Molson Coors Brewing Company (UK) Limited (formerly known as Coors Brewers Limited)

Financial Statements and Directors' report for the 52 week period ended 27 December 2008

Registered number: 26018

Directors' Report
For the 52 week period ended 27 December 2008

The directors present their annual report on the affairs of the company, together with the audited financial statements and report of the auditors for the 52 week period ended 27 December 2008.

Principal activities

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

Business review

Molson Coors Brewing Company (UK) Limited ("MCBC (UK)") (formerly known as Coors Brewers Limited) is the United Kingdom's second-largest beer company with unit volume sales of approximately 6.5 million UK barrels in 2008. MCBC (UK) has an approximate 20% share of the UK beer market, Western Europe's second-largest market. Sales are primarily in England and Wales, with the Carling brand (a mainstream lager) representing more than three quarters of MCBC (UK)'s total beer volume. Additionally, MCBC (UK) has an associate arrangement for the production and distribution of Grolsch in the United Kingdom and Republic of Ireland, factored brand sales (beverage brands owned by other companies, but sold and delivered to retailers by MCBC (UK)), and an associate arrangement with DHL for the distribution of products throughout Great Britain.

The beer industry is subject to seasonal sales fluctuations primarily influenced by holiday periods, weather and by certain major televised sporting events. Weather conditions can significantly impact sales volumes, as noted during 2008 and 2007 when unusually cool, rainy weather in the summer months resulted in lower sales volumes.

Beer volume in the on-premise business, which represents approximately 58% of volumes and an even greater proportion of margin, declined by approximately 12.8% compared to 2007. This compared to an overall industry on-premise channel decline of 9.8%, giving a market share decline for MCBC (UK). The off-premise volume for 2008 declined approximately 7.8% compared to 2007. This compared to an overall industry off-premise channel decline of 0.1%, again giving a market share decline for MCBC (UK). This market share decline resulted from a very difficult trading environment with MCBC (UK) attempting to balance both pricing and volume considerations.

Turnover for MCBC (UK) increased by 1.2% in 2008. This was driven by the volume decline of 4.4% being mitigated by an increase in turnover per barrel. Turnover per barrel increased approximately 5.5% mainly driven by an increase in owned brand turnover per barrel as a result of improved pricing.

Industry pricing continues to be the most important source of margin pressure in the UK beer business in both the on- and off-premise. The company is managing pricing by channel, in the context of local competition, while staying focused on the core strategy of building strong brands for the long term.

Cost reduction initiatives implemented in 2006 and 2007 drove cost benefits in 2008, along with further cost reduction initiatives launched in 2008. Production cost savings as a result of these initiatives was, however, largely offset by input cost inflation. Marketing, sales and administration expenses decreased by 0.1%.

Loss on ordinary activities before taxation saw a period on period decline of £297.7m from a 2007 profit of £14.8m to a 2008 loss of £282.9m. This has been primarily driven by a £312m provision against the indirect holding in CB(IP) BV, a 100% owned subsidiary company. The provision is a result of a post balance sheet group restructure and planned liquidation of CB(IP) BV. From the UK group consolidated perspective of Molson Coors UK Holdings LLP this exceptional loss has a £nil impact on the period results.

During the year the trade and assets of the 73% owned subsidiary Coors-on-Line Limited (formerly known as Barbox Limited) were sold to Amphire International.

The directors' consider the trading results to be satisfactory, despite the exceptional loss incurred during the year.

Business review – post balance sheet events

Prior to the balance sheet date the decision was taken to close the defined benefit pension scheme to future accruals of retirement benefits; the scheme was closed on 4 April 2009.

On 29 May 2009, MCBC (UK) purchased a 50.1% shareholding in the newly incorporated company Cobra Beer Partnership Limited for consideration of £12,000,000. Cobra Beer Partnership Limited's principal activity will be the supply of beers to the restaurant trade.

Future developments

The company will continue to develop and invest in the key brands of the business in order to build a well-balanced product portfolio and to maximise profitability. This will enable the company to alleviate the key risks of both a further shift into the lower-margin off-premise market and increased price pressure in the light of current economic conditions.

Principal risks

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.

Consolidation of pubs and growth in the size of pub chains in the United Kingdom could result in less ability to achieve favourable pricing. The trend toward consolidation of pubs, away from independent pub and club operations, is continuing in the United Kingdom. These larger entities have stronger price negotiating power, which could impact MCBC (UK)'s ability to obtain favourable pricing in the on-premise channel (due to spill over effect of reduced negotiating leverage) and could reduce our revenues and profit margins. In addition, these larger customers continue to move to purchasing directly more of the products that, in the past, we have provided as part of our factored business. Further consolidation could impact us adversely.

We depend exclusively on one logistics provider in England, Wales and Scotland for distribution of our MCBC UK products. We have a joint venture with DHL called Tradeteam. Tradeteam handles all of the physical distribution for MCBC (UK) in England, Wales and Scotland, except where a different distribution system is requested by a customer. If Tradeteam were unable to continue distribution of our product and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could have an adverse financial impact.

Sales volume trends in the UK brewing industry reflect movement from on-premise locations to off-premise locations, a trend which unfavourably impacts our profitability. We have noted in recent years that 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. The ban on smoking in pubs and restaurants across the whole of the UK during 2007 has accelerated this trend. Margins on sales to off-premise customers tend to be lower than margins on sales to on-premise customers; hence these trends could adversely impact our profitability.

Our success as a business depends largely on the success of one primary product in a mature market; failure or weakening could materially adversely affect our financial results. Although we currently have a variety of different products in our portfolio, Carling lager is the best-selling brand in the United Kingdom and represented approximately 81% of our sales volume in 2008. 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.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could unfavourably impact liquidity and results of operations. Our costs of providing defined benefit pension plans are dependant upon a number of factors, such as the rates of return on the plan's assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plan, future government regulation and our required and/or voluntary contributions made to the plan. While we comply with the minimum funding requirements, the recent worldwide decline in equity prices and in the value of other financial investments has significantly increased out pension liability.

Without sustained growth in the pension investments over time to increase the value of the plan assets and depending on certain other factors as listed above, we could be required to fund the plan with significant amounts of cash. Such cash funding obligations could have a material impact on our cashflows, credit rating and cost of borrowing, financial position or results of operations.

