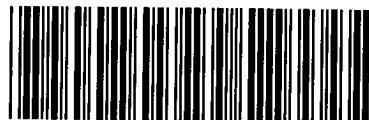


**Registered Number: 29140**

**UNILEVER U.K. CENTRAL RESOURCES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**COMPANY INFORMATION**

**DIRECTORS**

Mr J F Crilly  
Mr T J Munden  
Mrs S K Peace  
Mr P M de Sa  
Mr C W Jones  
Mr G A McGaghey (appointed on 8 April 2014)

**SECRETARY**

The New Hovema Limited in liquidation (resigned on 14 November 2013)  
Mr J O Earley (appointed on 14 January 2015)  
Mrs A K Conway  
Mr J Thurston  
Mr R C Hazell

**REGISTERED OFFICE**

Unilever House  
100 Victoria Embankment  
London  
EC4Y 0DY  
United Kingdom

**REGISTERED OFFICE OF ULTIMATE PARENT COMPANY**

Unilever PLC  
Port Sunlight  
Wirral  
Merseyside CH62 4ZD  
United Kingdom

**INDEPENDENT AUDITORS**

KPMG LLP  
15 Canada Square  
London  
E14 5GL  
United Kingdom

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The Directors submit their audited reports and the audited financial statements of the Company for the year ended 31 December 2014.

**Principal activities and future developments**

There was no significant change in the principal activities of the Company, which consisted of providing services and undertaking research in the United Kingdom.

The results of the Company show a loss on ordinary activities before taxation of £55,584,000 (2013: £93,731,000).

The Directors consider that, in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year was satisfactory. The Directors do not expect any development in the Company's business in the coming year which is significantly different from its present activities.

**Key Performance Indicators**

The Unilever Group operations are managed on a cluster and category basis and the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate as the performance and position of the Company is included in the performance indicators for the geography and the product area information in the Unilever Group Annual Report which does not form part of this report.

**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 and uncertainties affecting the Company are considered to relate to legislative, fiscal and regulatory conditions. More information can be found in the Unilever Group Annual Report and Accounts 2014 pages 49 to 53.

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, currency risk and pension risk. The company has specific policies for the management of these risks.

The Company manages these risks as follows:

***Credit risk***

The majority of outstanding debtor balances relates to an indebtedness balance with the Company's immediate parent company and to amounts due from other Unilever Group undertakings. The credit risk on these companies, all belonging to the Unilever Group, is considered to be immaterial.

***Liquidity risk***

The Unilever Group ensures, by means of giving loans, that the Company has sufficient funds available to fund its operations.

Further discussion of these risks and uncertainties, and how they are managed in the context of the Unilever Group as a whole, is provided in the published Unilever Group Annual Report.

***Currency risk***

The Company uses foreign exchange derivatives to hedge the currency risk. The Company is amongst others exposed to the currency risk in relation to the monthly euro receipts from Unilever NV. These receipts relate to the existing pooling agreement whereby Unilever NV and PLC agreed to share the international costs based on the relative share of the service fee income in the subgroups NV and PLC.

***Pension risk***

In the UK, Unilever offers a hybrid pension plan with a defined benefit component which is exposed to movements in interest rates, fluctuating values of underlying investments and increased life expectancy. Changes in any or all of these inputs could potentially increase the cost to Unilever of funding the schemes and therefore have an adverse impact on profitability and cash flow. The current total pension P&L credit (profit) for 2014 is GBP 46m. This relates to operating expenses of GBP 69m and finance income of GBP 115m (Expected return on assets of GBP 438m and Interest costs of GBP 323m). Changes in assumptions can impact the result of the year.

Our pension investment standards require us to invest across a range of equities, bonds, property, alternative assets and cash such that the failure of any single investment will not have a material impact on the overall value of assets. The majority of our assets, including those held in our 'pooled' investment vehicle, Uninvest, are managed by external fund managers and are regularly monitored by pension trustees and central pensions and investment teams.

By Order of the Board



Mrs A K Conway

**Company Secretary**

Date: 30 September 2015-

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

**Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1.

**Research and Development**

A large proportion of the central research and engineering resources of Unilever are based in the United Kingdom (UK) and operated by the Company. The two largest units are the research laboratories at Port Sunlight, on Merseyside, and Colworth, Bedfordshire, in total having 1,592 scientific staff. These units work closely with associated research laboratories in the Netherlands, China, India and the United States, and with individual Company development departments throughout the world to provide a firm technical base for the improvement, innovation and safety assurance of Unilever products and processes.

