.12 from the requirement to prepare a Statement of Cash Flows and the requirement to disclose details of transactions with wholly owned group companies as the requirements of FRS102 paragraph 1.11 have been satisfied.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities as at the reporting date and the amounts reported as revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Lease classification

The Company has entered into lease agreements in respect of the use of property and plant and equipment. The classification of such leases as operating or finance leases requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of those assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position. Details of finance lease liabilities at 31 December 2018 are provided in note 21 to these financial statements. Details of commitments under operating leases are provided in note 27.

Pensions and other post-employment benefits

During 2017, the plan became broadly fully funded on a technical provision basis resulting in a significant reduction in the directors' expectations regarding the future funding requirement for the company to pay contributions into the scheme. As a result, the directors have reconsidered the basis upon which the net defined benefit asset is recognised in the financial statements and have determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (including minimum funding requirements) for the plan, the present value of expected refunds from or reductions in future contributions to the scheme no longer supports the net defined benefit asset. As such the net defined benefit asset was derecognised at 31 December 2017 and continues to be derecognised at 31 December 2018.

The following are the Company's key sources of estimation uncertainty:

Intangible assets

The Company establishes a reliable estimate of the useful life of intangible assets on acquisition based on a variety of factors such as the expected use of assets acquired, brand life cycle, and any legal, regulatory or contractual provisions that can limit useful life. At 31 December 2018, the Company's Statement of Financial Position included intangible assets with a net book value of £106,072,000 (2017: £114,240,000).

Pensions and other post-employment benefits

The Company has an obligation to pay pension benefits and other post-employment benefits to certain employees. The value of the net asset is recognised in the Statement of Financial Position. The cost of the benefits and the present value of the obligation is determined on an actuarial basis using the projected unit method and involves the estimation of a number of parameters including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The parameters are estimated based on historical experience and current trends. The assumptions are discussed in more detail in note 24.

At 31 December 2018, the Company's Statement of Financial Position included a net asset of £nil (2017: £nil) relating to the defined benefit pension scheme and other post-employment benefits.

Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Significant changes to the assumptions over the next financial year could result in significant changes to the carrying value of the pension scheme asset.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The value in use calculation is based on the present value of estimated future cash flows.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

Deferred tax asset

In determining the amount of deferred tax assets that can be recognised, estimation of the likely timing and level of future taxable profits is required together with an assessment of the effect of future tax planning strategies. Further details are contained in note 12.

Bad debt provision

The Company has recognised provisions for bad debts relating to trade debtors and trade loans. This is based on an assessment of ageing of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered to be recoverable.

Dilapidations provision

Provisions are made for dilapidations based on management's best estimate of the present value of the likely cash outflow. Provisions are reassessed on a quarterly basis.

Customer Rebates

Provisions are made for rebates due to customers based upon management's best estimate of the future value of rebates based upon volume during the year. These provisions are reviewed on a monthly basis.

Intangible assets

Intangible assets are capitalised and amortised on a straight line basis over the useful life of the asset, which is between 10 and 25 years.

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the Income Statement. Where a property is carried at deemed cost less accumulated depreciation and impairment losses, any reduction in the carrying amount to its recoverable amount is eliminated against any revaluation reserve in respect of that property, with any excess being charged to the Income Statement.

An impairment loss for all assets, including intangible assets, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

In accordance with the transition provisions available in FRS102, the Company has chosen to use previous GAAP revaluations for certain land and buildings prior to the date of transition to FRS102 as the deemed cost of those assets at the revaluation date.

Land and Construction in Progress is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

The expected useful lives of assets are as follows:

Land and buildings:

Breweries and maltings freehold buildings	25 years
Freehold buildings	40 years
Plant and machinery	5 – 20 years

Fixtures and fittings:

Office furniture and fittings	3 – 10 years
Equipment in retail outlets	2 – 7 years
Information Technology equipment	3 – 5 years

Construction in progress is not depreciated.

In the case of land and buildings valued at deemed cost, previous valuation surpluses realised on sale are transferred from the revaluation reserve to retained earnings.

Equity investments

The Company's equity investments are not publicly traded and the fair value of those investments cannot be reliably measured. Equity investments are therefore held at cost less provision for impairment, with cost including transaction costs.

In the event of a reliable measure of fair value becoming available, equity investments are re-measured at fair value with the movement in the carrying value being recognised in the Income Statement. Where an equity investment has been measured at fair value but a reliable measure of fair value is no longer available, the fair value on the last date on which a reliable measure of fair value was available is treated as the cost of the investment.

Trade loans

Trade loans are held at cost less provision for impairment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in respect of the sale of goods and services in the ordinary course of the Company's activities. It is stated net of trade discounts, rebates and Value Added Tax.

Subject to the conditions below, revenue is recognised at the point at which the significant risks and rewards of ownership of goods have transferred to the customer. In the case of beer sales, this is the point of delivery. In the case of contract brewing services, it is the point of collection.