Financial risk management

The company's operations expose it to a variety of financial risks that include currency risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place financial risk management control processes that seek to limit the adverse effects of financial performance of the company by monitoring levels of trade debtors and creditors. Overseas suppliers and customers are monitored, though dealings with overseas suppliers and customers are limited, hence minimising the company's exposure to currency risk. The company does not use derivative financial instruments to manage currency risk exposure and as such, no hedge accounting is applied.

Currency risk. The company undertakes minimal transactions in foreign currency and therefore its exposure to currency risk as a result of its operations is considered to be minimal. The cost of managing the exposure to currency risk through the use of derivative financial instruments exceed any potential benefits, and as such no hedge accounting is applied. The company may, from time to time, minimise currency risk exposures by entering into forward contracts to purchase foreign currency at fixed exchange rates.

Credit risk. The company has implemented policies that require appropriate credit checks on potential customers before sales are made and continued contact with customers after sales have been made. The amount of exposure to any individual counter party is subject to a limit, which is reassessed on a regular basis by senior management.

Liquidity risk. The company actively monitors working capital and ensures 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 the policy set out by the MCBC group.

Results and dividends

The audited financial statements for the period ended 27 December 2008 are set out on pages 10 to 40. The loss for the period, before taxation amounted to £282,898,000 (2007: profit of £14,758,000). Taxation for the period was a charge of £9,629,000 (2007: £825,000).

During the period no dividends were paid (2007: dividends of £18,384,000 were paid, being a dividend of £10.68 per share). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the period and up to the date of signing the financial statements were as follows:

J S Holberry (Resigned 18 March 2008)
S F Glendinning (Resigned 16 June 2008)
S Davies (Resigned 2 October 2009)
K Donald (Resigned 12 June 2009)
M D Thomas
M R Hunter
S P Ellis (Appointed 17 March 2008)
D Heede (Appointed 17 March 2008)
W J Heynen (Appointed 17 March 2008)
S J Cox (Appointed 16 June 2008)

Supplier payment policy

The company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and to abide by the terms of payment. Trade creditors of the company at 27 December 2008 were equivalent to 60 days' purchases (2007: 57 days), based on the average daily amount invoiced by suppliers during the period.

Disabled employees

Applications for employment by 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 with that of other employees.

Employee consultation

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

Fixed assets

Details of the company's fixed assets are given in note 10. The breweries and the maltings are considered to be specialised properties where a market value is not available.

Research and development

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

Charitable and political contributions

During the period the company made charitable donations of £15,000 to Mencap (2007: £12,000 to Mencap). No political donations were made during the period (2007 - £nil).

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next Annual General Meeting.

137 High Street
Burton upon Trent
DE14 1JZ

By order of the Board,

D Heede
Director

27 October 2009

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

We have audited the financial statements of Molson Coors Brewing Company (UK) Limited (formerly known as Coors Brewers Limited) for the 52 week period ended 27 December 2008 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Note of historical cost profits and losses, the Balance Sheet, the Reconciliation of movement in shareholders' funds, the Statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 December 2008 and of its loss for the 52 week period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Donington Court
Pegasus Business Park
Castle Donington
DE74 2UZ

Date: 27 October 2009

Profit and loss account

For the 52 week period ended 27 December 2008

	Note	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Turnover	1	1,336,609	1,320,808
Costs and overheads, less other income	2	(1,309,051)	(1,321,330)
Operating profit/(loss) on ordinary activities		27,558	(522)
Loss on sale of tangible fixed assets	4	(2,611)	(2,276)
Profit/(loss) on ordinary activities before interest and taxation		24,947	(2,798)
Interest receivable and similar income	5	2,061	3,667
Interest payable and similar charges	5	(4,354)	(4,411)
Other finance income	6	6,700	18,300
Provision against fixed asset investments	11, 21	(312,252)	-
(Loss)/profit on ordinary activities before taxation		(282,898)	14,758
Tax on (loss)/profit on ordinary activities	7	(9,629)	(825)
(Loss)/profit after tax for the financial period		(292,527)	13,933

The above results relate to continuing operations.

The notes on pages 14 to 40 form an integral part of the financial statements.

Statement of total recognised gains and losses
For the 52 week period ended 27 December 2008

	Note	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
(Loss)/profit for the financial period		(292,527)	13,933
Actuarial loss on pension scheme	6	(201,000)	(10,100)
Movement on deferred tax relating to pension deficit	16	56,280	2,828
Total (loss)/gain recognised since last annual report		(437,247)	6,661

Note of historical cost profits and losses
For the 52 week period ended 27 December 2008

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Reported (loss)/profit on ordinary activities before taxation	(282,898)	14,758
Difference between the historical cost charge and the actual depreciation charge calculated on the revalued amount	-	(20)
Historical cost (loss)/profit on ordinary activities before taxation	(282,898)	14,738
Historical cost (loss)/profit on ordinary activities after taxation	(292,527)	13,913

The notes on pages 14 to 40 form an integral part of this statement of total recognised gains and losses and note of historical cost profits and losses.

Balance sheet
As at 27 December 2008

	Note	27 December 2008 £'000	29 December 2007 £'000
Fixed assets			
Intangible assets	9	12,652	16,076
Tangible assets	10	245,354	246,826
Investments	11	156,656	471,588
		414,662	734,490
Current assets			
Stocks	12	56,844	59,894
Debtors	13	250,145	278,561
Cash at bank and in hand		39,882	29,012
		346,871	367,467
Creditors: amounts falling due within one year	14	(291,180)	(308,550)
Net current assets		55,691	58,917
Total assets less current liabilities		470,353	793,407
Creditors: amounts falling due after more than one year	15	(100,813)	(55,594)
Provisions for liabilities and charges	16	(15,177)	(18,970)
Net assets excluding pension liability		354,363	718,843
Net pension liability	6	(90,695)	(17,928)
Net assets including pension liability		263,668	700,915
Capital and reserves			
Called up share capital	18	1,722	1,722
Share premium account	19	598,278	598,278
Revaluation reserve	19	795	795
Profit and loss account	19	(337,127)	100,120
Total shareholders' funds		263,668	700,915

The financial statements on pages 10 to 40 were approved by the Board of Directors on 27 October 2009 and were signed on its behalf by:

D A Heede.

