Registration number: 00026018

MOLSON COORS BREWING COMPANY (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 A Pickering
Company secretary	J Cotton
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Milton Keynes MK9 2DF

The directors present their strategic report for the financial year ended 31 December 2020.

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, Aspall, Staropramen, Pravha, Worthington's and Rekorderlig Cider.

The Company has 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), a 100% investment in Sharp's Brewery Limited which owns the Doom Bar brand, and 100% investment in Aspall Holdings Limited which owns the Aspall Cyder brand.

Review of the business

The Company's key performance indicators are turnover, gross profit and (loss)/profit for the year after taxation. The financial performance is summarised as follows:

	2020	2019	Change	
	£'000	£'000	£'000	%
Turnover	937,534	1,446,831	(509,297)	(35.2)
Gross profit	85,450	231,462	(146,012)	(63.1)
(Loss)/profit after taxation	(56,376)	44,385	(100,761)	(227.0)
Net assets	311,401	352,795	(41,394)	(11.7)

The COVID-19 pandemic and its impact on the UK beer and beverages market has materially impacted sales and resulted in an operating loss in the year. Lockdown measures taken by the UK Government in the form of pub closures, restrictions on gatherings and other measures throughout the year have severely constrained the on-trade business of the Company. As a result, the Company delivered decreased sales of £937,534,000 (2019: £1,446,831,000), a fall of 35.2% (2019: fall of 0.2%). This compares to an overall UK beer market trade reduction of 36% in 2020.

The Directors of the Company have taken measures to reduce costs and maximise cash in response to COVID-19 whilst prioritising the physical and financial wellbeing of its employees and the medium to long term recovery of the business to pre-pandemic levels of activity.

Gross profit for the year was £85,450,000 (2019: £231,462,000), driven by the reduction in gross margin linked to on-trade closures. The business' cost reduction measures in response to COVID-19 closures were reflected in a reduction in other operating costs of £27,775,000 to £33,999,000 (2019: £61,774,00) and a reduction in administrative expenses before exceptional items of £1,186,000 to £129,295,000 (2019: £130,481,000). These cost reduction measures have partly mitigated the reduction in gross profit, resulting in a loss for the financial year of £56,376,000 (2019: profit of £44,385,000).

The Company incurred exceptional costs of £5,347,000 (2019: £2,444,000) during the year relating to restructuring of our operations. These were principally restructuring costs incurred for Burton South brewery following the decision to close the facility in November 2015.

The Company remains focused on its core strategy of building strong brands for the long-term and being first choice for customers and consumers. The Company's core strategy is aligned to plans to return to pre-pandemic trading levels, and the Company is progressing successfully against these plans following the easing of lockdown measures in the UK in summer 2021. The Company's core strategy is underpinned by its revitalisation plan which began in late 2018, aimed at streamlining the organisation and reinvesting resources into its brand and capabilities by:

- Building on the strength of its iconic core brands
- Aggressively growing its above premium portfolio
- Planting the seeds for future growth outside the beer aisle

Further detail of the Company's strategy from a brands, customers, suppliers, community, and environmental perspective is available in the Section 172 statement within the Strategic Report on page 6.

COVID-19

The Directors have considered the impact of the COVID-19 crisis to the business. In early 2020 the COVID-19 outbreak spread to the UK which resulted in a sharp downturn in the on-trade business. On 23rd March 2020 the UK Government declared a lockdown as part of the measures to slow the spread of COVID-19. This lockdown required all hospitality venues to close until 4th July 2020. The business responded by prioritising the health and wellbeing of its people, with all office-based employees being able to work from home, closing non-essential breweries, furloughing impacted staff while continuing to pay everyone, whether furloughed, working or isolating due to Covid-19 100% of their salary, and restricting production to prioritise key off trade product lines to enable all those in vulnerable groups in operational roles to remain at home until a comprehensive suite of Covid-Secure measures were implemented in production sites that remained active.

On 4th July 2020 the government allowed on trade outlets to reopen with strict social distancing measures. As a result, all breweries were reopened, and the majority of operational staff returned to work. On 5th November 2020 the Government announced a second lockdown, again closing all hospitality venues. Whilst some hospitality venues could reopen on 2nd December, ongoing restrictions under the three-tier system, followed by a stricter fourth tier being introduced from 21st December and Christmas restrictions continued to provide challenging trading conditions to the end of the financial year.

The Directors have considered whether the decline in trade has resulted in an impairment to the business and have determined that the impact does not represent a permanent diminution of value. Whilst the impact of the pandemic is likely to be present in some form for years to come, as this is not a permanent diminution in value, the Directors have determined that there is no impairment of any long-lived assets in light of conditions existing at the balance sheet date and at the date of approval of these financial statements.

Going concern

The Directors have performed an assessment of the UK businesses' ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements with a focus on adequate cash reserves to fund operations. In order to make this assessment, a cash flow forecast for the UK group up to the period ending 31 December 2022 has been prepared. This forecast has considered the continuing impact of the previous partial closures of the UK hospitality sector and the resulting cash requirements. A reasonable severe but plausible scenario has been modelled to determine whether the business has sufficient cash to continue operating until the end of 2022.

This model demonstrates that in a reasonable severe but plausible scenario, the business has sufficient funding resources to meet liquidity requirements to support its ongoing operations through the remainder of 2021 and 2022. Funding options include existing bank overdraft arrangements, access to a BMG cash pooling facility and funding from group.

In addition, the directors have received confirmation from the Company's ultimate parent undertaking that the Company will receive support, if required, 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.

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.

Impact of COVID-19 on the beer market

The business operates in two main sales channels, being on-trade which relates to pubs and other premises such as stadiums, restaurants and leisure facilities and clubs where products are consumed on-site, and off-trade which relates to multiple grocers and other outlets where products are consumed off-premise. The COVID-19 pandemic and closure of the on-trade has resulted in a significant reduction in profitability to the business which has been partly mitigated by performance in the off-trade sales channel which has benefitted from increased volumes as a result of pub closures.

Cash management and monitoring of performance against detailed forecasts is part of the Company's regular planning cycle through which Management continue to mitigate liquidity risk linked to reduced profitability. Management's revitalisation plan includes measures that diversify the Company's brand portfolio and investment into its capabilities and core brands which aim to mitigate the risks associated with the overall beer market's exposure to the impact of COVID-19.

Impact of Brexit on the business

The Company is performing ongoing evaluations of the impact of Brexit on the business. The majority of the Company's products are produced and packaged in the UK, hence there are no significant risks. For primary imported brands and raw materials, the Company has taken appropriate stock management and logistics measures to ensure it is able to continue to sell to and service its customers.