Revenue is only recognised when it is probable that economic benefits will flow to the Company, when the amount of revenue can be measured reliably, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover includes interest received or receivable from customers in respect of trade loans, as the commercial substance of those transactions is that they are part of the normal terms of trade. Interest income is credited to the Income Statement in the period to which it relates.

Revenue relating to dividends from investments are recognised when the Company's right to receive payment is established.

Exceptional restructuring costs

The Company classifies certain one off charges or credits relating to restructuring activities as exceptional restructuring costs. These are separately disclosed to provide further understanding of the Company's financial performance.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost includes all costs incurred in bringing stocks to their present location and condition, including materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Materials are measured on a first-in first-out basis.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Income Statement.

Research expenditure

Research expenditure is written off as incurred.

Provisions for liabilities

Provisions are recognised where the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are charged as an expense in the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate of the amount required to settle the obligation at the date of the Statement of Financial Position, taking into account relevant risks and uncertainties.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge or credit attributable to an item of income or expense recognised in other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is accounted for to recognise the impact of timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. A deferred tax liability is recognised where a transaction or event that occurred prior to the reporting date results in the Company having an obligation to pay tax in future periods in excess of the amount which would be payable if the transaction or event had not occurred. A deferred tax asset is recognised where a transaction or event that occurred prior to the reporting date gives the Company the right to pay less tax in the future than would have been payable if the transaction or event had not occurred.

Deferred tax assets are only recognised if it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the period end.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Pounds Sterling by applying the spot exchange rate ruling at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date or, if appropriate, at the forward contract rate. All differences are taken to the Income Statement.

Non-monetary items measured at historical cost are translated into Pounds Sterling using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated into Pounds Sterling using the exchange rate at the date on which fair value was determined.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

Financial instruments

The Company has chosen to adopt Section 11 and Section 12 of FRS102 in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances are initially measured at cost and are subsequently measured at amortised cost using the effective interest rate method. At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, an impairment loss, being the difference between the carrying amount of the asset and the present value of the estimated cash flows discounted at the asset's original effective interest rate, is recognised in the Income Statement.

Other financial assets including investments in equity instruments which are not subsidiaries, associates or joint ventures, are measured, initially and subsequently, at fair value. Changes in fair value are recognised in the Income Statement.

Basic financial liabilities, including trade and other payables, bank loans and loans from group undertakings are initially measured at cost. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Derivatives, including forward purchase contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the Company is bound by the terms of the relevant contract, and are subsequently measured at fair value. Changes in fair value are recognised in the Income Statement as cost of sales.

Cash and cash equivalents

Cash comprises cash in hand and deposits at banks which are repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments with an original maturity date of no more than three months that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers in respect of goods sold and services provided in the ordinary course of business.

Trade debtors are recognised at the transaction price less provision for impairment. A provision for impairment of trade debtors is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and are subsequently measured at amortised cost using the effective interest method.

Share based payment

The Company's employees have been granted share options by the ultimate parent company, Molson Coors Brewing Company and Molson Coors Brewing Company(UK) Limited has no obligation to settle the awards. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the ultimate parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the group. The company also considered an allocation based on the relative remuneration cost of the relevant employees and considered that this gave rise to no significant differences in the allocated costs.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

Leasing and hire purchase

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have been transferred to the Company are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term and the useful life of the asset. A corresponding liability is recognised for the lower of the fair value of the asset and the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to the Income Statement so as to achieve a constant rate of interest on the balance of the liability.

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised on a straight line basis over the term of the lease.

Sale and leaseback

Under a sale and leaseback arrangement, MCBC UK are required to defer the profit on sale and amortise the profit over the short of the term of the lease of the UEL of the property. Upon the recognition of the transaction as a sale-leaseback, the current holding value of the property associated with the transaction will be derecognized at its net book value and a new leased asset and a matching capital lease liability recorded at an assessed fair value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the consideration received or receivable, net of the direct costs incurred in issuing the equity instruments. If consideration is deferred and the time value of money is material, initial recognition is at the present value of consideration receivable.

Capital contribution

Capital contribution received from equity investors is recorded as an increase in equity. Capital contribution made by the Company is recorded as an increase in its investment.

Pensions and other post-retirement benefits

The Company operates a funded defined benefit pension scheme for employees who joined the Company prior to April 2006. Assets of the scheme are held separately from those of the Company in trustee administered funds. On 4 April 2009, the fund was closed to future accruals of retirement benefits.

The difference between the fair value of assets held in the pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Statement of Financial Position as a pension asset or liability as appropriate. Any resulting pension scheme asset is recognised to the extent that the balance is considered to be recoverable through reduced contributions in the future or through refunds from the scheme. Any resulting liability is recognised in full.

Current and past service costs are recognised in the Income Statement in administrative expenses. Net interest is recognised in the Income Statement as other finance costs. Actuarial gains and losses are recognised in Other Comprehensive Income.

The Company also operates a defined contribution pension scheme. Contributions are recognised in the Income Statement in the period to which they relate. Contributions outstanding at the reporting date are included in creditors.

