

Registration number: 00026018

MOLSON COORS BREWING COMPANY (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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MOLSON COORS BREWING COMPANY (UK) LIMITED

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MOLSON COORS BREWING COMPANY (UK) LIMITED

COMPANY INFORMATION

Company number 00026018

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

Directors S Albion
M Coyle
S Kerry
P Whitehead

Company secretary K Wolfe

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the financial year ended 31 December 2016.

Principal activities

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

The Company is the United Kingdom's second largest beer company. Sales are primarily in England and Wales, with the Carling brand (a mainstream lager) representing approximately two thirds of the Company's total beer volume. Other brands distributed include Coors Light, Cobra, Doom Bar and Rekorderlig Cider.

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

Review of the business

Sales volumes

The Company is the United Kingdom's second largest beer company with unit volume sales of approximately 8.8 million hectolitres in 2016 (2015 – 8.2 million). The Company has an approximate 18.6% share of the UK beer market, Western Europe's second largest market.

In July 2016, Molson Coors Brewing Company (UK) Limited signed an exclusive distribution agreement for the Bavaria brand in the UK.

In Q3 2016, Molson Coors Inc purchased the remaining 58% of the Miller Coors joint venture and the international rights to the Miller brand. Molson Coors Brewing Company (UK) Limited purchased the European Miller brands rights for \$100m.

The UK beer market volume declined by 1% overall during the year, with on premise declining by 2.2% and an off premise increase of 0.2%. The Company's total sales volume grew by 3.2%, thereby outperforming the market and taking share.

Financial performance

Turnover for the year increased by 3.1% in 2016, driven by an increase in overall volume of 3.2%.

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

As a result of the increase in turnover, operating profit before exceptional one-time costs for the year increased by £9.8 million from £62.0million to £71.8 million.

The Company incurred exceptional costs of £5.6 million during the year relating to restructuring and then a profit on disposal of part of the Alton site of £5.1 million, giving a net total exceptional cost of £500,000. The restructuring activities are considered in further detail below.

Profit before taxation saw a period on period increase of £18.8 million from £59.4 million to £78.2 million.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Business developments

Last year, the Company team undertook a review of brewery network strategy to ensure it was optimised. As a result of the review, a decision was taken to close the Burton South Brewery and transfer production to the North Brewery site by the end of March 2018.

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

In May 2016, the Company announced a three year international partnership with the English Premier League, seeing Carling become the Official Beer of the Premier League across the globe. This is an iconic British sponsorship befitting of our core brand, Carling.

In June 2016, the Company announced a long-term partnership agreement with Dutch brewer Bavaria. The deal gives the Company exclusive rights to sales, distribution and customer marketing of Bavaria and its brand portfolio to both the on trade and off trade in the UK.

A review of the distribution agreement between the Company and its associated undertaking, Grolsch (UK) Limited, has led the directors to conclude that, under the terms of that agreement, the Company is acting as a principal in the sale of Grolsch products to the end customer. As a result of this conclusion, the financial statements of the Company for the financial year ended 31 December 2015 have been restated. An explanation of how this restatement has affected the reported financial position and financial performance is given in note 30.

A site in Alton owned by the company was sold during 2016 for a consideration of £6.7m resulting in a profit on sale of £5.1m.

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. The Company will also continue to invest in the redevelopment of the Burton brewery in order to improve efficiency and reduce production costs. This will enable the Company to alleviate the key risks of both a further shift into the lower margin off premise market and increased pressure in the light of current economic conditions.

Principal risks and uncertainties

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

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

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

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

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

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

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

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

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

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

Financial risk management

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

Currency risk

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

Commodity risk

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

Credit risk

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

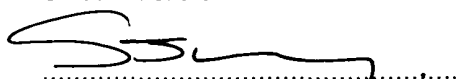
Liquidity risk

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

Interest rate cash flow risk

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

On behalf of the Board



S Kerry
Director

28 July 2017

MOLSON COORS BREWING COMPANY (UK) LIMITED

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their report, together with the audited financial statements and the independent auditors' report for the financial year ended 31 December 2016.

Directors

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

S Albion
M Coyle
S Kerry
P Whitehead (appointed 11 October 2016)
F Landtmeters (resigned 11 October 2016)

Results and dividends

The trading results for the financial year and the Company's financial position at the end of the financial year are shown in the attached financial statements, and are discussed further in the business review. No dividends were declared or paid in the financial year ended 31 December 2016 (2015 - £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, and details of events which have occurred since the end of the financial year are provided in the Strategic Report.

Financial instruments

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

Going concern

The directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Political donations

No political donations were made during the year (2015 - £nil).

Disabled employees

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

Employee consultation

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Employee share scheme

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102") and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS102, 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 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. 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.