The Company depends exclusively on one logistics provider for distribution of our products in the United Kingdom

Tradeteam handles all 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 suitable alternative could not be found in a timely manner, the Company could experience significant disruptions in its 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 the Company's 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 the Company's profitability.

The Company's 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 the Company has a wide variety of different products in its portfolio which continues to expand, 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.

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 the Company's financial condition

The Company's industry is highly regulated in matters such as licensing requirements, trade and pricing practices, labelling, advertising, promotion and marketing practices, relationships with distributors 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 the Company's licences, permits or approvals and could have a material adverse effect on the business, financial condition, and results of operations.

The Company's operations face significant commodity price change exposure which could materially and adversely affect its operating results

The Company uses a large volume of agricultural and other raw materials to produce its products, including barley, barley malt, hops, corn, other various starches, water and packaging materials, including aluminium, cardboard, and other paper products. The Company also uses 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 several factors beyond the Company's control, including market demand, global geopolitical events (especially regarding 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 the Company's hedging arrangements do not effectively or completely hedge changes in commodity price risks, the results of the Company's 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

The Company's costs of providing for historical defined benefit pension plans are dependent upon several 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, the Company could be required to fund the plan with significant amounts of cash. Such cash funding obligations could have a material impact on the Company's cash flows, credit rating and cost of borrowing, financial position, or results of operations.

Financial risk management

The Company's operations are exposed 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 financial risk management control processes in place 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 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 monitors 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.

Section 172 statement

Under section 172(1) of the Companies Act 2006, the Board has a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole whilst having regard to matters set out in S172(1) (a-f) of the Act:

- the likely long-term consequences of decisions;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- the need to act fairly, as between the Company's members.

This section addresses the material actions and decisions which the leadership took in discharging their duties pursuant to section 172 of the Companies Act 2006; namely, the duty to consider the interests of various stakeholders in the success of the business.

People

The Company is committed to its people, as demonstrated by its first core value; "putting people first". The Company values and respects differences and believes that a diverse and inclusive culture is the key to collaboration and a winning team. MCBC (Molson Coors Brewing Company (UK) Limited) also recognises that its people are its key value driver, and that employee engagement and wellbeing is fundamental to promoting the success of the Company.

MCBC has continued to prioritise this value throughout 2020 and the COVID-19 pandemic, putting our employee's physical and financial wellbeing at the forefront of its COVID-19 response. Immediately following the government's lockdown announcement on 16th March 2020, the Company ensured that every one of its employees that could do their job from home (approximately 500 people) were able to do so. MCBC also asked all those in vulnerable groups with operational roles to self-isolate. MCBC ensured that no employee would be affected financially. Whether furloughed, flexi-furloughed, self-isolating, or working full-time, all of employees have been paid 100% of their normal salary throughout the pandemic. MCBC has also supported the government's testing and vaccination programmes, rolling out testing across our production sites and providing trusted information on preventative measures and e-learning.

More broadly, the Company and its Directors engage with employees through forums, which include a number of employee-elected representatives and the senior leadership and is designed to provide not only a direct 'temperature check' of what these representatives are observing in the business, but also a vector by which employees can make thoughts or concerns known, on an anonymous basis if desired, about decisions the company has made. The leadership considers this a vital forum, knowing well that it is possible to become disconnected from the true views of the workforce if there is not an opportunity to enter into a dialogue. The opportunity to hear these views, and either clarify, course-correct or explain decisions made is vital to workforce engagement, and leadership is strongly of the view that this is a key factor in the success of any business. The Company also utilised pulse surveys which provide employees an opportunity to confidentially share their experience across a range of topics, the results of which are reviewed and used by leadership to build a better workplace. The Company's relationship with trade unions is also very positive and supports the overall employee engagement framework.

The Company also continues to provide programmes and benefits that support its employees mental and physical wellbeing. In 2020 the business continued with its "Moments that Matter" programme, including its innovative Life Leave policy, offering staff up to two weeks extra paid leave for the significant moments in life, whether moving house, studying for exams or the days leading up to a wedding. The Company is also committed to ensuring that its pension company is properly funded and 2020 presented no risks to the pension contributions. The company also continues to offer a competitive set of benefits such as private healthcare and product allowance.

The Company's success in supporting its people has been recognised through a number of key achievements and awards. In 2020, MCBC was awarded Silver from mental health charity, MIND, in its annual Workplace Wellbeing Index, and subsequently in 2021, secured a Gold accreditation, achieving excellence in successfully embedding mental health policies and practices and demonstrating a long-term, in-depth commitment to staff mental health and achieving change within its workplace.

Product Categories

The Company's product and brand offering forms a central part of the overall business strategy and its adaptability to changing consumer tastes and market competition.

The Company has historically performed, and continues to perform, strongly in the standard and standard-premium beer category with iconic brands such as Carling and Coors. These brands continue to perform but given the growing consumer trend towards premium and above-premium products and occasions, a trend that has been accelerated by COVID-19, the business has been carefully expanding its portfolio to grow share in those categories also. The acquisition of Aspall Cyder, buyback of the UK distribution rights to Staropramen and acquisition of the distribution rights to Rekorderlig Ciders were key strategic plays in prior years and those brands continued to receive focus as key components of the strategy not only to premium product categories, but also in diversifying Molson Coors' portfolio.

Through 2020, the business has continued to diversify its world beer offering with the launch of Madri Excepcional, in partnership with La Sagra brewery in Spain, into the UK on-trade. World beer has been the fastest growing sub-segment of the beer category since easing of lockdown measures at the point Madri was launched. The business has also introduced Blue Moon Mango Wheat and a true no alcohol variant beer with Doom Bar 0.0% as well as expanding its routes to market with Revl, a new direct-to-consumer e-commerce platform, which offers a differentiated drinks proposition and a wide choice of drinks that are easy to navigate and shop.

However, the Molson Coors enterprise leadership in the US has stated publicly in changing the group's name to 'Molson Coors Beverage Company' that there is an intent to grow beyond beer. This initiative has been reflected in the UK business widening its beverage offer with Bodega Bay, Miami Cocktail Co., and its own brand Three-Fold hard seltzer in its expansion to the hard seltzer and ready-to-drink categories.

Key Customers, Suppliers and Partnerships

The unprecedented challenges that the Company faced in the year were also faced by many of its customers, suppliers, and business partners. The Directors of the Company recognise that all of these stakeholders play a critical role in the recovery of the industry from the COVID-19 pandemic and the need for collaboration, engagement and support in rebuilding the beer and beverages trade, especially in the on-trade.