Name of parent of group

These financial statements are consolidated in the financial statements of Molson Coors Brewing Company.

The financial statements of Molson Coors Brewing Company may be obtained from the Company Secretary at 1801 California Street, Suite 4600, Denver, Colorado 80202, USA.

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of trade discounts and Value Added Tax.

Turnover relates mainly to the sale of beer but also includes interest receivable from customers in respect of trade loans.

All of the Company's turnover in the financial year and the preceding financial year related to continuing operations.

Turnover is analysed as follows:

	2018	2017
	£'000	£'000
Sale of goods	1,448,915	1,421,186
Interest receivable on trade loans	353	2,386
	1,449,268	1,423,572

Analysis of the Company's turnover by market is as follows:

	2018	2017
	£'000	£'000
United Kingdom	1,428,074	1,404,313
Rest of the World	21,194	19,259
	1,449,268	1,423,572

3. Exceptional restructuring costs

	2018	2017
	£'000	£'000
<i>Recognised in arriving at operating profit:</i>		
Charge relating to termination payments on restructuring	1,061	82
Other restructuring costs	3,092	6,938
	4,153	7,020

The charge relating to termination payments on restructuring comprises movements in the provision for redundancy payments to employees who are to be made redundant as a result of restructuring activities, and redundancy payments to employees who have been made redundant as a result of restructuring activities where no previous provision for that payment has been recognised. The cost of redundancy payments is recognised when the Company has either a legal or constructive obligation to make those payments.

Other restructuring costs relate to costs associated with the Company's Alton Brewery, which closed in April 2015, and part of the Company's Burton South brewery which, following an announcement in November 2015, closed in March 2018.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Operating profit

Operating profit is stated after charging/(crediting):

	2018 £'000	2017(represented) £'000
Excise duty on own products	630,186	595,270
Research expenditure	142	322
Amortisation of goodwill and other intangibles	8,168	8,168
Impairment of trade debtors	(438)	(548)
Inventory recognised as an expense	497,839	502,082
Impairment/(reversal of impairment) of inventory	390	(1,417)
Foreign exchange losses	854	456
Loss on disposal of tangible fixed assets	(91)	(479)
<i>Depreciation:</i>		
Charge relating to owned assets	48,237	46,254
Charge relating to assets held under hire purchase agreements and finance leases	4,953	189
	53,190	46,443
<i>Operating lease rentals:</i>		
Charge relating to land and buildings	204	259
Charge relating to plant and machinery	4,085	7,944
	4,289	8,203

Following a review of the 2017 financial statements, the excise duty on own products disclosed in this note was presented to on a basis consistent to 2018. This representation only affects this note, and no impact on the primary statements.

5. Auditors' remuneration

In 2018, auditors' remuneration relating to audit fees amounted to £150,380 (2017: £175,000). Auditors remuneration in relation to fees for non-audit services provided during the year amounted to £nil (2017: £256,016).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	89,825	87,561
Social security costs	9,086	8,834
Pension costs	12,699	7,986
Cost of employee share schemes	1,848	1,948
	113,458	106,329

Staff costs includes the cost of employee share schemes that are recharged from the ultimate parent, Molson Coors Brewing Company.

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2018	2017
	No.	No.
Production	780	729
Sales	1,062	1,103
Administration	193	161
	2,035	1,993

Included in the total number of employees of the Company are 29 (2017: 23) sales staff who work full time for a fellow group company. The total aggregate payroll costs recharged to the fellow group company are as follows:

	2018	2017
	£'000	£'000
Wages and salaries	1,414	1,121
Social security costs	174	124
Pension costs	33	27
	1,621	1,272

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Directors' remuneration

Directors Remuneration borne by the Company is as follows:

	2018 £'000	2017 £'000
Fees as directors	862	1,018
Pensions costs	8	19
Other emoluments	-	36
Cost of employee share schemes	96	578
	966	1,651

During the year, 2 of the directors accrued benefits under the defined contribution pension scheme (2017 – 4).
The number of directors who exercised share options during the year was 3 (2017 – 4).

Remuneration of the highest paid director:

	2018 £'000	2017 £'000
Aggregate emoluments	433	468
Contributions to defined contribution pension scheme	2	-
	435	468

8. Income from investments

	2018 £'000	2017 £'000
Dividends received (note 29)	5,522	4,877

9. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	275	131
Interest receivable from group undertakings	71	-
Other interest receivable	88	402
Total interest income relating to financial assets not measured at fair value through profit or loss	434	533

10. Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest payable to group undertakings	2,307	2,184
Other interest payable	4,156	1,346
Total interest expense relating to financial liabilities not measured at fair value through profit or loss	6,463	3,530

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Other finance income

	2018 £'000	2017 £'000
Interest income on net defined benefit pension asset	(5,800)	(2,600)

12. Tax on profit

	2018 £'000	2017 £'000
Current tax:		
- UK Corporation tax on profits for the financial year	3,180	8,236
- UK Corporation tax adjustments to prior periods	(3,985)	105

Total current tax	(805)	8,341
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Deferred tax:

- Origination and reversal of timing differences	(5,956)	(3,456)
- Deferred tax prior period adjustments	3,985	1,307

Total deferred tax	(1,971)	(2,149)
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Tax on profit	(2,776)	6,192
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Tax on profit for the year is lower than (2017 – lower than) the standard rate of Corporation tax in the UK of 19% (2017 – 19.25%).