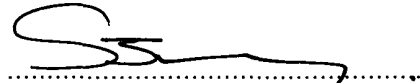
In the case of each director in office at the date the Report of the Directors is approved:

- 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



S Kerry
Director

28 July 2017

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

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

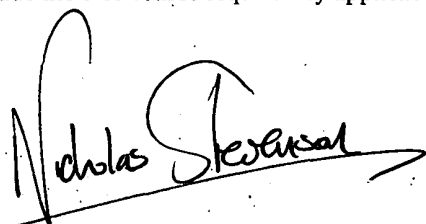
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.



Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 July 2017

MOLSON COORS BREWING COMPANY (UK) LIMITED

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 £'000	(Restated) 2015 £'000
Turnover	2	1,348,727	1,307,900
Cost of sales		(1,082,169)	(1,055,003)
Gross profit		266,558	252,897
Administrative expenses:			
Before exceptional items		(141,262)	(140,490)
Exceptional restructuring costs	3	(5,608)	(4,895)
		(146,870)	(145,385)
Other operating expenses		(53,509)	(50,371)
Operating profit	4	66,179	57,141
Profit/(loss) on disposal of tangible fixed assets	6	5,104	(1,872)
Profit before investment income, interest and taxation		71,283	55,269
Income from investments	9	5,590	4,429
Interest receivable and similar income	10	1,271	998
Interest payable and similar expenses	11	(588)	(730)
Other finance income/(costs)	12	600	(600)
Profit before tax		78,156	59,366
Tax on profit	13	1,232	(6,431)
Profit for the financial year		79,388	52,935

The above results were derived from continuing operations

The notes on pages 14 to 42 form part of these financial statements

MOLSON COORS BREWING COMPANY (UK) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
<i>Profit for the financial year</i>	79,388	52,935
<i>Remeasurement gain recognised on defined benefit pension scheme</i>	87,100	27,200
<i>Movement on deferred tax relating to pension asset</i>	(24,038)	(17,565)
Total other comprehensive income	63,062	9,635
Total comprehensive income for the financial year	142,450	62,570

The notes on pages 14 to 42 form part of these financial statements.

MOLSON COORS BREWING COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2016	1,722	598,278	795	(257,571)	343,224
Profit for the financial year	-	-	-	79,388	79,388
Other comprehensive income	-	-	-	63,062	63,062
Total comprehensive income	-	-	-	142,450	142,450
At 31 December 2016	1,722	598,278	795	(115,121)	485,674

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2015	1,722	598,278	795	(320,141)	280,654
Profit for the financial year	-	-	-	52,935	52,935
Other comprehensive income	-	-	-	9,635	9,635
Total comprehensive income	-	-	-	62,570	62,570
At 31 December 2015	1,722	598,278	795	(257,571)	343,224

The notes on pages 14 to 42 form part of these financial statements

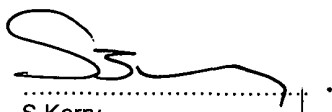
MOLSON COORS BREWING COMPANY (UK) LIMITED
(Registration number: 00026018)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £'000	(Restated) 2015 £'000
Fixed assets			
Intangible assets	14	122,408	50,757
Tangible assets	15	244,077	243,975
Investments	16	88,293	88,001
		<u>454,778</u>	<u>382,733</u>
Current assets			
Stocks	17	60,114	61,688
Debtors	18	244,598	236,863
Cash at bank and in hand	19	118,858	43,999
		<u>423,570</u>	<u>342,550</u>
Creditors: Amounts falling due within one year	20	(402,701)	(373,850)
Net current assets/(liabilities)		<u>20,869</u>	<u>(31,300)</u>
Total assets less current liabilities		<u>475,647</u>	<u>351,433</u>
Creditors: amounts falling due after more than one year	21	(86,004)	(11,784)
Provisions for liabilities	24	(2,669)	(9,525)
Net assets excluding pension asset		<u>386,974</u>	<u>330,124</u>
Net pension asset	25	<u>98,700</u>	<u>13,100</u>
Net assets		<u><u>485,674</u></u>	<u><u>343,224</u></u>
Capital and reserves			
Called up share capital	26	1,722	1,722
Share premium account		598,278	598,278
Revaluation reserve		795	795
Accumulated losses		(115,121)	(257,571)
Total equity		<u><u>485,674</u></u>	<u><u>343,224</u></u>

The financial statements on pages 10 to 42 were approved by the Board of Directors on 28 July 2017 and signed on its behalf by


S Kerry
Director

The notes on pages 14 to 42 form part of these financial statements

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 28 July 2017.

Basis of preparation

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

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

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

Prior year adjustment

A review of the distribution agreement between the Company and its associated undertaking, Grolsch (UK) Limited, has led the directors to conclude that, under the terms of that agreement, the Company is acting as a principal in the sale of Grolsch products to the end customer. The accounting entries previously processed reflected an agency agreement.