The Company has supported its customers with practical advice and support, launching In Your Corner in 2020; an online hub containing advice on dealing with the pandemic. The Company also introduced a beer disposal scheme called Return Your Beer with the British Beer & Pub Association (BBPA) and others from the industry to support its on-trade customers during and after repeated periods of lockdown. The overall Return Your Beer platform has supported more than 45,000 pubs in the UK and processed over 400,000 kegs over the COVID-19 pandemic, which in many cases has provided a vital lifeline to pubs that would have otherwise faced tough decisions over staffing, financing, and temporary or even permanent closure.

The Company has agreed supplier partnerships that offer its customers discounted access to PPE, equipment such as mobile bars needed to better utilise outdoor space, and contactless payment technology and continues to support and promote campaigns supporting the UK pub industry, such as Long Live The Local which calls for Government to enact legislative change to support UK pubs.

The Company continues to engage with its customers, suppliers and business partners following the easing of lockdown measures to capitalise on opportunities that are mutually beneficial to all stakeholders. The Company has also made appropriate supplier arrangements linked to complexities created through Brexit and has continued to uphold internal standards on "Responsible Sourcing". As part of these standards, the business expects suppliers to make every effort to limit the environmental impact of their business operations and to have programs in place to help achieve this objective. The Company also monitors supplier performance, continuously assesses potential risks and performs regular audits to ensure "Supplier Standards" are being met.

The Company also proactively complies with the UK Modern Slavery Act of 2015 and continues to take steps to identify, prevent and, where found, eliminate modern slavery in its business and supply chains. A copy of the Company's Modern Slavery Statement for the financial year ended 31 December 2020 can be found on the Company's website.

The Community and the Environment

Dovetailing with the employee 'Wellbeing' agenda is a focus on mental health in the wider community. Work began in 2019 with C.A.L.M (the Campaign Against Living Miserably), a charity focussed on suicide prevention, with a particular acknowledgment that suicide is the biggest killer of males under 45 in the UK. It was a natural connection, given MCBCUK's reach with this category of people, who represent a large subsection of Molson Coors' consumers. The corporate charity partnership was launched in 2019, and early in 2020 during lockdown, Carling launched a social media campaign in partnership with CALM to help spread awareness of the support CALM offers and help to break down the barriers that exist for some men when talking about mental health.

The Company also supports other charitable causes such as its partnership with Surfers Against Sewage through Sharps Brewery in Rock, Cornwall, which is a grassroots movement tackling plastic pollution and protecting the UK's coastlines for all to enjoy safely and sustainably.

Our Imprint embodies MCBCUK's commitment to leave a positive imprint on the communities and environments where we live, work, make and sell our products. In 2021, Our Imprint has been refreshed to three key areas of focus with respect to the Planet, to harness the business' capabilities to have the biggest positive impact possible.

This is the business' fourth year reporting progress toward achieving Our Imprint 2025 goals and we are proud to share our global progress-to-date and key highlights across our three environmental focus areas that apply to the UK&I (for avoidance of doubt, all progress measures stated below are at a global Molson Coors level):

- Water:
  - Reduced water use in our breweries by 9.78% (goal of 22%)
  - Restored 2.6 billion gallons of water (goal of 3.5 billion)
  - Reduced water used to grow barley by 10.9% (exceeding the goal of 10%)
- Climate:
  - Reduced carbon emissions by 24.1% in our direct operations (goal of 50%)
  - Reduced carbon emissions by 22.5% in our value chain (exceeding the goal of 20%)
- Packaging:
  - Made 99.3% of packaging reusable, recyclable and compostable (goal of 100%)
  - Achieved zero waste to landfill in 17 sites
  - Achieved 6.1% of consumer-facing plastic containing at least 30% recycled content (goal of all consumer facing-plastic to contain at least 30% recycled content)

Water intensity, which is the Company's key metric on water stewardship, reduced to 3.23 hl of water used per hl of beer produced in 2020, down from 3.41 hl/hl in 2019, across all large breweries including Burton and Tadcaster which marks consistent progress towards the 2025 Imprint target of 2.8 hl/hl.

MCBC has also transformed its packaging in the UK, replacing plastic rings with cardboard alternatives for major brands including Carling and Coors. Over 700 tons of single-use plastic have been removed from the UK operations since 2019.

Performance in 2020 was also driven by the Company's investment in the reverse osmosis (RO) plants in Burton Brewery and Tadcaster Brewery, which reduced losses associated with water treatment. Burton's enhancement of RO performance has led to a 9% reduction in water treatment losses, which has significantly contributed to an absolute on-site water reduction of 7%. Respectively, Tadcaster's RO improvement has saved approximately 11% in site water demand.

Ethics, Compliance and Business Conduct

In addition to its enterprise-wide Corporate Governance principles at https://www.molsoncoors.com/about/governance-and-ethics, MCBCUK is committed to compliance with applicable laws, with in house Corporate Affairs and Legal functions to assist in the management of these matters.

Shareholders

MCBC and the other members of the UK subsection of the enterprise are wholly owned by Molson Coors Beverage Company in the United States. As a result, the purpose and direction of the business, as well as any dialogue with both the Molson and Coors families but also external investors, are held at the global enterprise level. The key deliverables of the various business units are cascaded and agreed down to the divisional, and ultimately, business unit level. In 2020, the Company formed a part of the EMEA APAC business unit and as a result took its direction in this manner from the EMEA APAC divisional leadership team.

On behalf of the Board

R Eveson
Director

23 September 2021

The directors present their report, together with the audited financial statements for the financial year ended 31 December 2020.

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:

R Eveson
P Whitehead
J Shearer (resigned 2 July 2020)
A Pickering (appointed 2 July 2020)

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 financial statements and are discussed further in the Strategic Report on pages 2 to 5. There were no dividends declared and paid during the financial year ended 31 December 2020 (2019: nil). 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 are provided in the Strategic Report.

Financial instruments

Details of financial instruments are provided in the Accounting Policies on page 30

Financial risk management

Details regarding the Company's financial risk management measures are provided in the Strategic Report on page 5.

Going concern

The directors have documented their going concern assessment in the Strategic Report on page 3. The Directors have received confirmation from the Company's ultimate 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 (2019 - £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 share scheme

During the financial year, some of 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.

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. Further details of employee engagement are provided in the Section 172 Statement on page 6.

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 corporate governance arrangements

The Molson Coors Corporate Governance Code is applied across the global enterprise, and is available at https://www.molsoncoors.com/about/governance-and-ethics.

The directors of the Company are aware of their responsibilities as prescribed by the Companies Act 2006. These duties, alongside Molson Coors' corporate governance code and employee values are the guiding principles in how the business is managed.