D Heede
Director
27 October 2009

The notes on pages 14 to 40 form an integral part of the financial statements.

Reconciliation of movement in shareholders' funds
As at 27 December 2008

	Note	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
(Loss)/profit on ordinary activities after taxation and extraordinary items		(292,527)	13,933
Dividends	8	-	(18,384)
Result for the financial period		(292,527)	(4,451)
Actuarial loss on pension scheme	6	(201,000)	(10,100)
Movement on deferred tax relating to pension scheme		56,280	2,828
Net decrease in shareholders' funds		(437,247)	(11,723)
Opening shareholders' funds		700,915	712,638
Closing shareholders' funds		263,668	700,915

The notes on pages 14 to 40 form an integral part of the financial statements.

Statement of accounting policies
For the period ended 27 December 2008

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period and which the directors consider to be the most appropriate to the company's circumstances as required by FRS 18, is set out below.

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The financial statements contain information about Molson Coors Brewing Company (UK) Limited (formerly known as Coors Brewers Limited) as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 (for EEA immediate parents), 228A (for non-EEA parents) of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Molson Coors Brewing Company, a company incorporated in the USA. The company is also, on this basis, exempt from the requirement of FRS 1 (revised 1996) to present a cash flow statement.

Intangible assets- goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is between 4 and 20 years.

Provision is made for any impairment.

Intangible assets- research and development

Research and development expenditure is written off as incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Cost is determined as the purchase costs plus associated costs in bringing the asset into working condition and location. Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings		40 years
Breweries and maltings freehold buildings		25 years
Plant and machinery		5-20 years
Fixtures and fittings:		
	Office furniture and fittings	2-15 years
	Equipment in retail outlets	2-7 years
	Information technology equipment	3-5 years

Tangible fixed assets (continued)

On adoption of FRS 15, the Company has followed the transitional arrangements to retain the book value of properties which were revalued in the year ended 30 September 1999 and not to adopt a policy of further revaluations. Previous valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve. Where a permanent impairment in the value of a property is identified, the deficit is eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity and is measured on a weighted average cost basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Fixed asset investments

Shares in subsidiaries and associated undertakings and trade loans are stated at cost less any provision for impairment. Trade loans are valued at cost less any provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point of delivery aside from contract brewing, where turnover is recognised at the point of collection, with revenue adjusted for accrued and deferred income as appropriate.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Assets leased under finance leases are included in fixed assets at cost less depreciation. Obligations under finance leases, net of finance charges in respect of future periods, are included in creditors. The interest element of the rental is allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

Pension and post retirement benefits

The company operates a funded defined benefit pension scheme for staff employees recruited prior to April 2006. The scheme fund is administered by trustees and is independent of the company's finances. On 4 April 2009 the fund was closed to future accruals of retirement benefits.

Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The expected return on the schemes assets and the increase in the period in the present value of liabilities arising from the passage of time are included in other financial income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme deficits are recognised in full. Deferred tax assets will be recognised to the extent that they are considered recoverable.

The company operates a defined contribution scheme for employees recruited after April 2006. Since the year end another scheme has been set up for employees who were previously in the defined benefit scheme. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share based payments

Molson Coors Brewing Company ("MCBC") issues equity-settled share-based payments to certain employees of MCBC (UK) Limited. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on MCBC's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Share based payments (continued)

Fair value of each equity-settled share-based payment is determined on the date of grant using the Black-Scholes option-pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Note 17 provides further detail of each type of share-based payment arrangement and the terms and conditions of each arrangement.

Related party disclosure

The company has taken advantage of the exemption in FRS 8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard. The consolidated financial statements in which the subsidiary is included are publicly available.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred, and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all of the activities that are necessary to get the asset ready for use are complete.

Dividends

Dividend distributions to equity holders of the company are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid. Dividends declared after the balance sheet date are not recognised as there is no present obligation at the balance sheet date

Notes to the financial statements
For the period ended 27 December 2008

1 Segment analysis

Turnover is all attributable to the principal activities of the company.

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Geographical segments		
United Kingdom	1,314,820	1,304,957
Rest of World	21,789	15,851
	1,336,609	1,320,808

All turnover originates in the United Kingdom, all net assets are based in the United Kingdom and there is only one class of business.

2 Costs and overheads, less other income

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Raw materials and consumables	349,306	343,090
Excise duty on own products	578,844	562,669
Staff costs (see note 3)	104,511	138,331
Depreciation of fixed assets (see note 10)	45,061	43,755
Amortisation of goodwill (see note 9)	3,424	1,906
Impairment of investments	-	1,274
Movement in provision against trade loans (see note 11)	5,268	955
Maintenance and repairs	22,281	22,953
Advertising costs	20,950	17,687
Other external charges	172,182	183,494
Change in stocks of finished goods and work in progress	7,224	5,216
	1,309,051	1,321,330

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
The following are included above:		
Operating lease rentals		
- plant and machinery	3,305	4,781
- other	2,438	2,506
Research and development expenditure	888	930

2 Costs and overheads, less other income (continued)

In 2008 auditors' remuneration relating to audit fees of £200,000 was borne by another group company (2007: £134,000). Auditors' remuneration in relation to non-audit fees, being advice on the closure of the defined benefit pension scheme was £273,000 during the period (2007: £nil)

3 Staff costs

	52 weeks ended 27 December 2008 number	52 weeks ended 29 December 2007 number
The average monthly number of employees (including executive directors) was:		
Production	972	974
Sales	981	984
Administration	308	342
	2,261	2,300

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Their aggregate remuneration comprised:		
Wages and salaries	84,364	88,647
Social security costs	9,058	9,192
Other pension costs (note 6)	8,688	39,071
Cost of employee share schemes (note 17)	2,401	1,421
	104,511	138,331

Directors' remuneration

Remuneration was paid to directors of the company as follows:

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Fee as directors	1,567	1,323
Other emoluments	206	101
Bonuses	660	995
	2,433	2,419

All of the directors are accruing retirement benefits under defined benefit schemes.

3 Staff costs (continued)

None of the directors are accruing benefits under the defined contribution pension scheme (2007: none).

During the year nine directors exercised share options (2007: six).

The directors' remuneration shown on the previous page included:

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Remuneration of highest paid director:		
Total emoluments	542	716
Accrued pension at period end	117	232

The highest paid director did not exercise share options during the year (2007: none). The highest paid director received shares during the year under the MCBC Incentive Compensation Plan.