The differences are reconciled below:

	2018 £'000	2017 £'000
Profit before taxation	21,567	61,325
Corporation tax at standard rate	4,098	11,805
Net impact of (income added back)/expenses not deductible for tax purposes	(460)	(283)
Recognition of movement in land and buildings	9	116
Accounting profit on chargeable assets	-	(96)
Changes in pensions and post retirement benefits	(6,375)	(6,375)
Effect of difference between current tax rate and deferred tax rate	(49)	(387)
Adjustments in respect of prior periods	1	1,412
Tax on profit	(2,776)	6,192

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Tax on profit (continued)

Tax relating to items recognised as Other Comprehensive Income:

	2018 £'000	2017 £'000
Deferred tax:		
Actuarial (gain)/loss on pension scheme	(7,072)	(10,489)
	<u>(7,072)</u>	<u>(10,489)</u>

Deferred tax

The Company's deferred tax balances comprise the following:

Deferred tax asset:

	2018 £'000	2017 £'000
Decelerated capital allowances	14,293	12,813
Land and buildings	5,335	5,363
Other timing differences	3,200	3,379
	<u>22,828</u>	<u>21,555</u>
Deferred tax asset excluding pension related balances	22,828	21,555
Pension related deferred tax (liability)/asset	(2)	6,372
	<u>22,826</u>	<u>27,927</u>
Total deferred tax asset	22,826	27,927

Factors affecting current and future tax charges

Finance No. 2 Bill 2015, which was substantively enacted on 26 October 2015, provided for reductions in the main rate of Corporation tax in the UK from the current rate of 19% to 18% from 1 April 2020.

Finance Bill 2016, which was substantively enacted on 6 September 2016 provided for a reduction in the main rate of UK Corporation tax to 17% from 1 April 2020 rather than the 18% previously announced. These changes will reduce the Company's future tax accordingly.

Deferred tax has been calculated at 17%, being the rate substantively enacted at the balance sheet date.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Intangible assets

	Goodwill £'000	Trademarks, trade names, brand names, and distribution rights £'000	Total £'000
Cost or valuation			
At 1 January 2018	41,168	103,199	144,367
Additions	-	-	-
At 31 December 2018	41,168	103,199	144,367
Accumulated amortisation			
At 1 January 2018	21,548	8,579	30,127
Charge for the financial year	2,813	5,355	8,168
At 31 December 2018	24,361	13,934	38,295
Carrying amount			
At 31 December 2018	16,807	89,265	106,072
At 31 December 2017	19,620	94,620	114,240

The amortisation charge for the financial year is included in the Income Statement under the heading of administrative expenses.

Included in the carrying amount of intangible assets of £106,072,000 at 31 December 2018 is £68,279,000 (2017: £72,126,000) relating to the perpetual royalty free licence for Miller branded products in Europe acquired in 2016. That asset is being amortised on a straight line basis over 20 years, being the directors' estimate of the useful economic life of the asset. The remaining amortisation period at 31 December 2018 is 17.75 years.

Also included in the carrying amount of intangible assets of £106,072,000 at 31 December 2018 is £20,987,000 (2017: £22,495,000) relating to the brand rights from Rekorderlig (UK) Limited in 2015. The asset is being amortised on a straight line basis over 17 years, being the period over which the Company has the right to distribute the associated product. The remaining amortisation period at 31 December 2018 is 13.9 years.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Construction in Progress £'000	Total £'000
Cost or valuation					
At 1 January 2018	105,010	403,169	201,359	10,487	720,025
Additions	395	25,095	25,359	5,894	56,743
Disposals	(8)	(7,296)	(13,927)	-	(21,231)
Transfers	69	4,614	750	(5,433)	-
At 31 December 2018	105,466	425,582	213,541	10,948	755,537
Accumulated depreciation					
At 1 January 2018	40,125	257,900	164,257	-	462,282
Charge during the financial year	4,825	20,546	27,819	-	53,190
Disposals	(3)	(5,844)	(12,290)	-	(18,137)
At 31 December 2018	44,947	272,602	179,786	-	497,335
Carrying amount					
At 31 December 2018	60,519	152,980	33,755	10,948	258,202
At 31 December 2017	64,885	145,269	37,102	10,487	257,743

Included in the amounts for fixtures and fittings above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	Fixtures and fittings £'000
Cost or valuation	
At 1 January 2018 and 31 December 2018	2,297
Accumulated depreciation	
At 1 January 2018	628
Provided during the financial year	189
At 31 December 2018	817
Carrying amount	
At 31 December 2018	1,480
At 31 December 2017	1,669

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. Tangible assets (continued)

Included in the amounts for plant and machinery above are the following amounts relating to kegs under sales and lease back agreements which were entered into on 1 March 2018:

	Plant and machinery £'000
Cost or valuation	
At 1 March 2018	49,539
Keg losses	(2,442)
At 31 December 2018	49,097
Accumulated depreciation	
At 1 March 2018	28,053
Provided between 1 March 2018 to 31 December 2018	2,263
Keg losses	(1,408)
At 31 December 2018	28,908
Carrying amount	
At 31 December 2018	18,189
At 31 March 2018	21,486

All land and buildings are freehold.