Our ambition is to be the First Choice for our People, Our Consumers and Our Customers.

Our purpose is Uniting People to Celebrate all Life's Moments.

Our values are: Put People First, Be Bold and Decisive, Take Accountability, Learn Every Day, Celebrate Together

Our Board is based in the US and more details can be found at www.molsoncoors.com/about/governance-and-ethics.

Our Western Europe Regional Leadership Team (RLT) is led by the Western Europe Managing Director and consists of business function directors (statutory and non-statutory) from all business units. The RLT has responsibility for the leadership of the Western Europe Region, consisting of the UK, the Republic of Ireland, Spain and Italy. The RLT meets weekly to discuss general issues, monthly to review the business performance and quarterly to review the business strategy. Additional meetings are held for long range planning. The Western Europe Managing Director reports into the President and CEO of EMEA APAC who leads the Divisional Leadership Team (DLT) for EMEA APAC.

The RLT consists of a mix of skill, gender and working backgrounds and promotes diversity and inclusion. All RLT members are set targets and monitored against these regularly. The RLT provides a monthly business update to the DLT. Enterprise risks are reviewed by the RLT at least twice a year and reported to the DLT.

Employee engagement

The Companies (Miscellaneous Reporting) Regulations 2018 require that the directors report on how they have engaged with employees and how the directors have regard to employee interests. This information is included within the Section 172 Statement included in the Strategic Report on page 6 as well as the Employee consultation section within the Report of the Directors.

Business relationships

The Companies (Miscellaneous Reporting) Regulations 2018 require that the directors report on how they have engaged with suppliers, customers, and others in a business relationship with the company. This information is included within the Section 172 Statement included in the Strategic Report on page 6.

Energy and Carbon Reporting

The Companies (Miscellaneous Reporting) Regulations 2018 require that the directors report on energy consumption and carbon emissions of the Company. This is the first year that the Company is reporting on energy consumption and carbon emissions. The production activity in the year and the associated emissions were reduced due to the market downturn linked to partial on-trade closures and the COVID-19 pandemic.

The GHG Protocol Corporate Accounting and Reporting Standard has been used in determining this disclosure, whereby carbon emissions are calculated based on energy usage amounts which are converted to tonnes of CO2 (tCO2e) at UK Government GHG Conversion Factors for Company Reporting in 2020 as determined by the Department for Business, Energy & Industrial Strategy (BEIS).

The scope of the data includes all operational offices and breweries of the Company which are all UK-based.

	2020
	kWh
Energy consumption	**169,300,578**
Scope 1 emissions	**tCO2e**
Emissions from combustion of gas	20,359
Emissions from combustion of fuel for transport*	1,993
Total Scope 1 emissions	**22,352**
Scope 2 emissions	
Emissions from purchased electricity	11,613
Total gross emissions	**33,965**
	tCO2e/kHl
Carbon emissions per kHl of product produced	**5.44**

* includes business mileage on rental cars or employee-owned vehicles where the Company is responsible for purchasing fuel.

Further information on MCBC global progress against Our Imprint 2025 goals and UK key highlights in the year can be found in the Section 172 Statement on page 6 as well as the Molson Coors ESG Report 2021, which can be found on https://www.molsoncoors.com/sustainability/sustainability-reporting.

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, 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 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 also 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

23 September 2021

pwc

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

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 2020 and of its loss 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 2020; the Income Statement, the Statement of Comprehensive Income and 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- A full scope audit was conducted on the Financial Statements.

Key audit matters

- Valuation, accuracy and completeness of customer discounts and rebates
- Going concern consideration for COVID-19

Materiality

- Overall materiality: £9,375,000 (2019: £14,459,000) based on 1% of revenue.
- Performance materiality: £7,031,000.

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.

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 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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation, accuracy and completeness of customer discounts and rebates 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. 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. 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.	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. In addition, our substantive audit procedures included a combination of the following: 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; Enquiry of Key Account Managers and Senior Commercial Finance Managers with respect to the completeness of the period end liability. Testing settlement of balances accrued for at the prior year end to assess historical accuracy of accruals; Review of accrued rebates aging for evidence of unclaimed balances; Reviewed post year end credit notes issued to identify amounts not accrued at year end. 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. Customer discounts and rebates expense are netted off revenue in the income statement. We confirmed these have been correctly included within the revenue amount disclosed in the income statement and note 2. Customer discounts and rebates liability are presented within creditors: amounts falling due within one year on the balance sheet. We confirmed these have been correctly included within accruals and deferred income in note 20.

Going concern consideration for COVID-19	
The COVID-19 pandemic has had a significant impact on the trading performance of the Company. Lockdown measures in the UK resulted in the hospitality sector closing during the extended periods of 2020 and further negatively impacted by subsequent lockdown periods in 2021. These have resulted in a significant decline in sales to the on trade sector which has adversely impacted the profitability and cash generation of the business in 2020. As at the date of approval of the financial statements, whilst the hospitality is fully reopened in the UK subsequent to the roll out of the vaccine, there is a risk that potential lockdowns could occur during the winter months which would impact trading and cash performance of the business in 2021 and beyond. The directors' forecasts indicate that additional funding will be required during the going concern period in a severe but plausible downside scenario. In response the directors have put in place additional financing arrangements including a letter of support from the ultimate parent company. As a result, we have determined that management's consideration of the potential impact of COVID-19 on going concern to be a key audit matter.	In assessing management's consideration of the potential impact of COVID-19 on the going concern assessment, we have undertaken the following procedures: - We evaluated management's base case and severe but plausible forecast scenarios, challenging key assumptions including the forecast cash flows. - We have checked the integrity of management's model, as well as agreeing underlying data to source documents. - We have assessed whether management's mitigating actions are reasonably achievable based on our understanding of the business, including the nature of its cost base. - We have verified the level of support available to the Company from its ultimate parent company, and the ability of the parent company to be able to offer this support, including assessing whether the committed liquidity is sufficient to meet the funding requirements of the company. Based on the information available at the time of the directors' approval of the financial statements, we consider the scenarios to be reasonable and that preparation of the financial statements on a going concern basis remains appropriate. The disclosures within the strategic report and directors report, as well as the accounting policies are appropriate.

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.