As a result of this conclusion, the financial statements of the Company for the financial year ended 31 December 2015 have been restated. An explanation of how this restatement has affected the reported financial position and financial performance is given in note 30.

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 accounts as it is exempt from the requirement to do so by Section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Molson Coors Brewing Company, a company registered in the USA, and is included in the consolidated accounts of that company.

Going concern

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

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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.

Operating lease commitments

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 2016 are provided in note 22 to these financial statements. Details of commitments under operating leases are provided in note 28.

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 2016, the Company's Statement of Financial Position included intangible assets with a net book value of £122,408,000 (2015 - £50,757,000).

Pensions and other post-employment benefits

The Company has an obligation to pay pension benefits and other post-employment benefits to certain employees. The value of the net asset is recognised in the Statement of Financial Position. The cost of the benefits and the present value of the obligation is determined on an actuarial basis using the projected unit method and involves the estimation of a number of parameters including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The parameters are estimated based on historical experience and current trends. The assumptions are discussed in more detail in note 25.

At 31 December 2016, the Company's Statement of Financial Position included a net asset of £98,700,000 (2015 – £13,100,000) 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.

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.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

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.

Intangible assets

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

Impairment of non-financial assets

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

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

Tangible fixed assets

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

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

Land 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.

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
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Fixtures and fittings:

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

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.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Equity investments

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

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

Trade loans

Trade loans are held at cost less provision for impairment.

Revenue recognition

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

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

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

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

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

Exceptional restructuring costs

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

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.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Research and development

Research and development expenditure is written off as incurred.

Provisions for liabilities

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

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

Tax

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

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

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

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

Foreign currency translation

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Financial instruments

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

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

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

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

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

Cash and cash equivalents

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

Trade debtors

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

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

Trade creditors

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Leasing and hire purchase

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

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

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.

Pensions and other post-retirement benefits

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

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

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

The Company 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.

Share based payments

Molson Coors Brewing Company issues equity-settled share-based payments to certain of the Company's employees. 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 date of grant is recognised as a cost in the Income Statement on a straight-line basis over the vesting period, based on Molson Coors Brewing Company's estimate of the shares that will eventually vest, and adjusted for the effect of non-market based vesting conditions. At each reporting date, the estimate of the number of options expected to vest is reviewed and adjusted as considered appropriate. The impact of any adjustment is recognised in the Income Statement, with a corresponding adjustment to total equity. The fair value of each equity-settled share-based payment is determined on the date of grant using the Black-Scholes option-pricing model.

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Summary of disclosure exemptions

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

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

Name of parent of group

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

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

2. Turnover

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

Turnover relates mainly to the sale of beer but also includes amounts receivable in respect of contract brewing services and 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:

	2016	Restated
	£'000	2015
		£'000
Sale of goods	1,346,330	1,300,900
Contract brewing services	-	4,456
Interest receivable on trade loans	2,397	2,544
	<hr/>	<hr/>
	1,348,727	1,307,900
	<hr/>	<hr/>

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

	2016	Restated
	£'000	2015
		£'000
United Kingdom	1,335,768	1,290,682
Rest of the World	12,959	17,218
	<hr/>	<hr/>
	1,348,727	1,307,900
	<hr/>	<hr/>

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. Exceptional restructuring costs

	2016	2015
	£'000	£'000
<i>Recognised in arriving at operating profit:</i>		
(Credit)/charge relating to termination payments on restructuring	(1,096)	1,173
Other restructuring costs	6,704	3,722
	<u>5,608</u>	<u>4,895</u>

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

Other restructuring costs relate to costs associated with the Company's Alton Brewery, which closed in April 2015, and part of the Company's Burton upon Trent site which, following an announcement in November 2015, is due to close by March 2018. The majority of the costs relate to accelerated depreciation of tangible fixed assets.

4. Operating profit

Operating profit is stated after charging/(crediting):

	2016	Restated
	£'000	2015
		£'000
Excise duty on own products	553,466	537,173
Research and development expenditure	199	56
Amortisation of goodwill	5,283	3,567
Impairment of trade debtors	(148)	(1,333)
Inventory recognised as an expense	468,653	422,538
<i>Depreciation:</i>		
Charge relating to owned assets	43,920	55,264
Charge relating to assets held under hire purchase agreements and finance leases	189	123
	<u>44,109</u>	<u>55,387</u>
<i>Operating lease rentals:</i>		
Charge relating to land and buildings	873	1,892
Charge relating to plant and machinery	4,645	7,855
	<u>5,518</u>	<u>9,747</u>

5. Auditors' remuneration

In 2016, auditors' remuneration relating to audit fees amounted to £187,300, of which £166,000 was borne by another group company. Auditors remuneration in relation to fees for non-audit services provided during the year amounted to £nil (2015 - £nil).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6. (Profit)/loss on disposal of tangible fixed assets

	2016	2015
	£'000	£'000
(Profit)/loss on disposal of tangible fixed assets	(5,104)	1,872