4 Loss on sale of tangible fixed assets

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Loss on sale of tangible fixed assets	(2,611)	(2,276)

5 Interest and similar items

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Interest receivable and similar income		
Bank interest receivable	584	267
Group interest receivable	228	2,016
Other interest receivable	1,249	1,384
	2,061	3,667
Interest payable and similar charges		
Bank loans and overdrafts	199	521
Finance leases	20	57
Unwinding of discount on vacant lease provisions (note 16)	228	296
Other interest payable	3,907	3,537
	4,354	4,411

6 Net pension liability

The Company operates a contributory, self-administered, defined benefit pension plan. Assets are held in a separately administered fund.

An actuarial assessment of the Coors Brewers Pension Plan was carried out based on full data as at 30 June 2007 and updated to 31 December 2008. As a result there will be an element of approximation relative to the results of a hypothetical full actuarial valuation for FRS 17 at the measurement date. The valuation of the scheme used the projected unit method and was carried out by Watson Wyatt, independent and professionally qualified actuaries.

On 1 April 2008 a salary sacrifice programme was implemented. This means that, for all accounting purposes, most of the contributions to the plan are from the employer (as it will make contributions on behalf of most members). This has been taken into account in both the 2008 and forward looking profit and loss charge. The forward looking profit and loss charge is based on the assumption that employees participate in the salary sacrifice arrangement.

From 4 April 2009 the plan has closed to future accruals of retirement benefits. Therefore all active members will effectively become deferred pensioners from that date and salary linkage of retirement benefits will cease. However, certain risk benefits will continue to be provided to those members who are active as at 4 April 2009, whilst they remain in employment with MCBC (UK) Limited, and these benefits will continue to be linked to salaries.

The net impact of the closure of the plan and the continuation of salary linked risk benefits has been treated as a net curtailment gain of £3.9m as at 31 December 2008, calculated on the FRS 17 assumptions at that date, and is included in the financial statements.

During the period a special contribution of £66.8m was made into the pension scheme.

The actuarial assumptions employed were as follows:

	52 weeks ended 27 December 2008 % pa	52 weeks ended 29 December 2007 % pa	53 weeks ended 30 December 2006 % pa
Price inflation	2.90	3.10	2.75
Rate of increase in pay	4.15	4.35	4.25
Rate of increase of pensions in payment			
- pre 2006 pension	2.80	3.00	2.50
- post 2006 pension	2.60	2.80	2.50
Rate of increase for deferred pensioners	2.90	3.10	2.75
Discount rate	6.45	6.00	5.10
Cash commutation	20.00	20.00	20.00

6 Net pension liability (continued)

Mortality assumptions are as follows:

Actives, deferreds and pensioners - PMA80C08/PFA92C08 with medium cohort improvements from 2008.

The fair value of scheme assets and expected return rates were as follows:

	27 December 2008		29 December 2007		30 December 2006	
	Fair value	Expected rate of return	Fair value	Expected rate of return	Fair value	Expected rate of return
	£'000	% pa	£'000	% pa	£'000	% pa
Equities	451,800	8.10	601,300	7.90	716,260	7.90
Fixed interest bonds	284,400	6.50	305,400	5.50	171,880	4.60
Index-linked bonds	145,800	3.95	140,200	4.20	116,080	4.10
Property	37,900	7.30	79,300	6.70	87,200	6.30
Cash	17,500	3.70	1,700	4.10	22,730	3.75
	937,400	6.85	1,127,900	6.70	1,114,150	6.79

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The expected yield on bonds has been derived at by using government and corporate bond yields at 27 December 2008. The expected return on equities is based on the assumption that equities will return 5.0% above inflation. The expected return on property has been assumed to be halfway between the return on bonds and equities.

The following amounts were measured in accordance with FRS 17:

	27 December 2008 £'000	29 December 2007 £'000	30 December 2006 £'000	24 December 2005 £'000
Fair value of scheme assets	937,400	1,127,900	1,114,150	1,014,800
Present value of scheme liabilities	(1,082,900)	(1,152,800)	(1,121,680)	(1,136,900)
Deficit in the scheme	(145,500)	(24,900)	(7,530)	(122,100)
Related deferred tax asset (note 16)	54,805	6,972	2,259	36,630
Net pension liability	(90,695)	(17,928)	(5,271)	(85,470)

6 Net pension liability (continued)

The movement in the deficit in the period was as follows:

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Deficit at the start of the period	(24,900)	(7,530)
Contributions paid	81,600	13,330
Current service cost	(9,300)	(12,400)
Past service cost	-	(26,500)
Actual expenses paid	(2,500)	-
Curtailment gain	3,900	-
Other finance income	6,700	18,300
Actuarial loss	(201,000)	(10,100)
Deficit at the end of the period	(145,500)	(24,900)

The following amounts have been recognised in the performance statements in the period to 27 December 2008, under the requirements of FRS 17:

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Operating profit		
Current service costs	9,300	12,400
Past service cost	-	26,500
Curtailment gain	(3,900)	-
Actual expenses paid	2,500	-
Total operating charge	7,900	38,900
Other finance income		
Expected return on pension assets	(74,000)	(74,300)
Interest on pension scheme liabilities	67,300	56,000
Net return	(6,700)	(18,300)

Notes to the financial statements (continued)
For the period ended 27 December 2008

6 Net pension liability (continued)

Statement of total recognised gains and losses	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Actual return less expected return on pension scheme assets	285,800	18,100
Experience losses on the scheme liabilities	9,500	44,700
Changes in actuarial assumptions	(94,300)	(52,700)
Actuarial loss recognised in the STRGL	201,000	10,100
Cumulative actuarial loss/(gain) recognised in the STRGL	117,740	(83,260)

History of experience gains and losses	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000	53 weeks ended 30 December 2006 £'000	52 weeks ended 24 December 2005 £'000
Loss/(gain) on plan assets	285,800	18,100	(70,030)	(115,030)
% of plan assets at end of period	30.49%	1.60%	6.29%	11.34%
Experience loss on plan liabilities	9,500	44,700	11,400	2,420
% of plan liabilities at end of period	0.88%	3.88%	1.02%	0.22%
Total actuarial loss recognised in STRGL	201,000	10,100	(93,360)	(370)
% of plan liabilities at end of period	18.56%	0.88%	8.32%	0.03%