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. 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 company materiality	£9,375,000 (2019: £14,459,000).
How we determined it	1% of revenue
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 use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £7,031,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £959,000 (2019: £1,455,900) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We evaluated management's base case and severe but plausible forecast scenarios, challenging key assumptions including the forecast cash flows.
- We have checked the integrity of management's model, as well as agreeing underlying data to source documents.
- We have assessed whether management's mitigating actions are reasonably achievable based on our understanding of the business, including the nature of its cost base.
- We have verified the level of support available to the Company from its ultimate parent company, and the ability of the parent company to be able to offer this support, including assessing whether the committed liquidity is sufficient to meet the funding requirements of the company.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with health and safety legislation, employment legislation and taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of accounting estimates which could be subject to management bias or posting of unusual journals. Audit procedures performed by the engagement team included:

- Understanding and evaluating the key elements of the company's internal control related to estimates.
- Reviewing accounting estimates for bias and validating the support behind the assumptions and judgements made by management including challenging against possible alternatives.
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- Reviewing legal expense accounts, board minutes and in-house legal counsel documentation.

- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management.
- Substantive testing of journal entries, particularly focused around journals which have unexpected account relationships.
- Incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

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 obtained 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.

Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
24 September 2021

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Turnover	2	937,534	1,446,831
Cost of sales		(852,084)	(1,215,369)
Gross profit		**85,450**	**231,462**
Other operating income	3	8,689	-
Administrative expenses:			
Before exceptional items		(129,295)	(130,481)
Exceptional restructuring costs	4	(5,347)	(2,444)
		(134,642)	(132,925)
Other operating expenses		(33,999)	(61,774)
Operating (loss)/profit	5	**(74,502)**	**36,763**
Income from shares in group undertakings	9	3,828	4,255
Interest receivable and similar income	10	496	385
Interest payable and similar expenses	11	(7,099)	(7,108)
Other finance income	12	4,700	7,800
(Loss)/profit before tax		**(72,577)**	**42,095**
Tax on (loss)/profit	13	16,201	2,290
(Loss)/profit for the financial year		**(56,376)**	**44,385**

The above results were derived from continuing operations.

The notes on pages 25 to 51 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 £'000
(Loss)/profit for the financial year	(56,376)	44,385
Remeasurement loss recognised on defined benefit pension scheme	(2,100)	(6,500)
Movement on deferred tax relating to pension asset	589	1,105
Total other comprehensive expense	**(1,511)**	**(5,395)**
Total comprehensive (expense)/ income for the financial year	**(57,887)**	**38,990**

The notes on pages 25 to 51 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 2020	1,722	8,278	37,180	795	304,820	352,795
Loss for the financial year	-	-	-	-	(56,376)	(56,376)
Other comprehensive expense	-	-	-	-	(1,511)	(1,511)
Total comprehensive expense for the year	-	-	-	-	**(57,887)**	**(57,887)**
Issue of share capital	16,493	-	-	-	-	16,493
	16,493	-	-	-	-	**16,493**
At 31 December 2020	**18,215**	**8,278**	**37,180**	**795**	**246,933**	**311,401**

The notes on pages 25 to 51 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 2019	1,722	8,278	37,180	795	265,830	313,805
Profit for the financial year	-	-	-	-	44,385	44,385
Other comprehensive expense	-	-	-	-	(5,395)	(5,395)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**38,990**	**38,990**
At 31 December 2019	**1,722**	**8,278**	**37,180**	**795**	**304,820**	**352,795**

The notes on pages 25 to 51 form part of these financial statement.

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	14	89,836	98,606
Tangible assets	15	224,073	251,319
Investments	16	118,630	120,655
		432,539	**470,580**
Current assets			
Stocks	17	38,262	56,398
Debtors	18	332,347	334,552
Cash at bank and in hand	19	68,105	117,945
		438,714	508,895
Creditors: Amounts falling due within one year	20	(411,838)	(472,700)
Net current assets		**26,876**	**36,195**
Total assets less current liabilities		**459,415**	**506,775**
Creditors: amounts falling due after more than one year	21	(147,243)	(152,897)
Provisions for liabilities	24	(771)	(1,083)
Net assets excluding pension asset		**311,401**	**352,795**
Net pension asset	25	-	-
Net assets		**311,401**	**352,795**
Capital and reserves			
Called up share capital	26	18,215	1,722
Share premium account		8,278	8,278
Capital contribution reserve		37,180	37,180
Revaluation reserve		795	795
Retained earnings		246,933	304,820
Total equity		**311,401**	**352,795**

The financial statements on pages 20 to 51 were approved by the Board of Directors on 23 September 2021 and signed on its behalf by

R Eveson
Director
23 September 2021

The notes on pages 25 to 51 form part of these financial statements.

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 23 September 2021.

Basis of preparation

The financial statements have been prepared on the going concern basis and under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

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 Beverage 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 2 to 9. At the balance sheet date, the Company had net current assets of £26,876,000 (2019: £36,195,000). Subsequent to the reporting date, the Company has continued to trade within its available facilities. The Directors have received confirmation from the Company's ultimate 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.

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 Beverage 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.

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 2020 are provided in note 22 to these financial statements. Details of commitments under operating leases are provided in note 28.

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 2020.

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 2020, the Company's Statement of Financial Position included intangible assets with a net book value of £89,836,000 (2019: £98,606,000).

Pensions and other post-employment benefits

The Company has an obligation to pay pension benefits and other post-employment benefits to certain employees. The 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 25.

At 31 December 2020, the Company's Statement of Financial Position included a net asset of £nil (2019: £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.

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 13.

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 3 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.

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.

Turnover recognition

Turnover 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, turnover 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.

Turnover is only recognised when it is probable that economic benefits will flow to the Company, when the amount of turnover 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.

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

Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

1. Accounting policies (continued)

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.

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.

1. Accounting policies (continued)

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.

Financial instruments

The Company has chosen to adopt Section 11 and Section 12 of FRS 102 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.

1. **Accounting policies (continued)**

Share based payment

The Company's employees have been granted share options by the ultimate parent company, Molson Coors Beverage 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.

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, the profit on sale is deferred and amortised over the shorter of the term of the lease or 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 is 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.

1. Accounting policies (continued)

Pensions and other post-retirement benefits (continued)

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.

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 and other beverages 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:

	2020 £'000	2019 £'000
Sale of goods	937,333	1,446,538
Interest receivable on trade loans	201	293
	937,534	**1,446,831**

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

	2020 £'000	2019 £'000
United Kingdom	922,571	1,432,729
Rest of the World	14,963	14,102
	937,534	**1,446,831**

3. Other operating income

On 20 March 2020, the UK Government announced the Coronavirus Job Retention Scheme ('CJRS') to provide support for employers to enable them to continue paying part of their employees' salaries. The company claimed under this CJRS for the period April 2020 to December 2020 from the UK Government for the employees furloughed.