7. Staff costs

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

	2016	2015
	£'000	£'000
Wages and salaries	86,652	88,321
Social security costs	8,564	8,791
Pension costs	7,794	5,113
Cost of employee share schemes	1,662	1,067
	104,672	103,292

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

	2016	2015
	No.	No.
Production	775	837
Sales	1,077	989
Administration	158	107
	2,010	1,933

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. Directors' remuneration

Remuneration was paid to the directors of the Company as follows:

	2016	2015
	£'000	£'000
Fees as directors	1,050	964
Pensions costs	38	74
Other emoluments	24	7
Cost of employee share schemes	392	356
	<u>1,504</u>	<u>1,401</u>

During the year, five of the directors accrued benefits under the defined contribution pension scheme (2015 – 6). The number of directors who exercised share options during the year was 4 (2015 – 5).

Directors' remuneration included:

	2016	2015
	£'000	£'000
<i>Remuneration of the highest paid director:</i>		
Aggregate emoluments	467	441
Contributions to defined contribution pension scheme	8	16
	<u>475</u>	<u>457</u>

9. Income from investments

	2016	2015
	£'000	£'000
Dividends received	5,590	4,429

10. Interest receivable and similar income

	2016	2015
	£'000	£'000
Bank interest receivable	180	169
Interest receivable from group undertakings	-	95
Other interest receivable	1,091	734
	<u>1,271</u>	<u>998</u>

Total interest income relating to financial assets not measured at fair value through profit or loss

11. Interest payable and similar expenses

	2016	2015
	£'000	£'000
Interest payable to group undertakings	588	730
	<u>588</u>	<u>730</u>

Total interest expense relating to financial liabilities not measured at fair value through profit or loss

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. Other finance (income)/costs

	2016	2015
	£'000	£'000
Interest on net defined benefit pension (asset)/liability	(600)	600

13. Tax on profit

	2016	2015
	£'000	£'000
Current tax:		
- UK Corporation tax on profits for the financial year	8,115	10,307
- UK Corporation tax adjustments to prior periods	2,184	(100)
- Foreign tax	1	4
Total current tax	10,300	10,211
Deferred tax:		
- Origination and reversal of timing differences	(2,817)	(1,108)
- Changes in recoverable amounts of deferred tax assets	(9,237)	(3,150)
- Effect of changes in tax rate on opening liability	522	478
Total deferred tax	(11,532)	(3,780)
Tax on profit	(1,232)	6,431

Tax on profit for the year is lower than (2015 – lower than) the standard rate of Corporation tax in the UK of 20% (2015 – 20.25%).

The differences are reconciled below:

	2016	2015
	£'000	£'000
Profit before taxation	78,156	59,366
Corporation tax at standard rate	15,631	12,022
Net impact of (income added back)/expenses not deductible for tax purposes	(488)	66
Recognition of movement in land and buildings	53	967
Difference in tax and accounting value of asset transfer	-	5,318
Changes in pensions and post retirement benefits	(7,697)	(8,149)
Effect of difference between current tax rate and deferred tax rate	(861)	(402)
Adjustments in respect of prior periods	(6,531)	(3,395)
Higher taxes on overseas earnings	1	4
Utilisation of capital losses transferred	(1,340)	-
Tax on profit	(1,232)	6,431

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. Tax on profit (continued)

Tax relating to items recognised as Other Comprehensive Income:

	2016	2015
	£'000	£'000
Deferred tax:		
- Actuarial loss on pension scheme	22,503	13,045
- Effect of change in rate on deferred tax balance	1,535	4,520
	<u>24,038</u>	<u>17,565</u>

Deferred tax

The Company's deferred tax balances comprise the following:

Deferred tax asset:

	2016	2015
	£'000	£'000
Decelerated capital allowances	8,677	8,056
Land and buildings	4,961	4,363
Other timing differences	4,197	(160)
Tax losses	1,418	1,502
	<u>19,253</u>	<u>13,761</u>
Deferred tax asset excluding pension related balances	(3,965)	19,287
Pension related deferred tax (liability)/asset		
	<u>15,288</u>	<u>33,048</u>

Deferred tax liability:

	2016	2015
	£'000	£'000
Other timing differences	-	5,253
	<u>-</u>	<u>5,253</u>

Factors affecting current and future tax charges

Finance No. 2 Bill 2015, which was substantively enacted on 26 October 2015, provided for reductions in the main rate of Corporation tax in the UK from the current rate of 20% to 19% with effect from 1 April 2017 and to 18% from 1 April 2020.