Reconciliation of plan liabilities over the period	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Scheme liabilities at the start of the period	1,152,800	1,121,700
Interest cost	67,300	56,000
Current service cost (net of member contributions)	9,300	12,400
Actual member contributions	2,200	3,800
Actual benefit payments by the company (2007 including expenses, 2008 excluding expenses)	(60,000)	(59,600)
Increase in scheme liabilities due to past service costs during the period	-	26,500
Change in scheme liabilities due to curtailments during the period	(3,900)	-
Gain on change of assumptions	(94,300)	(52,700)
Experience loss	9,500	44,700
Present value of scheme liabilities at the end of the period	1,082,900	1,152,800

6 Net pension liability (continued)

Reconciliation of plan assets over the period	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Scheme assets at the start of the period	1,127,900	1,114,200
Actual total benefit payments (2007 including expenses, 2008 excluding expenses)	(60,900)	(60,700)
Actual expenses paid	(2,500)	-
Actual company contributions – (including benefits paid by the company)	82,500	14,400
Actual member contributions	2,200	3,800
Expected return on assets	74,000	74,300
Loss on assets	(285,800)	(18,100)
Market value at end of the period	937,400	1,127,900

Actual return on scheme assets

Expected return on scheme assets	74,000	74,300
Asset loss	(285,800)	(18,100)
Actual return on scheme assets	(211,800)	56,200

Expected contributions and benefits to be paid	2009 £'000
Expected company contributions for the period starting 1 January 2009	2,600
Expected member contributions for the period starting 1 January 2009	100
Expected benefits paid by the company for the period starting 1 January 2009	65,100

Forward looking defined benefit cost	2009 £'000
Service cost	1,000
Expenses	2,500
Interest cost	67,700
Expected return on assets	(62,100)
Expected contributions from subsidiaries	(200)
Total expected profit and loss charge	8,900

Defined contribution scheme

The company also operates a defined contribution scheme. The company has paid £788,000 (2007: £171,000) of contributions into this scheme.

7 Tax on profit on ordinary activities

The tax charge for the period comprises	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Current tax		
UK corporation tax	4,419	7,233
Adjustments in respect of previous periods	244	(7,998)
Total current tax	4,663	(765)
Deferred tax		
Origination and reversal of timing differences	6,154	1,590
Changes in recoverable amounts of deferred tax assets	(1,188)	-
Total deferred tax	4,966	1,590
Total tax on profit on ordinary activities	9,629	825

Factors affecting the tax charge for the period:

The differences between the total current tax shown above and the amount calculated by applying the effective rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
(Loss)/profit on ordinary activities before tax	(282,898)	14,758
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 28.5% (2007: 30%)	(80,626)	4,427
Effect of:		
Expenses not deductible for tax purposes	91,199	3,220
Capital allowances for the period less than depreciation	2,761	1,438
Impact of law change in respect of Industrial Building Allowances	-	(4,057)
Movement in provisions not taxable in period	(8,915)	2,205
Adjustment in respect of previous periods	244	(7,998)
Current tax charge/(credit) for the period	4,663	(765)

On 1 April 2008 the standard rate of corporation tax changed from 30% to 28%, resulting in an effective rate of corporation tax for the period of 28.5%.

Notes to the financial statements (continued)
For the period ended 27 December 2008

8 Dividends paid

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
No dividends were paid during the year (2007 - £10.68 per share)	-	(18,384)

9 Intangible fixed assets - goodwill

	£'000
Cost	
At 30 December 2007 & 27 December 2008	21,692
Amortisation	
At 30 December 2007	5,616
Charge for the period	3,424
At 27 December 2008	9,040
Net book value	
At 29 December 2007	16,076
At 27 December 2008	12,652

10 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 30 December 2007	73,158	293,728	187,526	554,412
Additions	1,713	25,813	21,458	48,984
Disposals	-	(3,609)	(47,277)	(50,886)
At 27 December 2008	74,871	315,932	161,707	552,510
Depreciation				
At 30 December 2007	22,639	159,275	125,672	307,586
Charge for the period	1,591	14,468	29,002	45,061
Disposals	-	(1,125)	(44,366)	(45,491)
At 27 December 2008	24,230	172,618	110,308	307,156
Net book value				
At 29 December 2007	50,519	134,453	61,854	246,826
At 27 December 2008	50,641	143,314	51,399	245,354

Leased assets included above within fixtures and fittings had a gross cost of £958,480 (2007: £958,480) and accumulated depreciation of £731,957 (2007: £540,900).

Interest capitalised on additions in the period amounted to £108,000 (2007: £214,000). The cumulative amount of interest capitalised in the total cost above amounts to £1,802,000 (2007: £1,694,000). The interest rate used to capitalise is 7.5% (2007: 6.54%).

Analysis of land and buildings	Cost or valuation £'000	Depreciation £'000	Net book value £'000
Freehold	73,700	23,088	50,612
Leasehold under 50 years	1,171	1,142	29
At 27 December 2008	74,871	24,230	50,641

10 Tangible assets (continued)

Analysis of cost or valuation	27 December 2008 £'000	29 December 2007 £'000
Assets held at valuation	17,319	17,319
Assets held at historical cost	535,191	537,093
	552,510	554,412

Historical cost of land and buildings	Cost £'000	Depreciation £'000	Net book value £'000
At 27 December 2008	74,226	22,807	51,419
At 29 December 2007	72,513	22,788	49,725

11 Investments

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Trade and other loans £'000	Total £'000
Cost				
At 30 December 2007	382,474	40,495	55,512	478,481
Additions/advances	-	-	16,173	16,173
Disposals/repayments	-	-	(13,585)	(13,585)
Write offs	-	-	(2,413)	(2,413)
At 27 December 2008	382,474	40,495	55,687	478,656
Provision for diminution in value				
At 30 December 2007	1,274	-	5,619	6,893
Provided for the period	312,252	-	5,268	317,520
Utilisation of provision	-	-	(2,413)	(2,413)
At 27 December 2008	313,526	-	8,474	322,000
Net book value				
At 29 December 2007	381,200	40,495	49,893	471,588
At 27 December 2008	68,948	40,495	47,213	156,656

The £312,252,000 provision against shares in subsidiary undertakings has been made against the indirect holding in CB(IP) BV. See note 21 for further details.