	2020 £'000	2019 £'000
Coronavirus Job Retention Scheme	**8,689**	-

4. Exceptional restructuring costs

	2020 £'000	2019 £'000
Recognised in arriving at operating (loss)/profit:		
Charge relating to termination payments on restructuring	3,332	1,545
Other restructuring costs	2,015	899
	5,347	**2,444**

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 payments to employees who have been made redundant as a result of restructuring activities where no previous provision for that payment has been recognised. These restructuring activities commenced in 2019 and were ongoing at the date of approval of these financial statements. 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 2020.

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Excise duty on own products	460,401	623,081
Research expenditure	263	482
Amortisation of goodwill and other intangibles	9,070	8,518
Impairment/(reversal of impairment) of trade debtors	462	(259)
Inventory recognised as an expense	374,874	567,020
Impairment of inventory/(reversal of impairment)	4,095	(211)
Foreign exchange losses	73	345
Loss/(Gain) on disposal of tangible fixed assets	675	(1,294)
Depreciation:		
Charge relating to owned assets	42,624	42,854
Charge relating to assets held under hire purchase agreements and finance leases	5,585	4,789
	48,209	**47,643**

5. Operating (loss)/profit (continued)

	2020 £'000	2019 £'000
Operating lease rentals:		
Charge relating to land and buildings	777	409
Charge relating to plant and machinery	3,264	4,688
	4,041	**5,097**

6. Auditors' remuneration

In 2020, auditors' remuneration relating to audit fees amounted to £150,380 (2019: £150,380). Auditors' remuneration in relation to fees for non-audit services provided during the year amounted to £nil (2019: £nil).

7. Staff costs

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

	2020 £'000	2019 £'000
Wages and salaries	86,309	90,179
Social security costs	8,815	9,444
Other pension costs	5,990	5,652
	101,114	**105,275**

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

	2020 No.	2019 No.
Production	770	789
Sales	981	1,071
Administration	186	205
	1,937	**2,065**

Included in the total number of employees of the Company are 30 (2019: 31) 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:

	2020 £'000	2019 £'000
Wages and salaries	1,205	1,549
Social security costs	174	179
Pension costs	38	45
	1,417	**1,773**

8. Directors' remuneration

Directors Remuneration borne by the Company is as follows:

	2020 £'000	2019 £'000
Aggregate directors' emoluments'	719	822
Pensions costs	49	27
Cost of employee share schemes	92	115
	860	**964**

3 of the directors (2019: 3) are members of defined contribution schemes. No directors (2019: none) were accruing benefits under the defined benefit pension scheme. The number of directors who exercised share options during the year was 3 (2019: 2).

Remuneration of the highest paid director:	2020 £'000	2019 £'000
Aggregate emoluments	358	433
Contributions to defined contribution pension scheme	2	2
	360	**435**

9. Income from shares in group undertakings

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

	2020 £'000	2019 £'000
Southernhay 1 Limited	813	-
Cobra Beer Partnership Limited	3,015	4,255
Total dividends received	**3,828**	**4,255**

10. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest receivable	253	302
Interest receivable from group undertakings	243	83
Total interest income relating to financial assets not measured at fair value through profit or loss	**496**	**385**

11. Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest payable to group undertakings	2,691	2,313
Other interest payable	4,408	4,795
Total interest expense relating to financial liabilities not measured at fair value through profit or loss	**7,099**	**7,108**

12. Other finance income

	2020 £'000	2019 £'000
Interest income on net defined benefit pension asset	4,700	7,800

13. Tax on (loss)/profit

	2020 £'000	2019 £'000
Current tax:		
- UK Corporation tax on (losses)/profits for the financial year	(361)	4,075
- UK Corporation tax adjustments to prior periods	(168)	(7,638)
Total current tax	**(529)**	**(3,563)**
Deferred tax:		
- Origination and reversal of timing differences	(12,664)	4,386
- Effect of changes in tax rate on opening asset	(2,702)	-
- Deferred tax prior period adjustments	(306)	(3,113)
Total deferred tax	**(15,672)**	**1,273**
Tax on (loss)/profit	**(16,201)**	**(2,290)**

Tax on profit for the year is lower than (2019 – lower than) the standard rate of Corporation tax in the UK of 19% (2019 – 19%).

The differences are reconciled below:

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(72,577)	42,095
Corporation tax at standard rate	(13,790)	7,998
Net impact of (income added back)/expenses not deductible for tax purposes	765	986
Recognition of movement in land and buildings	-	9
Group relief (surrendered/(received) for nil payment)	-	(14)
Changes in pensions and post retirement benefits	-	-
Effect of difference between current tax rate and deferred tax rate	(2,702)	(516)
Adjustments in respect of prior periods	(474)	(10,750)
Tax on (loss)/profit	**(16,201)**	**(2,290)**

13. Tax on (loss)/profit (continued)

Tax relating to items recognised as Other Comprehensive Income:

	2020 £'000	2019 £'000
Deferred tax:		
Actuarial loss on pension scheme	589	1,105
	589	1,105

Deferred tax

The Company's deferred tax balances comprise the following:

Deferred tax asset:

	2020 £'000	2019 £'000
Decelerated capital allowances	21,477	11,058
Land and buildings	9,091	8,589
Tax losses	4,408	-
Other timing differences	3,943	3,011
Deferred tax asset excluding pension related balances	**38,919**	**22,658**
Total deferred tax asset	**38,919**	**22,658**

Factors affecting current and future tax charges

On the 11 March 2020, the UK Government announced that the UK tax rate would remain at 19% and not reduce to 17% from 1 April 2020. This change was substantively enacted on 17 March 2020 and the Company's deferred tax assets and liabilities at the 31 December 2020 have been calculated at this rate (2019 - 17%).

On 3 March 2021 the UK Government announced that the main rate of corporation tax will be increasing to 25% from 1 April 2023. This change will have a consequential effect on the company's future tax charge. If this rate change had been substantially enacted at the current balance sheet date, then the Company's net deferred tax asset would have increased by £12,132,169.

14. Intangible assets

	Goodwill £'000	Trademarks, trade names, brand names, and distribution rights £'000	Total £'000
Cost or valuation			
At 1 January 2020	41,168	104,251	145,419
Additions	-	300	300
At 31 December 2020	**41,168**	**104,551**	**145,719**
Accumulated amortisation			
At 1 January 2020	27,174	19,639	46,813
Charge for the financial year	2,813	6,257	9,070
At 31 December 2020	**29,987**	**25,896**	**55,883**
Carrying amount			
At 31 December 2020	**11,181**	**78,655**	**89,836**
At 31 December 2019	**13,994**	**84,612**	**98,606**

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 £89,836,000 at 31 December 2020 is £60,586,000 (2019: £64,432,000) 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 2020 is 15.75 years (2019: 16.75 years).