Expenditure on research and development in the current year was £233,021,000 (2013: £209,351,000).

**Dividend**

The Directors did not recommend the payment of a dividend in the financial year (2013: £ nil).

**Tangible Fixed Assets**

The Company's land and buildings are used for providing services and research in the United Kingdom. The Company's assets are not held for resale. The Directors consider that the difference between their market value and the value at which they are included in the balance sheet is not significant enough to be drawn to the attention of the shareholders.

**Employee Involvement**

The Board recognises the importance of communications with, and the fullest possible involvement of, employees in the business. The Company has continued and extended its support of consultation during the year. Staffs are located principally in the Head Office buildings in London and at the Port Sunlight and Colworth laboratories

At all these locations the Company has developed and encouraged consultative systems over a long period. These comprise local or departmental committees, with Head Office and Laboratory Councils, which employees elect or to which they appoint representatives.

These groups meet regularly and there are processes in place to ensure that specific information relating to the interests of employees, including safety at work and services available to staff, is published periodically, both to individual employees and to their representatives within the consultative system.

Following the end of the Employee Share Save scheme in 2013, all eligible employees of the Company were invited to participate in the new Global SHARES scheme under which further share options over Unilever PLC shares will be granted.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

**Employment of disabled persons**

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

**Creditor Payment Policy**

The Company's policy for the payment of its suppliers is to agree the terms of payment in advance and, provided a supplier fulfils the agreement, to pay promptly in accordance of those terms.

The ratio, expressed in days, between the amounts invoiced to the Company by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 38 days (2013: 25 days).

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

**Political and Charitable Donations**

The Company made charitable donations amounting to £10,831,198 (2013: £9,819,330). The main charitable donations were made to the Unicef £3,140,032 (2013: £2,172,950) and Save The Children £3,062,731 (2013: £4,069,202). No political contributions were made (2013: £ nil). These donations are all Social Investment – cash payments for 2014 and 2013.

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) and from 2015: including FRS 101 Reduced Disclosure Framework.

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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

**Statement of Provision of Information to Auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. The Director has taken all the steps that he ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

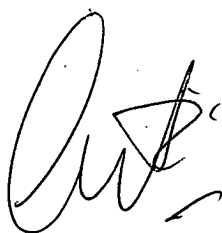
**Going Concern**

Unilever UK Central Resources Ltd has net current liabilities. These financial statements have been prepared on a going concern basis because Unilever UK Holdings Ltd has formally indicated that it will continue to provide financial and other support to the company to enable it to trade and meet its liabilities as and when they become due, for at least the next twelve months.

**Independent Auditors**

As a result of the audit tender carried out by the Unilever Group in 2013, PricewaterhouseCoopers' appointment as external auditor of the Company expired on 1 October 2014 following their conclusion of the audit of the Company's accounts for the year ended 31 December 2013. KPMG LLP have been appointed as the auditors of the Company by way of ordinary resolution of members in accordance with Section 485 of the Companies Act 2006.

By Order of the Board



Mrs A K Conway  
**Company Secretary**

Date: 30 September 2015-

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNILEVER U.K. CENTRAL RESOURCES LIMITED**

We have audited the financial statements of Unilever U.K. Central Resources Limited for the year ended 31 December 2014 set out on pages 10 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and from 2015: including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNILEVER U.K. CENTRAL RESOURCES LIMITED (continued)**

**Matters on which we are required to report by exception**

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

*Sarah Rolls*

Sarah Rolls (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
Date: *30 September 2015*

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>Note</u>	<b>2014</b> £000	2013 £000
Turnover		<b>1,314,246</b>	945,196
Administrative expenses		<b>(1,453,327)</b>	(1,060,792)
<b>Operating loss</b>	(1)	<b>(139,081)</b>	(115,596)
Exceptional items	(2)	<b>14,094</b>	-
(Loss)/profit on disposal of fixed assets	(3)	<b>(4,358)</b>	1,023
Interest payable and similar charges	(4)	<b>(41,436)</b>	(43,278)
Other finance income relating to pensions	(13)	<b>115,197</b>	64,120
<b>Loss on ordinary activities before taxation</b>		<b>(55,584)</b>	(93,731)
Taxation on loss on ordinary activities	(5)	<b>(82,690)</b>	29,075
<b>Loss for the financial year</b>	(17)	<b>(138,274)</b>	(64,656)

The notes on pages 16 to 40 are an integral part of these financial statements.