Included in the cost or valuation of land and buildings of £105,466,000 (2017: £105,010,000) is £17,319,000 (2017: £17,319,000) relating to assets held at valuation. The Company has applied the transition provisions of FRS 102 and has used the most recent valuation of those assets as the deemed cost at the date of transition.

On 12 January 2017, Molson Coors Brewing company (UK) Limited entered into a Sale and Purchase agreement ("SPA") with Weis Group ("Weis") for the sale of the UK National Distribution Centre's ("NDC") Land and Building for £33.4m, with completion of the sale and sale proceeds funds received on that date. The property is being leased back to Molson Coors Brewing Company (UK) Limited (MCBC UK) from Weis for a period of 20 years.

Upon the evaluation of Sale and Leaseback Criteria, MCBC UK is considered to be undertaking a capital lease arrangement. As a result MCBC UK are required to defer the profit on sale of the NDC of £23.9m and amortise this profit over the shorter of the term of the lease, or the UEL of the property – in this case the lease term of 20 years. Upon the recognition of the transaction as a sale-leaseback, the current holding value of the property associated with the transaction, £9m, was derecognised at its net book value. A new leased asset and matching capital lease liability was recorded at an assessed value of £25.1m. The leased asset has been depreciated over a 20 year term at £1.3m per annum.

On 1 March 2018, the Company entered into an arrangement with Close Brewery Rentals Limited where kegs owned by the company were sold to Close Brewery for £22.0m. There is no profit or loss arising from this transaction. These kegs were placed into an 8 year lease agreement, with kegs and casks previously being rented also being transferred and the existing rental agreements terminated. At the end of the 8 year lease term there is a repurchase obligation for the kegs that remain. The previously owned kegs are recorded as a finance lease and are retained within fixed assets on the balance sheet.

The historical cost of land and buildings at 31 December 2018 is 105,466,000 (2017 - £105,010,000). The revaluation reserve relating to assets held at deemed cost at 31 December 2018 was £795,000 (2017 £795,000). None of the Company's plant and machinery or fixtures and fittings are held at valuation.

During the financial year, no interest was capitalised (2017 - £27,133). The total cost or valuation of tangible fixed assets of £755,537,000 at 31 December 2018 (2017-£720,025,000) included £5,632,000 (2017 - £5,632,000) of capitalised interest. The interest rate used to capitalise is 2.2% (2017 – 2.2%).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Investments

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Trade and other loans £'000	Total £'000
Cost				
At 1 January 2018	71,322	495	23,366	95,183
Additions/advances	30,174	-	9,102	39,276
Disposals/repayments	-	-	(6,786)	(6,786)
Amounts written off	-	-	(5,237)	(5,237)
At 31 December 2018	101,496	495	20,445	122,436
Provision for impairment				
At 1 January 2018	1,274	-	1,094	2,368
Impairment during the financial year	-	-	277	277
At 31 December 2018	1,274	-	1,371	2,645
Carrying amount				
At 31 December 2018	100,222	495	19,074	119,791
At 31 December 2017	70,048	495	22,272	92,815

Details of investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of Incorporation	Holding	Proportion of voting rights and shares		Nature of business
			2018	2017	
Molson Coors Brewing Company (Ireland) Designated Activity Company	Republic of Ireland	Ordinary	100%	100%	Beer production and sales
Sharp's Brewery Limited	England and Wales	Ordinary	100%	100%	Beer production and sales
Molson Coors Brewing Company (UK) Pensions Limited	England and Wales	Ordinary	100%	100%	Pension fund trustee
Molson Coors Brewing Company (UK) Healthcare Limited	England and Wales	Ordinary	100%	100%	Healthcare trustee
Aspall Holdings Limited	England and Wales	Ordinary	100%	0%	Holding company
Aspall Cyder Limited	England and Wales	Ordinary	100%	0%	Beer production and sales
Coors On-Line Limited	England and Wales	Ordinary	73%	73%	Non trading
Cobra Beer Partnership Limited	England and Wales	Ordinary 'B'	50.1%	50.1%	Beer sales
Grolsch (UK) Limited	England and Wales	Ordinary	49%	49%	Beer sales
Caffrey's Canada Inc	Canada	Ordinary	100%	100%	Dormant
Carling Brewers Export Limited	Scotland	Ordinary	100%	100%	Dormant
Charrington and Company Limited	England and Wales	Ordinary	100%	100%	Dormant
Coors Brewers Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Beer Naturally Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Brewing Company (UK) Russia Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Worthington Limited	England and Wales	Ordinary	100%	100%	Dormant
William Stones Limited	England and Wales	Ordinary	100%	100%	Dormant

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Investments (continued)

On 5 January 2018, the Company purchased 100% of the shares of Aspull Holdings Limited. Aspull Holdings Limited is a holding company whose sole investment is 100% of the share of Aspull Cyder Limited, the trading entity of the business.