11 Investments (continued)

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

Name of company	Country of incorporation	Nature of business	Holding	%
Subsidiary undertakings				
Molson Coors Brewing Company (UK) Pensions Limited (formerly known as Coors Brewers Pensions Limited)	England and Wales	Pension fund trustee	Direct	100
Molson Coors Brewing Company (UK) Healthcare Limited (formerly known as Coors Brewers Healthcare Limited)	England and Wales	Healthcare trustee	Direct	100
Coors on-line Limited (formerly known as Barbox Limited)	England and Wales	Dormant (formerly electronic ordering)	Direct	73
Molson Coors Brewing Company (UK) Russia Limited (formerly known as Coors Brewers Russia Limited)	England and Wales	Export sales	Direct	100
CBHR International BV	Netherlands	Financing	Direct	100
CBIP BV	Netherlands	Licence/trademark holder	Indirect	100

Name of company	Aggregate of share capital and reserves	Profit/(loss) for the period
Subsidiary undertakings		
	£'000	£'000
Molson Coors Brewing Company (UK) Pensions Limited (formerly known as Coors Brewers Pensions Limited)	-	-
Molson Coors Brewing Company (UK) Healthcare Limited (formerly known as Coors Brewers Healthcare Limited)	-	-
Coors on-line Limited (formerly known as Barbox Limited)	(1,095)	1,309
Molson Coors Brewing Company (UK) Russia Limited (formerly known as Coors Brewers Russia Limited)	(2,276)	(22)
CBHR International BV	262	(28)
CBIP BV	1,822	(198)

During the year the shareholding in Coors on-line Limited increased from 70% to 73% due to certain contractual criteria being met. During the year Coors on-line Limited sold its trade and assets to Amphire International. The company no longer undertakes any trading activity.

The directors consider that to give full particulars of its dormant subsidiary undertakings would lead to a statement of excessive length. A list of the dormant subsidiary undertakings is included in the company's annual return.

In the opinion of the directors the value of the investments is supported by their underlying assets.

11 Investments (continued)

Name of company	Country of incorporation	Nature of business	Holding	%
Associated undertakings				
Grolsch (UK) Limited	England and Wales	Supply of beer	Direct	49
Tradeteam Limited	England and Wales	Distribution of beer	Direct	49.9

Name of company	Aggregate of share capital and reserves	Profit/(loss) for the period
Associated undertakings	£'000	£'000
Grolsch (UK) Limited	4,379	3,357
Tradeteam Limited	29,355	8,661

12 Stocks

	27 December 2008 £'000	29 December 2007 £'000
Raw materials	20,569	16,401
Work in progress	4,140	3,385
Finished goods	25,922	33,901
Consumable stores	6,213	6,207
	56,844	59,894

The replacement cost of stock doesn't materially differ from the balance sheet cost.

13 Debtors

	27 December 2008 £'000	29 December 2007 £'000
Amounts falling due within one year:		
Trade debtors	194,847	217,630
Amounts owed by group undertakings	23,129	25,480
UK corporation tax	438	3,745
Other debtors	21,320	18,760
Prepayments and accrued income	10,411	12,946
	250,145	278,561

Notes to the financial statements (continued)
For the period ended 27 December 2008

14 Creditors: Amounts falling due within one year

	27 December 2008 £'000	29 December 2007 £'000
Obligations under finance leases	216	238
Bank loans and overdrafts	5,962	619
Trade creditors	58,033	69,178
Amounts owed to group undertakings	19,743	18,616
Other taxation and social security	93,443	101,980
Accruals and deferred income	113,783	117,919
	291,180	308,550

Overdrafts outstanding at the end of the period accrued interest at a rate of 6.0% per annum.

Obligations under finance leases are secured over the assets to which they are associated.

Amounts owed to group undertakings falling due within one year and bank loans and overdrafts are all unsecured.

15 Creditors: Amounts falling due after more than one year

	27 December 2008 £'000	29 December 2007 £'000
Obligations under finance leases	45	233
Amounts owed to group undertakings	98,854	54,456
Accruals and deferred income	1,914	905
	100,813	55,594

Amounts due to group undertakings falling due after more than one year are unsecured, have no fixed repayment date and are repayable on demand but are deemed to be long-term in nature. Included within amounts owed to group undertakings falling due after more than one year are amounts totalling £66,872,000 (2007: £30,000,000) that are interest bearing and accrue interest at a rate of 7.5% (2007: 7.5%).

16 Provisions for liabilities and charges

	Reorganisation provision £'000	Vacant lease provision £'000	Deferred taxation (non-pension) £'000	Total £'000
At 30 December 2007	1,897	4,614	12,459	18,970
Charged/(credited) to the profit and loss	3,889	153	(3,481)	561
Utilised in the period	(4,126)	-	-	(4,126)
Adjustment arising from discounting	-	(228)	-	(228)
At 27 December 2008	1,660	4,539	8,978	15,177

Reorganisation provision

A provision has been made to cover employee severance costs associated with a rationalisation of brewery supply chain and back-office operations.

Vacant lease provision

A provision has been made against the cost of various vacant leasehold premises. It is anticipated that this provision will not be fully utilised until 2021.

Deferred tax

Deferred tax is provided as follows:	30 December 2007 £'000	Profit and loss £'000	STRGL £'000	27 December 2008 £'000
Accelerated capital allowances	15,026	(3,812)	-	11,214
Other timing differences	(2,567)	331	-	(2,236)
Provision for deferred tax excluding pensions	12,459	(3,481)	-	8,978
Pensions related deferred tax	(6,972)	8,447	(56,280)	(54,805)
Provision for deferred tax including pensions	5,487	4,966	(56,280)	(45,827)

17 Share based payments

At 27 December 2008, MCBC had the following types of share-based payments in issuance to MCBC (UK) Limited employees:

Molson Coors Brewing Company Incentive Compensation Plan

MCBC has issued the following awards related to Class B common shares to certain MCBC (UK) Limited directors, MCBC (UK) Limited officers and other MCBC (UK) Limited eligible employees, pursuant of the MCBC Incentive Compensation Plan ("MCBC IC Plan"): stock options ("options"); stock only stock appreciation rights ("SOSAR"); restricted stock units ("RSU"); and performance shares ("PSU").