All operations in the year are, and in the comparative year were, continuing.

There are no material differences between the results on ordinary activities before taxation and the results for the financial year stated above and their historical cost equivalents.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014**

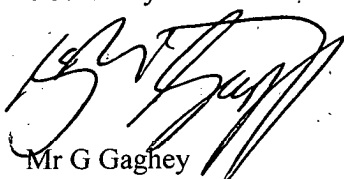
	<u>Note</u>	<b>2014</b> £000	2013 £000
Loss for the financial year	(17)	<b>(138,274)</b>	(64,656)
Other		<b>(25)</b>	-
Fair value (losses)/gains on cash flow hedges		<b>(244)</b>	9,058
Deferred tax thereon		<b>49</b>	(1,935)
Pensions and similar obligations:			
Net actuarial (losses)/gains recognised	(13)	<b>(509,290)</b>	197,795
Deferred tax thereon		<b>101,815</b>	(70,210)
Current tax thereon		<b>20,284</b>	10,555
<b>Total (losses)/gains recognised since last annual report</b>		<b>(525,685)</b>	80,607

## BALANCE SHEET AS AT 31 DECEMBER 2014

	<u>Note</u>	2014 £000	2013 Restated* £000
<b>Fixed assets</b>			
Tangible assets	(8)	288,143	309,742
Investments	(9)	516	32,524
		<u>288,659</u>	<u>342,266</u>
<b>Current assets</b>			
Stocks		48	62
Debtors (Debtors amounts falling due after more than one year £4,264,185 (2013: £8,306,315))	(10)	7,656,795	8,496,751
Cash at bank and in hand		-	118
		<u>7,656,843</u>	<u>8,496,931</u>
<b>Creditors: amounts falling due within one year</b>	(11)	<u>(9,134,760)</u>	<u>(9,961,955)</u>
<b>Net current liabilities</b>		<u>(1,477,917)</u>	<u>(1,465,024)</u>
<b>Total assets less current liabilities</b>		<u>(1,189,258)</u>	<u>(1,122,758)</u>
<b>Creditors: amounts falling due after more than one year</b>	(11)	<u>(343,273)</u>	<u>(140,030)</u>
Provisions for liabilities and other charges	(12)	<u>(15,862)</u>	<u>(9,063)</u>
<b>Net liabilities excluding pensions and similar obligations liabilities</b>		<u>(1,548,393)</u>	<u>(1,271,851)</u>
<b>Pensions and similar obligations liabilities</b>			
Net pension asset for funded schemes in surplus	(13)	-	190
Net pension liability for funded schemes in deficit	(13)	(406,367)	(170,837)
Net pension liability for unfunded schemes	(13)	(187,285)	(173,862)
<b>Total pensions and similar obligations</b>		<u>(593,652)</u>	<u>(344,509)</u>
<b>Net liabilities including pensions and similar obligations liabilities</b>		<u>(2,142,045)</u>	<u>(1,616,360)</u>
<b>Capital and reserves</b>			
Called up share capital	(15)	100,000	100,000
Cash flow hedge reserve	(17)	3,767	3,962
Profit and loss account	(17)	<u>(2,245,812)</u>	<u>(1,720,322)</u>
<b>Total shareholders' deficit</b>	(16)	<u>(2,142,045)</u>	<u>(1,616,360)</u>

\*Restated in accordance with FRS3, see principal accounting policies.

The notes on pages 16 to 40 are an integral part of these financial statements. The financial statements on pages 10 to 40 were approved by the Board of Directors on 30 September 2015 and were signed on its behalf by:

  
Mr G Gaghey  
Director

## **PRINCIPAL ACCOUNTING POLICIES**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and the applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

### **Basis of preparation**

The financial statements contain information about Unilever U.K. Central Resources Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Unilever PLC, a company incorporated in England and Wales.

### **Cash flow statement**

The Company is a wholly-owned subsidiary of Unilever PLC and its cash flows are included in the consolidated financial statements of Unilever PLC, which are publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 'Cash flow statements' (revised 1996) from publishing a cash flow statement.