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. Intangible assets

	Goodwill £'000	Trademarks, trade names, brand names, and distribution rights £'000	Total £'000
Cost or valuation			
At 1 January 2016	41,168	26,265	67,433
Additions	-	76,934	76,934
At 31 December 2016	41,168	103,199	144,367
Accumulated amortisation			
At 1 January 2016	15,922	754	16,676
Charge for the financial year	2,813	2,470	5,283
At 31 December 2016	18,735	3,224	21,959
Carrying amount			
At 31 December 2016	22,433	99,975	122,408
At 31 December 2015	25,246	25,511	50,757

Additions in the financial year relate to the acquisition of the perpetual royalty free licence for Miller branded products in Europe.

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 £122,408,000 at 31 December 2016 is £75,972,000 relating to the perpetual royalty free licence for Miller branded products in Europe acquired during the financial year. 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 2016 is 19.75 years.

Also included in the carrying amount of intangible assets of £122,408,000 at 31 December 2016 is £24,003,000 (2015 - £25,511,000) relating to goodwill which was hived up 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 2016 is 15.9 years.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2016 - restated	89,052	373,521	186,000	648,573
Additions	973	20,029	26,762	47,764
Disposals	-	(4,930)	(7,360)	(12,290)
At 31 December 2016	90,025	388,620	205,402	684,047
Accumulated depreciation				
At 1 January 2016 - restated	38,750	230,898	134,950	404,598
Provided during the financial year	1,883	16,433	25,793	44,109
Disposals	-	(2,813)	(5,924)	(8,737)
At 31 December 2016	40,633	244,518	154,819	439,970
Carrying amount				
At 31 December 2016	49,392	144,102	50,583	244,077
At 31 December 2015	50,302	142,623	51,050	243,975

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 2016 and 31 December 2016	2,297
Accumulated depreciation	
At 1 January 2016	250
Provided during the financial year	189
At 31 December 2016	439
Carrying amount	
At 31 December 2016	1,858
At 31 December 2015	2,047

All land and buildings are freehold.

Included in the cost or valuation of land and buildings of £90,025,000 (2015 - £89,052,000) is £17,319,000 (2015 - £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. The most recent valuation of those assets was carried out in 1999 by Chesterton plc, external valuer.

The historical cost of land and buildings at 31 December 2016 is £90,670,000 (2015 - £89,697,000). The revaluation reserve relating to assets held at deemed cost at 31 December 2016 was £795,000 (2015 £795,000).

None of the Company's plant and machinery or fixtures and fittings are held at valuation.

During the financial year, interest costs amounting to £70,330 (2015 - £405,899) were capitalised. The total cost or valuation of tangible fixed assets of £684,047,000 at 31 December 2016 (2015 - £648,573,000) included £5,605,183 (2015 - £5,534,853) of capitalised interest. The interest rate used to capitalise is 2.2% (2015 - 2.2%).

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. Investments

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Trade and other loans £'000	Total £'000
Cost				
At 1 January 2016	71,322	495	19,234	91,051
Additions/advances	-	-	8,961	8,961
Disposals/repayments	-	-	(8,662)	(8,662)
Amounts written off	-	-	(556)	(556)
At 31 December 2016	71,322	495	18,977	90,794
Provision for impairment				
At 1 January 2016	1,274	-	1,776	3,050
Released during the financial year	-	-	(549)	(549)
At 31 December 2016	1,274	-	1,227	2,501
Carrying amount				
At 31 December 2016	70,048	495	17,750	88,293
At 31 December 2015	70,048	495	17,458	88,001

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

Undertaking	Country of Incorporation	Holding	Proportion of voting rights and shares		Nature of business
			2016	2015	
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
Atlantic Beer Kitchen Limited	England and Wales	Ordinary	100%	100%	Restaurant
Coors On-Line Limited	England and Wales	Ordinary	73%	73%	Non trading
Cobra Beer Partnership Limited	England and Wales	Ordinary	50.1%	50.1%	Beer sales
Grolsch (UK) Limited	England and Wales	Ordinary	49%	49%	Beer sales
Caffrey's Canada Inc	Canada	Ordinary	100%	100%	Dormant
Carling Brewers Export Limited	Scotland	Ordinary	100%	100%	Dormant
Charrington and Company Limited	England and Wales	Ordinary	100%	100%	Dormant
Coors Brewers Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Beer Naturally Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Brewing Company (UK) Russia Limited	England and Wales	Ordinary	100%	100%	Dormant
Molson Coors Worthington Limited	England and Wales	Ordinary	100%	100%	Dormant
William Stones Limited	England and Wales	Ordinary	100%	100%	Dormant

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16. Investments (continued)

Rekorderlig UK Limited, a wholly owned subsidiary of the Company, was dissolved on 20 December 2016. The cost and net book value of the Company's investment in Rekorderlig UK Limited at the date of that company's dissolution was £nil.

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

	2016	2015
	£'000	£'000
Raw materials	1,229	4,607
Work in progress	1,898	2,117
Finished goods	50,058	48,883
Consumable stores	6,929	6,081
	<hr/>	<hr/>
	60,114	61,688
	<hr/>	<hr/>

There are no 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 £468,653,000 (2015 - £422,538,000).