Atlantic Beer Kitchen Limited was dissolved on 4 April 2017. The Company's investment in that company was held indirectly through Sharp's Brewery Limited. On 9 December 2016, the trade and assets of Atlantic Beer Kitchen Limited were hived into Sharp's Brewery Limited.

All of the Company's other investments are directly held.

The address of the registered office of Sharp's Brewery Limited is:
Pityme Industrial Estate
Rock
Wadebridge
Cornwall
PL27 6NU

The address of the registered office of Molson Coors Brewing Company (Ireland) Designated Activity Company is:
Block J1 Unit C
Maynooth Business Campus
Maynooth
Co Kildare
Ireland

The address of the registered office of Caffrey's Canada Inc is:
1555 Notre-Dame Street East
Montreal QC
H2L 2R5
Canada

The address of the registered office of Carling Brewers Export Limited is:
C/O Colin Brass
Wright Johnston and Mackenzie LLP
302 St Vincent Street
Glasgow
G2 5RZ

The address of all other companies in which the Company holds 20% or more of the nominal value of any class of share capital is:
137 High Street
Burton upon Trent
Staffordshire
DE14 1JZ

16. Stocks

	2018	2017
	£'000	£'000
Raw materials	1,867	2,318
Work in progress	2,441	1,838
Finished goods	44,407	45,005
Consumable stores	6,063	6,487
	<hr/>	<hr/>
	54,778	55,648
	<hr/>	<hr/>

There are no (2017: none) material differences between the carrying values of stocks and their replacement costs.

The cost of stock recognised as an expense in the year amounted to £497,839,000 (2017: £502,082,000).

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Stocks (continued)

During the year, the Company incurred impairment loss in stock of £390,000. In 2017, the Company recognised a net impairment loss reversal of £1,417,000 in respect of stock.

Movements in the impairment provision are reported as cost of sales in the Income Statement.

17. Debtors

	2018	2017
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade debtors	130,293	129,935
Amounts owed by group undertakings	127,881	83,665
Other debtors	9,500	14,989
Deferred tax asset	22,826	27,927
Prepayments and accrued income	16,355	16,394
	306,855	272,910

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provision for impairment of £1,160,000 (2017: £1,598,000).

18. Cash at bank and in hand

	2018	2017
	£'000	£'000
Cash at bank and in hand	99,511	84,911

19. Creditors: Amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	195,500	186,852
Amounts owed to group undertakings	97,925	52,366
Other taxation and social security	96,429	90,818
Obligations under finance leases and hire purchase contracts	2,640	523
Other creditors	1,503	12
Accruals and deferred income	78,281	82,625
	472,278	413,196

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	77,101	77,101
Obligations under finance leases and hire purchase contracts	53,608	24,464
Accruals and deferred income	27,590	29,152
	<hr/>	<hr/>
	158,299	130,717
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Amounts owed to group undertakings as at 31 December 2017 relate to loan notes issued on 3 October 2016 to the Company's intermediate holding company, Molson Coors Cayman 2 Company, a company registered in the Cayman Islands. On 29 December 2016, the loan notes were listed on the Cayman Islands Stock Exchange.

The loan notes, which have a maturity date of 3 October 2026, are unsecured and bear interest at a fixed rate of 3% per annum.

On 2 October 2018, Molson Coors Cayman 2 Company transferred the loan notes to Molson Coors (Barbados) SRL, a fellow subsidiary within the Group. The loan notes continued to be listed on the Cayman Islands Stock Exchange.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

21. Obligations under finance leases and hire purchase contracts

The Company uses finance leases and hire purchase contracts to acquire plant and machinery. Future minimum lease payments due under finance leases and hire purchase contracts are as follows:

	2018	2017
	£'000	£'000
<i>Amounts payable:</i>		
Within one year	2,640	523
Within two to five years	53,608	24,464
	<hr/>	<hr/>
	56,248	24,987
	<hr/>	<hr/>

The average interest rate relates to the finance leases and hire purchase contracts is 8.15% (2017: 6.31%).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. Financial instruments

Categorisation of financial instruments

	2018	2017
	£'000	£'000
<i>Financial assets</i>		
Financial assets measured at fair value through profit or loss	2,014	5,022
Financial assets that are debt instruments measured at amortised cost	384,245	343,203
	386,259	348,225
<i>Financial liabilities</i>		
Financial liabilities measured at fair value through profit or loss	2,316	34
Financial liabilities measured at amortised cost	531,832	414,895
	534,148	414,929

Financial assets and liabilities measured at fair value through profit or loss

The Company uses future contracts for the purchase of natural gas, diesel and aluminium. The fair value of those contracts is calculated by the institutions with which the Company has contracted.