### **Adjustments FRS 3**

Prior period misclassifications have been identified in the classification of the creditors due to Group Undertakings. These prior period misclassifications have been corrected in the financial statements 2014 in accordance with FRS3. The restatement of the comparative figures 2013 is included in the balance sheet. Furthermore the relevant notes to the financial statements have been restated (note 10 and 11). The reclassification in creditors between shorter and longer than a year amounts to £1,762m. The reclassification between debtors and creditors amounts to £722m.

The restatement of the comparative figures 2013 results in the company ending up in a net current liabilities position as at 31 December 2013. Due to the high shareholders' deficit it was disclosed in the financial statements 2013 already that the parent company Unilever U.K. Holdings Ltd formally indicated that it would continue to provide financial and other support to the company to enable it to trade and meet its liabilities as and when they become due. Reference is made to note 21 for this disclosure relating to the financial statements 2014.

In the financial statements 2014 and the comparative figures for 2013 all current account liabilities of Unilever U.K. Central Resources Limited with Group undertakings are now presented as "Creditors: amounts falling due within one year" as the company does not have the unconditional right to defer the settlement of these current account balances for at least 12 months after the balance sheet date.

### **Tangible Fixed assets and Depreciation**

The cost of tangible fixed assets is their historic purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the useful economic lives of the assets concerned.

Assets in the course of construction are transferred into the appropriate category when they are ready for their intended use. At this point, depreciation commences on the same basis as on other tangible fixed assets.

Freehold buildings	40 years
Computers	5 years
Leasehold buildings	Life of lease up to a maximum of 40 years
Plant and machinery	10-15 years
Motor vehicles	4-6 years

**PRINCIPAL ACCOUNTING POLICIES (continued)**

Freehold land is not depreciated.

Finance costs incurred in relation to the purchase of tangible fixed assets are not capitalised. Fixed assets will be reviewed for impairment only if there is some indication that impairment has occurred. Impairment losses are recognised in the profit and loss account included within operating profit under the appropriate statutory heading, and disclosed as an exceptional item if appropriate. The reversal of past impairment losses is recognised when the recoverable amount of a tangible fixed asset has increased because of a change in economic conditions or in the expected use of the asset.

**Disposals**

Any disposals that have occurred during the year have not been deemed by management to have had a material effect on the nature and focus of the reporting entity's operations and as such do not warrant disclosure as discontinued operations.

**Government Grants**

Grants received are accounted for as deferred income and credited to the Profit and Loss Account over the length of the agreement.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases in which the significant portion of the risks and rewards of ownership are transferred by the lessor are classified as finance leases.

Lease rental payments in respect of operating leases are charged to the Profit and Loss account on a straight line basis over the lease term.

Tangible fixed assets held under finance leases (i.e. leases which transfer to the Company substantially all the benefits and risks of ownership) are treated as if they had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profits in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful economic lives of the equivalent owned assets.

**Turnover**

Turnover excludes value added tax and comprises service fees received from Unilever PLC. Unilever U.K. Central Resources Limited recognises turnover based on the criteria of a full performance of a contract or delivery of services.

The company's activities consist solely of the provision of services and undertaking research in the United Kingdom, so no segmental analysis of the business is included in these accounts.

**Provisions**

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the obligation can be reasonably estimated.

**Research and Development**

Expenditure on research and development of new products is charged to the profit and loss account in the year in which it is incurred.

**PRINCIPAL ACCOUNTING POLICIES (continued)**

**Fixed Asset Investments**

Investments in Group undertaking are entities controlled by the Company, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Associated company investments are entities in which the Group has a long-term interest and over which the Group has directly or indirectly significant influence, where significant influence is the ability to influence the financial and operating policies of the entity. Other investments include investment in companies in which the entity's influence is less than significant. Fixed asset investments are carried at cost. A review is performed annually to assess for triggering events that indicate impairment and if required the net realisable value is assessed using a discounted cash flow (DCF) method.

Where the value of an investment is considered to have been permanently impaired, a carrying value below cost is employed and any impairment charge is taken to the Profit and Loss Account. The reversal of past impairment losses is recognised when the recoverable amount of an investment in a subsidiary, an associate or a joint venture has increased because of a change in economic conditions.