17 Share based payments (continued)

Stock options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The stock options vest evenly over a three year period on the anniversary of the grant date and have a contractual life of ten years. The options are exercisable once vested and exercise of an option is not subject to continued employment. No stock options have been granted since the financial year ended 30 December 2006.

SOSARs are granted with an exercise price equal to the market value of a share of common stock on the date of grant. The SOSARs entitle the award recipient to receive shares of MCBC's stock with a market value equal to the excess of the trading price over the exercise price of such shares on the date of exercise. SOSARs have a term of ten years and the number of shares granted vest evenly over the three year period. Exercise of a vested option is not subject to continued employment. In 2008 MCBC granted 83,155 SOSARs to MCBC (UK) Limited employees on 15 May with a market value of $57.76 each. In 2007 MCBC granted 123,890 SOSARs to MCBC UK MCBC (UK) Limited employees on 18 May with a market value of $45.79 each.

RSUs are granted with a $nil exercise price. The awards have a three year vesting period and employees must remain in the employment of the MCBC group for the full three year vesting period to achieve the award. The holder of a RSU is entitled to receive Class B MCBC stock for each vested RSU, with awards considered exercised once vested. In 2008 MCBC granted 40,490 RSU awards to MCBC (UK) Limited employees on 2 January and 15 May. The RSUs were granted with a $nil exercise price and the market price of the underlying shares at the date of grant were $50.33 and $57.76 respectively. In 2007, 18,240 RSUs were granted on 18 May with a $nil exercise price and the market price at date of grant was $45.79.

PSUs are granted with a $nil exercise price. The awards vest over the estimated expected term to achieve projected financial targets established at the time of grant, with a condition being that the employee is still employed when the targets are met. The term of the PSU awards is 5 years. The holder is entitled to receive one share of company stock for each PSU held. In 2008 MCBC granted 9,606 PSU awards to MCBC (UK) Limited employees on 2 January 2008. PSU awards are granted with a $nil exercise price and the market price of the underlying share at date of grant was $50.33. In 2007, 2,665 PSUs were granted on 10 January, 12 March and 9 April and the market price of the underlying share at date of grant was $50.70, $54.49 and $45.23 respectively.

The weighted average share price during the period for options exercised over the 52 week period to 27 December 2008 was $48.27 (2007: $45.52). The total charge for the 52 week period to 27 December 2008 relating to employee share-based payment plans was $4,619,789 or £2,401,000 (2007: $2,861,583 or £1,421,000), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge was $3,326,248 or £1,728,720 (2007: $2,060,339 or £1,023,120).

17 Share based payments (continued)

All values relating to share-based payments have been disclosed in US Dollars. This is due to the fact that all shares issued to MCBC (UK) Limited employees are issued from the ultimate parent entity, being Molson Coors Brewing Company, a company incorporated in the USA. The year end exchange rate was £1:$1.49 and the average exchange rate during the 52 week period to 27 December 2008 was £1:$1.86 (2007: year end exchange rate was £1:$1.92 and the average exchange rate during the 52 week period to 29 December 2007 was £1:$2.01).

The fair value of each option and SOSAR granted in 2008 and 2007 was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the period ended	
	27 December 2008 £'000	29 December 2007 £'000
Risk-free interest rate	3.05%	4.64%
Dividend yield	1.41%	1.40%
Volatility range	25.30%-26.80%	21.80% - 26.80%
Weighted average volatility	25.43%	25.30%
Expected term (years)	3.5-7.0	3.5-7.0
Weighted average fair value per option	$14.40	$13.23

The risk-free interest rates utilised for periods throughout the contractual life of the options are based on a zero-coupon U.S. Treasury security yield at the time of grant. Expected volatility is based on historical volatility of MCBC stock. The expected term of options is estimated based upon observations of historical employee option exercise patterns and trends. The range of 3.5-7.0 years results from separate groups of employees who exhibit different historical exercise behaviour.

The fair value of each RSU and PSU granted in 2008 and 2007 was determined based on an observable market price at the date of grant.

The following reconciles the outstanding stock options granted under the MCBC IC Plan at the beginning and end of the financial period:

	Period ended 27 December 2008		Period ended 29 December 2007	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of period	552,716	33.74	885,852	32.20
Forfeited during the financial period	(4,000)	34.57	-	-
Exercised during the financial period	(47,068)	31.37	(333,136)	29.30
Transferred to group companies	(218,900)	34.09	-	-
Balance at end of financial period	282,748	33.86	552,716	33.74
Exercisable at end of financial period	264,090	33.81	405,402	33.72

17 Share based payments (continued)

The following reconciles the outstanding SOSARs granted under the MCBC IC Plan at the beginning and end of the financial period:

	Period ended 27 December 2008		Period ended 29 December 2007	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of period	123,890	45.79	123,890	45.79
Granted during the financial period	83,155	57.76	-	-
Forfeited during the financial period	(10,794)	45.79	-	-
Transferred to group companies	(59,902)	45.79	-	-
Balance at end of financial period	136,349	53.09	123,890	45.79
Exercisable at end of financial period	17,726	45.79	-	-

The following reconciles the outstanding RSUs and PSUs granted under the MCBC IC Plan at the beginning and end of the financial period:

	27 December 2008 £'000	29 December 2007 £'000
Balance at beginning of financial period	187,733	189,424
Granted during the financial period	50,096	20,905
Forfeited during the financial period	(16,493)	(2,464)
Exercised during the financial period	(87,124)	(20,132)
Transferred to group companies	(70,542)	-
Balance at end of the financial period	63,670	187,733
Exercisable at end of the financial period	62,470	774

RSUs and PSUs outstanding at 27 December 2008 and 29 December 2007 have a weighted average exercise price of $nil.