Items of income, expense, gains or losses

	Income	Expense
	£'000	£'000
2018		
Financial assets measured at fair value through profit or loss	(3,008)	-
Financial liabilities measured at fair value through profit or loss	-	2,282
Financial assets measured at amortised cost	787	(161)
Financial liabilities measured at amortised cost	-	6,463
	(2,221)	8,584
	Income	Expense
	£'000	£'000
2017		
Financial assets measured at fair value through profit or loss	1,833	-
Financial liabilities measured at fair value through profit or loss	-	(198)
Financial assets measured at amortised cost	3,063	(408)
Financial liabilities measured at amortised cost	-	3,675
	4,896	3,069

A net impairment loss of £277,000 (2017: reversal of £132,000) was recognised in respect of trade loans during the financial year.

A net impairment loss reversal of £438,000 (2017: impairment loss of £548,000) was recognised in respect of trade debtors during the financial year.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. Provisions for liabilities

	Restructuring provision £'000	Onerous lease provision £'000	Total £'000
At 1 January 2018	1,530	390	1,920
Additions during the financial year	2,505	55	2,560
Amounts charged against provision	(2,203)	(6)	(2,209)
Unused amounts released	(1,444)	-	(1,444)
At 31 December 2018	388	439	827

Restructuring provision

Provision relates to redundancy payments to employees who are to be made redundant as a result of restructuring activities. Restructuring provision in relation to the Company's Burton South brewery was fully utilised in May 2018.

Onerous lease provision

Provision has been made for the cost of fulfilling contractual obligations in relation to various onerous lease agreements. It is anticipated that this provision will not be fully utilised until 2046.

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Pensions and other post-retirement benefits

The Company operates the Molson Coors Brewers Pension Plan in the United Kingdom; a contributory, self-administered, defined benefit pension plan. Assets of the pension plan are held separately from those of the Company in trustee administered funds. Contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method, where applicable, and as agreed with the trustees of the scheme. Total contributions made by the Company to the scheme in the financial year ended 31 December 2018 amounted to £nil (2017: £nil).

On 1 April 2008, a salary sacrifice programme was implemented. This means that, for all accounting purposes, most of the contributions to the plan are from the employer (as it will make contributions on behalf of most members).

From 4 April 2009, the plan closed to future accruals of retirement benefits. Therefore all active members effectively became deferred pensioners from that date and salary linkage of retirement benefits ceased. However, certain risk benefits will continue to be provided to those members who were active as at 4 April 2009, whilst they remain in the employment of the Company, and these benefits will continue to be linked to salaries.

An actuarial assessment of the Molson Coors Brewers Pension Plan was carried out based on full data, using the projected unit method, as at 30 June 2016. This was updated to 31 December 2016 in order to assess the liabilities of the scheme at that date. Scheme assets are stated at their fair values at the balance sheet date.

The full valuation of the scheme as at 30 June 2018 and the assessment of liabilities as at 31 December 2018 were both carried out by Mercer, an independent and professionally qualified actuary.

The assets and liabilities of the scheme at 31 December are:

	2018	2017
	£'000	£'000
<i>Scheme assets at fair value:</i>		
Equities	195,891	425,670
Fixed interest bonds	530,376	983,095
Index-linked bonds	812,612	405,400
Property	115,546	111,485
Cash	1,894	101,350
Buy In	234,881	-
	<hr/>	<hr/>
Fair value of scheme assets	1,891,200	2,027,000
Present value of scheme liabilities	(1,624,300)	(1,797,398)
	<hr/>	<hr/>
Net Pension Asset	266,900	229,602
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The pension plan has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

During 2017, the plan became broadly fully funded on a technical provision basis resulting in a significant reduction in the directors' expectations regarding the future funding requirement for the company to pay contributions into the scheme. As a result, the directors have reconsidered the basis upon which the net defined benefit asset is recognised in the financial statements and have determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (including minimum funding requirements) for the plan, the present value of expected refunds from or reductions in future contributions to the scheme no longer supports the net defined benefit asset. As such the net defined benefit was derecognised at 31 December 2017.

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Pensions and other post-retirement benefits (continued)

The amounts recognised in the Income Statement and Other Comprehensive Income for the financial year are analysed as follows:

	2018 £'000	2017 £'000
<i>Recognised in the Income Statement:</i>		
Past service cost	7,400	-
Actual expenses paid	2,500	2,100
Recognised in arriving at operating profit	9,900	2,100
Net interest on net defined benefit (asset)/liability	(5,800)	(2,600)
Total recognised in Income Statement	4,100	(500)
<i>Taken to Other Comprehensive Income:</i>		
Actual return on scheme assets	(58,500)	202,800
Less amount included in net interest on net defined benefit liability	(50,700)	(49,300)
Other actuarial gains and losses	(109,200)	153,500
Derecognition of net defined benefit asset	150,600	(23,100)
	(37,300)	(229,602)
Remeasurement gain/(loss) recognised in other comprehensive income	4,100	(99,202)