**Pensions and other post-retirement benefits**

The operating and financing costs of the defined benefit plans are recognised separately in the profit and loss account; service costs are systematically spread over the service lives of employees, and financing costs are recognised in the periods in which they arise. Variations from expected costs, arising from the experience of the plans or changes in the actuarial assumptions, are recognised immediately in the statement of total recognised gains and losses. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the profit and loss account. The liabilities and the assets of defined benefit plans are recognised at fair value in the balance sheet.

**Current Taxation**

The charge for current income tax is based on the results for the year as adjusted for items which are not taxed or which are disallowed. It is calculated using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date.

**Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 balance sheet date. Deferred tax is measured on an undiscounted basis.

**Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction or at monthly average rates. Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates current at the year end, and profits/(losses) are taken through the Profit and Loss Account of the year.



**PRINCIPAL ACCOUNTING POLICIES (continued)**

**Share based payments**

Under the Unilever Global Performance Share Plan (Global Share Incentive Plan (GSIP)), the employees of the Company are granted an award of the parent's shares by the Company itself. Therefore, these options are accounted for as cash settled share based payments under Financial Reporting Standard 20 'Share-based payment'. For these cash settled share based payments, the fair value of the liability is determined at each balance sheet date and the charge recognised through the Profit and Loss Account over the period in which the related services are provided by the employees.

**Share Matching Plan**

The Company operates a Share Matching Plan (Management Co-Investment Plan (MCIP)) which enables managers to invest part of their annual bonus in Unilever PLC and Unilever NV shares which will be matched by the Company with the same number of shares. The managers are required to keep all shares for an agreed period and be employed by Unilever on the vesting date. Given these conditions, the expense of awarding these shares is based on the fair value of the shares at the date that the award is made and spread over the vesting period.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Profit and Loss Account, with a corresponding adjustment to creditors.

**Derivatives and hedge accounting**

Derivatives are measured at fair value with any related transaction cost expensed as incurred. The treatment of changes in the value of derivatives depends on their use as explained below.

- (i) **Cash Flow hedges**  
Derivatives are held to hedge the uncertainty in timing or amount of future forecast cash flows. Such derivatives can be classified as being part of cash flow hedge relationships.

Fair value movements of cash flow hedges for which no hedge accounting is applied are taken to the income statement.

Derivatives that are part of an effective cash flow hedge relation: on the effective part, gains and losses from changes in the fair value of derivatives are recognised in equity. Any ineffective elements of an effective Cash Flow hedge accounting relation are recognised in the income statement. Amounts deferred in equity are taken to the income statement at the same time as the related cash flow.

When a derivative no longer qualifies for hedge accounting, any cumulative gain or loss remains in equity until the related cash flow occurs. When the cash flow takes place, the cumulative gain or loss is taken to the income statement. If the hedged cash flow is no longer expected to occur, the cumulative gain or loss is taken to the income statement immediately.

- (ii) **Derivatives for which hedge accounting is not applied**  
Derivatives not classified as hedges are held in order to hedge certain balance sheet items. No hedge accounting is applied to these derivatives, which are carried at fair value with changes being recognised in the income statement.

**Stocks**

Stocks are consistently stated at the lower of cost and net realisable value. Cost is determined on an average basis and includes direct expenditure and an appropriate proportion of overheads. Provisions are made for slow moving and obsolete stocks as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

**(1) Operating Loss**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
	<b>(139,081)</b>	<b>(115,596)</b>

The operating loss is arrived at after (charging)/crediting the following amounts:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Exchange adjustments	<b>1,608</b>	<b>(1,285)</b>
Depreciation		
- on owned tangible fixed assets	<b>(36,118)</b>	<b>(46,192)</b>
- on tangible fixed assets held under finance leases	<b>(6,100)</b>	<b>(6,100)</b>
Auditors' remuneration for audit services	<b>(144)</b>	<b>(229)</b>
Research and development expenditure	<b>(233,021)</b>	<b>(209,351)</b>
Staff costs (note 7)	<b>(432,550)</b>	<b>(407,581)</b>
Operating lease expenditure		
- plant and machinery	<b>(16,039)</b>	<b>(1,986)</b>
- cars	<b>(1,789)</b>	<b>(131)</b>
- land and buildings	<b>(6,777)</b>	<b>(10,568)</b>
Sublease receipts	<b>2,484</b>	<b>3,973</b>
Operating exceptional items - restructuring costs (note 12)	<b>(27,058)</b>	<b>(4,478)</b>
Operating exceptional items – past service credit (note 13)	<b>(90)</b>	<b>(27)</b>
Operating exceptional items – curtailment gain (note 13)	<b>4,450</b>	<b>5,916</b>