During the financial year, the Company recognised a net impairment loss reversal of £1,167,000 in respect of stock. In 2015, a net impairment loss of £709,000 was recognised in relation to stock.

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

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. Debtors

	2016	Restated
	£'000	2015
		£'000
<i>Amounts falling due within one year:</i>		
Trade debtors	134,796	121,096
Amounts owed by group undertakings	58,572	49,773
Amounts owed by associated undertakings	554	1,197
Other debtors	19,929	14,151
Deferred tax asset	15,288	33,048
Prepayments and accrued income	15,459	17,598
	<u>244,598</u>	<u>236,863</u>

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

Trade debtors are stated after provision for impairment of £1,057,000 (2015 - £1,205,000).

19. Cash at bank and in hand

	2016	2015
	£'000	£'000
Cash at bank and in hand	118,858	43,999
	<u>118,858</u>	<u>43,999</u>

20. Creditors: Amounts falling due within one year

	2016	Restated
	£'000	2015
		£'000
Trade creditors	178,164	148,740
Amounts owed to group undertakings	64,305	68,390
Corporation tax	-	4
Other taxation and social security	90,547	90,612
Obligations under finance leases and hire purchase contracts	459	459
Other creditors	231	2,926
Accruals and deferred income	68,995	62,719
	<u>402,701</u>	<u>373,850</u>

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

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

	2016 £'000	2015 £'000
Amounts owed to group undertakings	77,101	-
Obligations under finance leases and hire purchase contracts	281	734
Other creditors	-	1,279
Accruals and deferred income	8,622	9,771
	<u>86,004</u>	<u>11,784</u>

Amounts owed to group undertakings 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.

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:

	2016 £'000	2015 £'000
<i>Amounts payable:</i>		
Within one year	459	459
Within two to five years	281	734
	<u>740</u>	<u>1,193</u>
Finance costs allocated to future periods	-	-
	<u>740</u>	<u>1,193</u>

Finance costs relating to future periods in respect of finance leases and hire purchase contracts are not material and are included within creditors.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. Financial instruments

Categorisation of financial instruments

	2016	Restated
	£'000	2015
		£'000
<i>Financial assets</i>		
Financial assets measured at fair value through profit or loss	3,189	500
Financial assets that are debt instruments measured at amortised cost	211,672	189,524
	<u>214,861</u>	<u>190,024</u>
<i>Financial liabilities</i>		
Financial liabilities measured at fair value through profit or loss	231	4,205
Financial liabilities measured at amortised cost	319,570	217,130
	<u>319,801</u>	<u>221,335</u>

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

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

Items of income, expense, gains or losses

	Income	Expense	Net gains	Net losses
	£'000	£'000	£'000	£'000
2016				
Financial assets measured at fair value through profit or loss	2,689	-	-	-
Financial liabilities measured at fair value through profit or loss	-	(3,974)	-	-
Financial assets measured at amortised cost	3,668	(141)	-	-
Financial liabilities measured at amortised cost	-	588	-	-
	<u>6,357</u>	<u>(3,527)</u>	<u>-</u>	<u>-</u>
	Income	Expense	Net gains	Net losses
	£'000	£'000	£'000	£'000
2015				
Financial assets measured at fair value through profit or loss	494	-	-	-
Financial liabilities measured at fair value through profit or loss	-	1,414	-	-
Financial assets measured at amortised cost	3,542	(597)	-	-
Financial liabilities measured at amortised cost	-	730	-	-
	<u>4,036</u>	<u>1,547</u>	<u>-</u>	<u>-</u>

A net impairment loss of £7,000 (2015 - £736,000) was recognised in respect of trade loans during the financial year.

A net impairment loss reversal of £148,000 (2015 - £1,333,000) was recognised in respect of trade debtors during the financial year.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. Provisions for liabilities

	Restructuring provision £'000	Onerous lease provision £'000	Deferred tax provision £'000	Total £'000
At 1 January 2016	3,735	537	5,253	9,525
Additions during the financial year	584	102	-	686
Amounts charged against provision	(510)	(61)	-	(571)
Unused amounts released	(1,589)	(129)	(5,253)	(6,971)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,220	449	-	2,669
	<hr/>	<hr/>	<hr/>	<hr/>

Restructuring provision

In November 2016, plans were announced to transfer certain functions within the Company to a Global Business Services centre serving a number of companies in the group headed by Molson Coors Brewing Company. Costs associated with the transfer were provided for at the time of the announcement.

In 2015, provision was made for the cost of redundancy payments to be made to employees affected by restructuring at the Company's Burton upon Trent site. An element of this provision has been released in 2016 as an assessment of redeployment opportunities has resulted in a reduction in the number of anticipated redundancies.

The restructuring provision is expected to be fully utilised by March 2018.