Also included in the carrying amount of intangible assets of £89,836,000 at 31 December 2020 is £17,971,000 (2019: £19,479,000) 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 2020 is 11.9 years (2019: 12.9 years).

15. 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 2020	106,150	429,965	147,790	9,390	693,295
Additions	48	4,846	18,931	-	23,825
Disposals	(4,504)	(34,699)	(984)	-	(40,187)
Transfers	93	3,612	57	(3,762)	-
At 31 December 2020	**101,787**	**403,724**	**165,794**	**5,628**	**676,933**
Accumulated depreciation					
At 1 January 2020	47,876	280,281	113,819	-	441,976
Charge during the financial year	3,069	19,332	25,808	-	48,209
Disposals	(4,369)	(32,070)	(886)	-	(37,325)
At 31 December 2020	**46,576**	**267,543**	**138,741**	**-**	**452,860**
Carrying amount					
At 31 December 2020	**55,211**	**136,181**	**27,053**	**5,628**	**224,073**
At 31 December 2019	**58,274**	**149,684**	**33,971**	**9,390**	**251,319**

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 2020 and 31 December 2020	2,297
Accumulated depreciation	
At 1 January 2020	1,006
Provided during the financial year	158
At 31 December 2020	1,164
Carrying amount	
At 31 December 2020	**1,133**
At 31 December 2019	**1,291**

15. 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 January 2020	45,265
Keg losses	(2,087)
At 31 December 2020	**43,178**
Accumulated depreciation	
At 1 January 2020	30,108
Provided between 1 January 2020 to 31 December 2020	4,174
Keg losses	(988)
At 31 December 2020	**33,294**
Carrying amount	
At 31 December 2020	**9,884**
At 31 December 2019	**15,157**

All land and buildings are freehold. Included in the cost or valuation of land and buildings of £101,787,000 (2019: £106,150,000) is £17,319,000 (2019: £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, the Company 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 the Company from Weis for a period of 20 years.

Upon the evaluation of Sale and Leaseback Criteria, the Company is considered to be undertaking a capital lease arrangement. As a result, the Company is 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 is being 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 2020 is £101,787,000 (2019 - £106,150,000). The revaluation reserve relating to assets held at deemed cost at 31 December 2020 was £795,000 (2019 - £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 (2019 - £nil). The total cost or valuation of tangible fixed assets of £676,933,000 at 31 December 2020 (2019-£693,295,000) included £5,632,000 (2019 - £5,632,000) of capitalised interest. The interest rate used to capitalise is 2.2% (2019 – 2.2%).

16. Investments

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Trade and other loans £'000	Total £'000
Cost				
At 1 January 2020	101,496	495	21,262	123,253
Additions/advances	-	-	6,999	6,999
Disposals/repayments	-	-	(7,693)	(7,693)
Amounts written off	-	-	(937)	(937)
At 31 December 2020	**101,496**	**495**	**19,631**	**121,622**
Provision for impairment				
At 1 January 2020	1,274	-	1,324	2,598
Additions	-	-	394	394
At 31 December 2020	**1,274**	**-**	**1,718**	**2,992**
Carrying amount				
At 31 December 2020	**100,222**	**495**	**17,913**	**118,630**
At 31 December 2019	**100,222**	**495**	**19,938**	**120,655**

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 2020	2019	Nature of business
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%	100%	Holding company
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
Southernhay 1 Limited	England and Wales	Ordinary	49%	49%	In liquidation
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
Hooch Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Beer Naturally Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Global Trading 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

16. Investments (continued)

All of the Company's 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

17. Stocks

	2020 £'000	2019 £'000
Raw materials	2,734	2,855
Work in progress	2,937	3,031
Finished goods	25,532	44,304
Consumable stores	7,059	6,208
	38,262	**56,398**

There are no (2019: 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 £374,874,000 (2019: £567,020,000).

During the year, the Company incurred an impairment loss in stock of £4,095,000 (2019: reversal £211,000). The increase in impairment loss in stock in the year is due to the impact of COVID-19

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

18. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	79,431	130,864
Amounts owed by group undertakings	191,636	156,941
Other debtors	6,592	8,459
Deferred tax asset	38,912	22,658
Prepayments and accrued income	15,776	15,630
	332,347	**334,552**

Included within amounts owed by group undertakings is a loan of £2,750,000 to Aspall Cyder Limited which interest incurs at 3% and is repayable on demand. All other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provision for impairment of £1,363,000 (2019: £901,000).

19. Cash at bank and in hand

	2020 £'000	2019 £'000
Cash at bank and in hand	**68,105**	**117,945**

20. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	107,945	181,461
Amounts owed to group undertakings	130,239	122,056
Taxation and social security	109,484	94,647
Obligations under finance leases and hire purchase contracts	2,789	2,715
Other creditors	1,320	2,124
Accruals and deferred income	60,061	69,697
	411,838	**472,700**

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.

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

	2020 £'000	2019 £'000
Amounts owed to group undertakings	77,101	77,101
Obligations under finance leases and hire purchase contracts	47,717	50,536
Accruals and deferred income	22,425	25,260
	147,243	**152,897**

21. Creditors: Amounts falling due after more than one year (continued)

Amounts owed to group undertakings as at 31 December 2020 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 2019, 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.

22. 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:

	2020 £'000	2019 £'000
Amounts payable:		
Within one year	2,789	2,715
Within two to five years	47,717	50,536
	50,506	**53,251**

The average interest rate relates to the finance leases and hire purchase contracts is 8.59% (2019: 8.59%).

23. Financial instruments

Categorisation of financial instruments

	2020 £'000	2019 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	1,204	555
Financial assets that are debt instruments measured at amortised cost	369,674	433,547
	370,878	**434,102**
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	1,707	4,248
Financial liabilities measured at amortised cost	450,132	530,265
	451,839	**534,513**

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 £'000	Expense £'000
2020		
Financial assets measured at fair value through profit or loss	650	-
Financial liabilities measured at fair value thought profit or loss	2,541	-
Financial assets measured at amortised cost	697	856
Financial liabilities measured at amortised cost	-	7,099
	3,888	7,955

	Income £'000	Expense £'000
2019		
Financial assets measured at fair value through profit or loss	(1,459)	-
Financial liabilities measured at fair value through profit or loss	-	1,932
Financial assets measured at amortised cost	677	(306)
Financial liabilities measured at amortised cost	-	7,108
	(782)	8,734

A net impairment loss of £393,000 (2019: gain £47,000) was recognised in respect of trade loans during the financial year.
A net impairment loss of £462,000 (2019: gain of £259,000) was recognised in respect of trade debtors during the financial year.