The fees for KPMG LLP for the statutory audit of the Company's annual financial statements amount to £68,000 (2013: £106,000, PricewaterhouseCoopers LLP). The fees borne by the Company and payable to the Company's auditors for the audits of other Group Companies amount to £76,000 (2013: £123,000, PricewaterhouseCoopers LLP).

The disclosure of fees payable to the auditors and their associates for other (non-audit) services has not been made because the consolidated financial statements of the Company's ultimate parent company are required to disclose other (non-audit) services on a consolidated basis as appropriate.

**(2) Exceptional Items**

Due to the liquidation of some group companies the payables of GBP 14,093,668 of the Company to these group companies have been released, as these have not been claimed by the liquidators.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)**

**(3) (Loss)/profit on disposal of fixed assets**

The (loss)/gain on disposal of fixed assets is made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Yearly release (spread over the 20 year lease agreement) from deferred income of the profit on the sale of Unilever House (note 11)	<b>1,970</b>	1,970
Disposal of Plant & Machinery regarding the move of UEIT to Port Sunlight	<b>(3,950)</b>	-
Other	<b>(2,378)</b>	(947)
	<b>(4,358)</b>	1,023
Other includes the disposal of property buildings and scientific assets.	<b>(2,378)</b>	(58)

**(4) Interest receivable/(payable) and similar income/(charges)**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest receivable on loans to group undertakings	<b>25,444</b>	3,435
Other interest receivable and similar income	<b>4</b>	428
Total interest receivable and similar income	<b>25,448</b>	3,863
Interest payable on loans from group undertakings	<b>(59,408)</b>	(38,719)
Interest on loans from third parties	<b>(1,053)</b>	(1,788)
Finance charges payable under finance leases	<b>(6,423)</b>	(6,634)
Total interest payable and similar charges	<b>(66,884)</b>	(47,141)
Total	<b>(41,436)</b>	(43,278)

Interest payable on bank loans are not repayable by instalments and are due wholly within 5 years. Exchange differences of £1,312,678 (2013: £1,154,056) have been credited to Interest receivable on loans to group undertakings. No exchange differences (2013: £(2,285,800)) have been debited to Interest payable on loans to group undertakings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (5) Taxation on loss on ordinary activities

The taxation (charge)/credit is made up as follows:

	2014		2013	
	£000	£000	£000	£000
On loss for the year				
<b>Current taxation:</b>				
UK corporation tax	29,149		42,404	
Adjustments in respect of prior years	(61,414)		(3,543)	
Total UK taxation		(32,265)		38,861
Foreign taxation	(208)		(138)	
Total foreign taxation		(208)		(138)
<b>Total current taxation</b>		(32,473)		38,723
<b>Deferred taxation:</b>				
Deferred taxation	(40,833)		(4,783)	
Adjustments for prior years	(9,384)		(968)	
Impact of rate change	-		(3,897)	
<b>Total deferred taxation</b>		(50,217)		(9,648)
<b>Total taxation credit on ordinary activities</b>		(82,690)		29,075

The current UK taxation rate that has been used for the year is a blended rate of 21.5%. This is on the basis that the taxation rate changed from 23% to 21% as of 1 April 2014.

In addition, a further reduction to the corporation rate is proposed to reduce the rate to 20% from 1 April 2015. This further change was substantively enacted on 2 July 2013, before the balance sheet date, and therefore has been included in these financial statements. Such changes do not have a significant effect on the deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (5) Taxation on loss on ordinary activities (continued)

The current tax assessed for the year is lower (2013: higher) than the standard rate of corporation taxation in the UK (21.5%) (2013 – 23.25%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before taxation	(55,584)	(93,731)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 21.5% (2013 – 23.25%)	11,950	21,792
Effects of:		
Permanent differences	1,373	15,052
Capital allowances lower than depreciation	(8,785)	(8,292)
Short term timing differences	24,611	13,852
Higher tax rates on overseas earnings	(208)	(138)
Adjustments in respect of prior years	(61,414)	(3,543)
Current taxation credit for the year	(32,473)	38,723

There are no reconciling items relating to intra group transfer pricing adjustments in the taxation reconciliation for 2014 (none for 2013) as no intra group payment will be made for losses claimed or surrendered relating to such amounts.