Onerous lease provision

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

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. Pensions and other post-retirement benefits

The Company operates the Molson Coors Brewers Pension Plan in the United Kingdom; a contributory, self-administered, defined benefit pension plan. Assets of the pension plan are held separately from those of the Company in trustee administered funds. Contributions are assessed in accordance with the advice of an independent qualified actuary using the projected unit method, where applicable, and as agreed with the trustees of the scheme. Total contributions made by the Company to the scheme in the financial year ended 31 December 2016 amounted to £nil (2015 - £150 million).

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

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

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

The full valuation of the scheme as at 30 June 2016 and the assessment of liabilities as at 31 December 2016 were both carried out by Mercer, an independent and professionally qualified actuary.

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

	2016	2015
	£'000	£'000
<i>Scheme assets at fair value:</i>		
Equities	455,520	771,648
Fixed interest bonds	920,530	442,090
Index-linked bonds	322,660	225,064
Property	104,390	88,418
Cash	94,900	80,380
	<hr/>	<hr/>
Fair value of scheme assets	1,898,000	1,607,600
Present value of scheme liabilities	(1,799,300)	(1,594,500)
	<hr/>	<hr/>
	98,700	13,100
	<hr/>	<hr/>

The pension plan has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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:

	2016 £'000	2015 £'000
<i>Recognised in the Income Statement:</i>		
Current service cost	-	-
Actual expenses paid	2,100	1,900
	<hr/>	<hr/>
Recognised in arriving at operating profit	2,100	1,900
	<hr/>	<hr/>
Net interest on net defined benefit (asset)/liability	(600)	600
	<hr/>	<hr/>
Total recognised in Income Statement	1,500	2,500
	<hr/>	<hr/>
<i>Taken to Other Comprehensive Income:</i>		
Actual return on scheme assets	363,600	29,900
Less amount included in net interest on net defined benefit liability	(59,700)	(58,000)
	<hr/>	<hr/>
	303,900	(28,100)
Other actuarial gains and losses	(216,800)	55,300
	<hr/>	<hr/>
Remeasurement gain recognised in other comprehensive income	87,100	27,200
	<hr/>	<hr/>

Pensions

	2016 %	2015 %
<i>Main assumptions:</i>		
Rate of salary increases	3.20	3.10
Rate of increase of pensions in payment		
- Pre 2006 pension	3.10	3.00
- Post 2006 pension	2.55	2.45
Discount rate	2.65	3.80
Inflation assumption	3.20	3.10
Post retirement mortality		
- Retiring today (member age 65)	21.30	21.70
- Retiring in 25 years (member age 40)	24.00	24.40

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.

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

	2016 £'000	2015 £'000
At 1 January	1,594,500	1,665,200
Interest paid	59,100	58,600
Benefits paid	(71,100)	(74,000)
Remeasurement on change in assumptions	321,800	(55,300)
Effect of experience adjustments	(105,000)	-
	<hr/>	<hr/>
As at 31 December	1,799,300	1,594,500
	<hr/>	<hr/>

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

	2016 £'000	2015 £'000
At 1 January	1,607,600	1,503,600
Actual return on plan assets	303,900	(28,100)
Interest income	59,700	58,000
Employer contributions	-	150,000
Benefits paid	(71,100)	(74,000)
Administrative expenses paid from plan assets	(2,100)	(1,900)
	<hr/>	<hr/>
As at 31 December	1,898,000	1,607,600
	<hr/>	<hr/>

26. Called up share capital

Allotted, called up and fully paid shares:

	2016 No.	2016 £'000	2015 No.	2015 £'000
Deferred Ordinary shares of £1 each	1,721,600	1,722	1,721,600	1,722
\$US Ordinary shares of \$US 0.01 each	100	-	100	-
	<hr/>	<hr/>	<hr/>	<hr/>

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.

27. Capital commitments

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

	2016 £'000	2015 £'000
Contracted for as at the year end but not provided for in the financial statements	1,153	1,460
	<hr/>	<hr/>

28. Operating lease commitments

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

	2016 £'000	2015 £'000
Not later than one year	5,606	5,478
Later than one year and not later than 5 years	7,929	11,072
Later than five years	1,255	663
	<hr/>	<hr/>
	14,790	17,213
	<hr/>	<hr/>

MOLSON COORS BREWING COMPANY (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016****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 Brewing Company where any subsidiary which is party to the transaction is wholly owned by such a member.