17 Share based payments (continued)

The following table summarises information about stock options outstanding:

	Period ended 27 December 2008			Period ended 29 December 2007		
Range of exercise prices	Number of shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.00-14.85	58,000	3.30	-	111,800	4.37	-
$14.90-$29.88	10,000	6.43	29.49	10,000	7.20	29.49
$30.24-$32.69	26,000	4.32	32.66	91,000	5.81	31.89
$32.79-$33.47	4,208	7.02	33.46	6,208	7.51	33.24
$34.56-$37.20	184,540	6.27	36.34	333,708	7.32	36.25
	282,748	5.50	28.32	552,716	6.14	28.04

The following table summarises information about SOSARs outstanding:

	Period ended 27 December 2008			Period ended 29 December 2007		
Range of exercise prices	Number of shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
$42.56-$47.85	53,194	8.39	45.79	123,890	9.38	45.79
$54.53-$59.82	83,155	9.39	57.76	-	-	-
	136,349	9.00	53.09	123,890	9.38	45.79

The following summarises information about RSUs and PSUs outstanding:

The outstanding share awards have a weighted average exercise price of $nil. The balance outstanding is made up of 62,470 RSUs and 1,200 PSUs at 27 December 2008. (2007: 44,568 RSUs and 143,165 PSUs). RSUs have a weighted average contractual life of 1.65 years (2007: 1.55 years) and the performance criteria attached to PSUs is expected to be met in the first half of the 2009 financial year.

18 Called up share capital

	27 December 2008 £'000	29 December 2007 £'000
Authorised, allotted, called-up and fully paid		
1,721,600 ordinary shares of £1each	1,722	1,722
100 US$ ordinary shares of 1 US Cent each	-	-
	1,722	1,722

The 1 cent shares were issued as a fully paid up bonus issue to Molson Coors Holdings Limited (formerly known as Coors Holdings Limited), the owner then and now of all of the deferred £1 shares. The 100 shares of 1 US cent were surrendered on the same day of issue in return for a warrant entitling the bearer to 100 fully paid-up ordinary shares of 1 US cent. Molson Coors Holdings Limited (formerly known as Coors Holdings Limited) continues to hold the warrant. The bearer of the share warrant is entitled to the same rights and privileges as a holder of the specified shares.

For so long as the 1 US cent shares remain in issue the holders of the deferred shares shall not be entitled to any participation in the profits or assets of the company until the holders of every other class of shares in the capital of the company shall have received on a return of asset or liquidation or otherwise £100 million in respect of each share held. The company has the power and authority to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

19 Reconciliation of movement of shareholders' funds

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
At 30 December 2007	1,722	598,278	795	100,120	700,915
Loss for the financial period	-	-	-	(292,527)	(292,527)
Actuarial loss on pension scheme	-	-	-	(201,000)	(201,000)
Movement on deferred tax relating to actuarial loss	-	-	-	56,280	56,280
At 27 December 2008	1,722	598,278	795	(337,127)	263,668
Pension deficit	-	-	-	(90,695)	(90,695)
At 27 December 2008 excluding pension deficit	1,722	598,278	795	(246,432)	354,363

20 Financial commitments

The company has annual commitments under non-cancellable operating leases, which expire as follows:

	Land and buildings		Other	
	27 December 2008 £'000	29 December 2007 £'000	27 December 2008 £'000	29 December 2007 £'000
Expiry date				
- within one year	374	10	767	915
- between two and five years	60	1,129	2,077	2,589
- after five years	1,343	1,360	-	-
	1,777	2,499	2,844	3,504

Capital commitments at the end of the period for which no provision has been made are as follows:

	27 December 2008 £'000	29 December 2007 £'000
Contracted for but not provided for	1,004	1,079

Obligations under finance leases are as follows:

	27 December 2008 £'000	29 December 2007 £'000
Due between one and two years	45	187
Due between two and five years	-	46
	45	233
Due in less than one year	216	238
	261	471

21 Post balance sheet events

Purchase of subsidiary

Since the year end the company has purchased 50.1% of the share capital of the newly incorporated Cobra Beer Partnership Limited for consideration of £12,000,000. The principal activity of Cobra Beer Partnership is the supply of beers to the restaurant trade.

Write down of investment in subsidiary company

A provision of £312,252,000 has been made against the indirect holding in CB(IP) BV, a 100% wholly owned subsidiary company. The provision is a result of a post balance sheet group restructure and planned liquidation of CB(IP) BV. From the UK group consolidated perspective of Molson UK Holdings LLP this exceptional loss has a £nil impact on the period results.

Notes to the financial statements (continued)
For the period ended 27 December 2008

22 Related party transactions

During the 52 week period to 27 December 2008 Molson Coors Brewing Company (UK) Limited (formerly known as Coors Brewers Limited) traded with related parties as follows:

	Net turnover	Net purchases	Net interest receipts	Marketing and management fee income	Debtor at 27 December 2008	Creditor at 27 December 2008	Loan receivable at 27 December 2008	Inter-company tax debtor at 27 December 2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Coors on-line Limited (formerly known as Barbox Limited)	217	682	117	-	1,795	-	-	-
Grolsch (UK) Limited	21,384	32,836	74	6,523	5,437	5,463	675	-
Tradeteam Limited	-	78,848	-	-	438	2,049	-	-

During the 52 week period to 29 December 2007 Molson Coors Brewing Company (UK) Limited (formerly known as Coors Brewers Limited) traded with related parties as follows:

	Net turnover	Net purchases	Net interest receipts	Marketing and management fee income	Debtor at 29 December 2007	Creditor at 29 December 2007	Loan receivable at 29 December 2007	Inter-company tax debtor at 29 December 2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Coors on-line Limited (formerly known as Barbox Limited)	157	1,209	131	-	2,438	-	-	-
Grolsch (UK) Limited	26,498	38,756	42	7,249	4,213	4,496	675	1,747
Tradeteam Limited	-	79,796	-	-	730	46	-	-

Included in operating lease rentals is an amount of £34,815 (2007: £46,421) receivable from Coors on-line Limited (formerly known as Barbox Limited).

23 Ultimate parent undertaking and controlling party

Molson Coors Holdings Limited (formerly known as Coors Holdings Limited) is the immediate parent company. Copies of the financial statements are available from the Company Secretary, 137 High Street, Burton-on-Trent, Staffordshire, DE14 1JZ.

The directors regard Molson Coors Brewing Company, a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party. Molson Coors Brewing Company is the parent company of the largest group of which the company is a member and both the smallest and largest company for which group financial statements are drawn up. Copies of the financial statements are available from the Company Secretary at 1125 Seventeenth Street, Denver, Colorado 80202, USA.

As a subsidiary undertaking of Molson Coors Holdings Limited (formerly known as Coors Holdings Limited), the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Molson Coors UK Holdings LLP.