24. Provisions for liabilities

	Restructuring provision £'000	Onerous lease provision £'000	Total £'000
At 1 January 2020	701	382	1,083
Additions during the financial year	3,179	54	3,233
Amounts charged against provision	(3,469)	(55)	(3,524)
Unused amounts released	(21)	-	(21)
At 31 December 2020	**390**	**381**	**771**

Restructuring provision

Provision relates to redundancy payments to employees who are to be made redundant as a result of restructuring activities.

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.

25. Pensions and other post-retirement benefits

The Company operates the Molson Coors (UK) Pension Plan ("the Plan") in the United Kingdom; a contributory, self-administered, defined benefit pension plan. Assets of the Plan are held separately from those of the Company and are in the care of a corporate Trustee, Molson Coors Brewing Company (UK) Pensions Limited. The Plan provides defined benefit (DB) and other related benefits, including protection for dependants in the event of death in service. The Plan closed to future accrual on 4 April 2009. All active members changed their status to deferred and were offered membership of the contract-based DC arrangement. Contributions to the Plan are assessed in accordance with the advice of an independent qualified actuary using the projected unit method, where applicable, and as agreed with the trustee of the Plan. Total contributions made by the Company to the Plan in the financial year ended 31 December 2020 amounted to £nil (2019: £nil).

The most recent triennial actuarial valuation of the Plan was carried out by the Plan actuary at 30 June 2019 using the projected unit method. This was updated to 31 December 2020 in order to assess the liabilities of the Plan at that date. Scheme assets are stated at their fair values at the balance sheet date.

A full assessment of liabilities as at 31 December 2020 was carried out by Mercer, an independent and professionally qualified actuary.

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

	2020 £'000	2019 £'000
Scheme assets at fair value:		
Equities	128,933	71,383
Debt instruments	953,471	1,159,976
Property	111,424	66,921
Cash	16,204	14,918
Buy-in	492,847	484,639
Other assets	397,943	188,863
Fair value of scheme assets	**2,100,822**	**1,986,700**
Present value of scheme liabilities	(1,851,795)	(1,753,500)
Net Pension Asset	**249,027**	**233,200**

The 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 Plan 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 Plan no longer supports the net defined benefit asset. As such the net defined benefit was derecognised at 31 December 2017.

25. 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:

	2020 £'000	2019 £'000
Recognised in the Income Statement:		
Past service cost	500	(1,600)
Actual expenses paid	2,100	2,900
Recognised in arriving at operating profit	**2,600**	**1,300**
Net interest on net defined benefit asset	(4,700)	(7,800)
Total recognised in Income Statement	**(2,100)**	**(6,500)**
Taken to Other Comprehensive Income:		
Actual return on scheme assets	220,222	199,200
Less amount included in net interest on net defined benefit asset	(39,600)	(53,400)
	180,622	**145,800**
Other actuarial gains and losses	(166,895)	(186,000)
Derecognition of net defined benefit asset	(15,827)	33,700
Remeasurement loss recognised in other comprehensive income	**(2,100)**	**(6,500)**

Pensions

	2020 %/Years	2019 %/Years
Main assumptions:		
RPI inflation/deferred revaluation	2.85	2.90
Rate of increase of pensions in payment		
- Pre 2006 pension	2.75	2.80
- Post 2006 pension	2.25	2.25
Discount rate	1.45	2.05
Inflation assumption	2.90	2.90
Post retirement mortality		
- Male retiring today (member age 65)	21.70	21.70
- Retiring in 25 years (member age 40)	23.90	23.90
- Female retiring today (member age 65)	23.80	23.70
- Female retiring in 25 years (member age 40)	26.00	25.90

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.

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

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

	2020 £'000	2019 £'000
At 1 January	1,753,500	1,624,300
Interest expense	34,900	45,600
Benefits paid	(104,000)	(100,800)
Remeasurement on change in assumptions	166,895	186,000
Past service cost	500	(1,600)
As at 31 December	**1,851,795**	**1,753,500**

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

	2020 £'000	2019 £'000
At 1 January	1,986,700	1,891,200
Actual return on plan assets	180,622	145,800
Interest income	39,600	53,400
Benefits paid	(104,000)	(100,800)
Administrative expenses returned/paid from plan assets	(2,100)	(2,900)
As at 31 December	**2,100,822**	**1,986,700**

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 £436,107 (2019: £446,824) at the year end.

	2020 £'000	2019 £'000
Pension costs	5,990	5,653

26. Called up share capital

Allotted, called up and fully paid shares:

	2020 No.	2020 £'000	2019 No.	2019 £'000
Deferred Ordinary shares of £1 each	18,214,977	18,215	1,721,600	1,722
$US Ordinary shares of $US 0.01 each	200	-	200	-

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.

The company paid no dividends in the year (2019: nil).

The company issued 16,493,377 deferred ordinary shares of £1 each to its parent company on 8 December 2020.

27. Capital commitments

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

	2020 £'000	2019 £'000
Contracted for as at the year end but not provided for in the financial statements	-	1,357

28. Operating lease commitments

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

	2020 £'000	2019 £'000
Not later than one year	2,294	3,093
Later than one year and not later than 5 years	3,424	5,341
Later than five years	3,007	3,105
	8,725	**11,539**

29. 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 Beverage Company where any subsidiary which is party to the transaction is wholly owned by such a member.

During the financial year ended 31 December 2020, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Southernhay 1 Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	26,297
Purchases	-	-	35,700
Other administrative expenses	-	-	3,096
Marketing and management fee income	-	-	856
Interest receivable	79	-	-
Balance due to related party at 31 December 2020	354	-	4,531
Balance due from related party at 31 December 2020	2,329	-	-

During the financial year ended 31 December 2019, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Southernhay 1 Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	37,759
Purchases	-	907	53,405
Other administrative expenses	-	-	3,674
Marketing and management fee income	-	-	1,781
Interest receivable	86	-	-
Balance due to related party at 31 December 2019	359	-	6,653
Balance due from related party at 31 December 2019	2,249	-	-

29. Related party transactions (continued)

Coors On-line Limited is a company which is 73% owned within the group.
Southernhay 1 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.

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 England & Wales.

The ultimate parent company is Molson Coors Beverage 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 Beverage Company. The address of Molson Coors Beverage Company is:

P.O. Box 4030
NH353
Golden
Colorado
USA

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

The ultimate controlling party is Molson Coors Beverage Company.