During the financial year ended 31 December 2016, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Grolsch (UK) Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	42,319
Purchases	-	1,675	56,880
Other administrative expenses	-	-	2,605
Marketing and management fee income	-	-	2,446
Interest receivable	71	-	-
Sale of fixed assets	-	-	50
Tax paid	-	-	-
Balance due to related party at 31 December 2016	304	-	6,826
Balance due from related party at 31 December 2016	2,009	555	-

During the financial year ended 31 December 2015, the Company traded with other related parties as follows:

	Coors On-line Limited £'000	Restated Grolsch (UK) Limited £'000	Cobra Beer Partnership Limited £'000
Turnover	-	-	43,665
Purchases	-	1,749	61,706
Other administrative expenses	-	-	5,737
Marketing and management fee income	-	-	3,597
Interest receivable	68	-	-
Sale of fixed assets	-	-	60
Tax paid	-	-	-
Balance due to related party at 31 December 2015	304	-	6,563
Balance due from related party at 31 December 2015	1,937	1,198	-

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

Grolsch (UK) Limited is a company which is 49% owned within the group.

Cobra Beer Partnership Limited is a company which is 50.1% owned within the group.

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Prior year adjustment

A review of the distribution agreement between the Company and its subsidiary undertaking, Grolsch (UK) Limited has led the directors to conclude that the Company is acting as the principal in the sale of Grolsch products to the end customer. Previously the accounting entries processed reflected an agency agreement.

As a result of this conclusion, the financial statements of the Company for the financial year ended 31 December 2015 have been restated to recognise the income and costs associated with Grolsch products, with a royalty expense being recognised in respect of the fixed amount per barrel which is paid to the Company's subsidiary undertaking under the terms of the distribution agreement.

The impact of this restatement has been to increase turnover by £12,193,000 for the financial year ended 31 December 2015. Cost of sales, administrative expenses and other operating costs have also increased by a total of £12,193,000.

The Company's Statement of Financial Position at 31 December 2015 has also been restated to reflect balances arising from the trade carried on under the distribution agreement and to reflect the legal ownership of tangible assets. These balances were previously recognised in the financial statements of Grolsch (UK) Limited.

The directors have considered the impact of the above matter on the Company's reserves at 1 January 2015 and have concluded that no adjustment is required to the previously reported figure.

The tables below show the impact of adjustments on the relevant statements on a line by line basis.

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Prior year adjustment (continued)

Statement of Financial Position at 31 December 2015

	As originally reported £'000	Adjustment £'000	As restated £'000
Fixed assets			
Intangible assets	50,757	-	50,757
Tangible assets	243,820	155	243,975
Investments	88,001	-	88,001
	<u>382,578</u>	<u>155</u>	<u>382,733</u>
Current assets			
Stocks	61,688	-	61,688
Debtors	237,754	(891)	236,863
Cash at bank and in hand	43,999	-	43,999
	<u>343,441</u>	<u>(891)</u>	<u>342,550</u>
Creditors: Amounts falling due within one year	(374,586)	736	(373,850)
	<u>(31,145)</u>	<u>(155)</u>	<u>(31,300)</u>
Net current liabilities			
	<u>(31,145)</u>	<u>(155)</u>	<u>(31,300)</u>
Total assets less current liabilities	351,433	-	351,433
Creditors: Amounts falling due after more than one year	(11,784)	-	(11,784)
Provisions for liabilities	(9,525)	-	(9,525)
	<u>330,124</u>	<u>-</u>	<u>330,124</u>
Net assets excluding pension asset	330,124	-	330,124
Net pension asset	13,100	-	13,100
	<u>343,224</u>	<u>-</u>	<u>343,224</u>
Net assets	343,224	-	343,224
Capital and reserves			
Called up share capital	1,722	-	1,722
Share premium account	598,278	-	598,278
Revaluation reserve	795	-	795
Accumulated losses	(257,571)	-	(257,571)
	<u>343,224</u>	<u>-</u>	<u>343,224</u>
Total equity	343,224	-	343,224

MOLSON COORS BREWING COMPANY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. Prior year adjustment (continued)

Income Statement for the year ended 31 December 2015

	As originally reported £'000	Adjustment £'000	As restated £'000
Turnover	1,295,707	12,193	1,307,900
Cost of sales	(1,045,096)	(9,907)	(1,055,003)
Gross profit	250,611	2,286	252,897
Administrative expenses:			
Before exceptional items	(140,038)	(452)	(140,490)
Exceptional restructuring costs	(4,895)	-	(4,895)
Other operating expenses	(144,933) (48,537)	(452) (1,834)	(145,385) (50,371)
Operating profit	57,141	-	57,141
Loss on disposal of tangible fixed assets	(1,872)	-	(1,872)
Profit before investment income, interest and taxation	55,269	-	55,269
Income from investments	4,429	-	4,429
Interest receivable and similar income	998	-	998
Interest payable and similar expenses	(730)	-	(730)
Other finance costs	(600)	-	(600)
Profit before tax	59,366	-	59,366
Tax on profit	(6,431)	-	(6,431)
Profit for the financial year	52,935	-	52,935

MOLSON COORS BREWING COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. Parent and ultimate parent undertaking

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

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

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

1801 California Street
Suite 4600
Denver
Colorado 80202
USA

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

The ultimate controlling party is Molson Coors Brewing Company.