Pensions

	2018 %/Years	2017 %/Years
<i>Main assumptions:</i>		
Rate of salary increases	3.15	3.10
Rate of increase of pensions in payment		
- Pre 2006 pension	3.00	3.05
- Post 2006 pension	2.35	2.50
Discount rate	2.90	2.55
Inflation assumption	3.15	3.10
Post retirement mortality		
- Retiring today (member age 65)	21.00	21.40
- Retiring in 25 years (member age 40)	23.10	24.10

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the reporting date, with "future" being that relating to an employee retiring in 2041.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. Pensions and other post-retirement benefits (continued)

Changes in the present value of the defined benefit obligations are analysed as follows:

	2018 £'000	2017 £'000
At 1 January	1,797,398	1,799,300
Interest paid	44,902	46,700
Benefits paid	(74,800)	(71,700)
Remeasurement on change in assumptions	(150,600)	23,098
Past service cost	7,400	-
As at 31 December	1,624,300	1,797,398

Changes in the fair value of plan assets are analysed as follows:

	2018 £'000	2017 £'000
At 1 January	2,027,000	1,898,000
Actual return on plan assets	(109,200)	153,500
Interest income	50,700	49,300
Employer contributions	-	-
Benefits paid	(74,800)	(71,700)
Administrative expenses returned/paid from plan assets	(2,500)	(1,800)
Insurance premiums for risk benefits	-	(300)
As at 31 December	1,891,200	2,027,000

The company operates a defined contribution pension scheme. Cost recognised in the income statement during the year are as follows. An accrual is held for £410,746 (2017: £251,000) at the year end.

	2018 £'000	2017 £'000
Pension costs	5,299	7,986

25. Called up share capital

Allotted, called up and fully paid shares:

	2018 No.	2018 £'000	2017 No.	2017 £'000
Deferred Ordinary shares of £1 each	1,721,600	1,722	1,721,600	1,722
\$US Ordinary shares of \$US 0.01 each	200	-	100	-

Each share entitles the holder to one vote.

Each share has the right to participate in a distribution of capital on a winding up or as authorised by an extraordinary resolution. Shares are not redeemable unless sanctioned by a special resolution.

During the year the company paid a dividend of £77,180,000 (2017: £119,660,000) representing £44.83 per share (2017: £69.51 per share).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. Capital commitments

At 31 December, the Company had capital commitments as follows:

	2018 £'000	2017 £'000
Contracted for as at the year end but not provided for in the financial statements	1,589	2,585

27. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 £'000	2017(represented) £'000
Not later than one year	3,749	4,261
Later than one year and not later than 5 years	3,924	4,386
Later than five years	2,595	2,046
	10,268	10,693

Following a review of the 2017 financial statements, the operating lease commitments disclosed in this note were represented on a basis consistent to 2018. The representation only impacts on this disclosure and there is no impact on the primary statements.

28. Related party transactions

The Company has taken advantage of the exemption within FRS102 Paragraph 33.1A and has not disclosed transactions with members of the group headed by Molson Coors Brewing Company where any subsidiary which is party to the transaction is wholly owned by such a member.

During the financial year ended 31 December 2018, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Grolsch (UK) Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	38,408
Purchases	-	1,371	54,628
Other administrative expenses	-	-	3,325
Marketing and management fee income	-	-	1,094
Interest receivable	80	-	-
Balance due to related party at 31 December 2018	323	-	9,584
Balance due from related party at 31 December 2018	2,163	1,805	-

During the financial year ended 31 December 2017, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Grolsch (UK) Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	41,900
Purchases	-	1,579	57,678
Other administrative expenses	-	-	3,239
Marketing and management fee income	-	-	2,164
Interest receivable	-	-	-
Sale of fixed assets	-	-	-
Tax paid	-	-	-
Balance due to related party at 31 December 2017	358	-	6,290
Balance due from related party at 31 December 2017	2,083	857	-

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28. Related party transactions (continued)

Coors On-line Limited is a company which is 73% owned within the group.
Grolsch (UK) Limited is a company which is 49% owned within the group.
Cobra Beer Partnership Limited is a company which is 50.1% owned within the group.

29. Dividends received

Dividends received from the company's investments are as follows:

	2018 £'000	2017 £'000
Grolsch (UK) Ltd	657	660
Cobra Beer Partnership Limited	4,865	4,217
Total dividends received	5,522	4,877

30. Parent and ultimate parent undertaking

The Company's immediate parent company, by virtue of its 100% shareholding in the Company, is Molson Coors Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent company is Molson Coors Brewing Company, a company incorporated in the State of Delaware, USA.

The parent of the largest group and the smallest group in which these financial statements are consolidated is Molson Coors Brewing Company. The address of Molson Coors Brewing Company is:

1801 California Street
Suite 4600
Denver
Colorado 80202
USA

The most senior parent entity producing publicly available financial statements is Molson Coors Brewing Company. These financial statements are available from the Company Secretary at the above address.

The ultimate controlling party is Molson Coors Brewing Company.