The corporation tax debtor includes amounts receivable to other group companies in respect of losses by way of group relief. As noted above, no payment is where taxable income arises as a result of transfer pricing adjustments.

	2014 £000	2013 £000
Corporation tax debtor	51,497	59,019

## (6) Directors' emoluments

The Directors who served during the year (with the exception of Mr T J Munden) are remunerated by the Company and details of their emoluments are provided below:

	2014 £000	2013 £000
Aggregate emoluments	1,788	1,270
Aggregate pension scheme contributions	153	105

4 (2013: - 6) Directors exercised share options or received shares under long-term incentive schemes. Retirement benefits are accruing to 5 (2013: - 5) Directors in respect of their qualifying services under a defined benefit scheme.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)**

**(6) Directors' emoluments (continued)**

<b>Highest paid director</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	<b>636</b>	593
Accrued pension to end of year	<b>143</b>	139

In addition to the above the highest paid Director also received shares as part of a long term incentive scheme.

**(7) Employee Information**

The monthly average number of persons employed by the Company, including Directors, during the year is specified below:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Research and Development	<b>1,592</b>	1,436
Administration	<b>1,785</b>	1,560
<b>Total</b>	<b>3,377</b>	2,996

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Staff Costs</b>		
Wages and salaries	<b>264,489</b>	249,545
Social security costs	<b>34,454</b>	32,485
Other pension costs (note 13)	<b>69,189</b>	69,872
Share based payments (note 14)	<b>64,418</b>	55,679
<b>Total</b>	<b>432,550</b>	407,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (8) Tangible Assets

	<u>Land and Buildings</u>	<u>Plant and Machinery Restated*</u>	<u>Computer Equipment Restated*</u>	<u>Motor Vehicles</u>	<u>Assets in Course of Construc- tion</u>	<u>Total</u>
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 January 2014	189,399	236,432	160,081	686	26,933	613,531
Additions	-	-	12,463	-	15,234	27,697
Transfers from group companies	-	-	-	-	(53)	(53)
Disposals	(8,001)	(12,340)	(25,488)	(373)	-	(46,202)
Transfers	735	20,342	4,318	-	(25,395)	-
At 31 December 2014	<b>182,133</b>	<b>244,434</b>	<b>151,374</b>	<b>313</b>	<b>16,719</b>	<b>594,973</b>
<b>Accumulated depreciation</b>						
At 1 January 2014	66,345	132,856	104,068	520	-	303,789
Depreciation charge	7,794	12,347	22,015	62	-	42,218
Disposals	(5,977)	(7,494)	(25,405)	(301)	-	(39,177)
At 31 December 2014	<b>68,162</b>	<b>137,709</b>	<b>100,678</b>	<b>281</b>	<b>-</b>	<b>306,830</b>
<b>Net book value</b>						
At 31 December 2014	<b>113,971</b>	<b>106,725</b>	<b>50,696</b>	<b>32</b>	<b>16,719</b>	<b>288,143</b>
At 31 December 2013	123,054	103,576	56,013	166	26,933	309,742

\*Reclassification of the balance at 1 January 2014 of £ 32,145,000 between Plant and Machinery at cost and accumulated depreciation and between Computer Equipment at cost and accumulated depreciation. There is no impact on the net book value at 1 January 2014 of the tangible assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (8) Tangible Assets (continued)

The net book amount of land and buildings comprises:

	2014 £000	2013 £000
Land	475	477
Freehold Buildings	35,755	38,736
Leasehold Buildings	77,741	83,841
	<b>113,971</b>	<b>123,054</b>
	2014 £000	2013 £000
Assets held under finance leases included above:		
Net book value	77,741	83,841
Depreciation charge	6,100	6,100

In 2004 the Company entered into a sale-and-leaseback agreement with a third party regarding the Head Office in London, United Kingdom. From 2004 to 2007 the Head Office was refurbished, and the Company was able to use the building again as from 2 July 2007 onwards. As the agreement de facto was a finance lease the building was reinstated as an asset for an amount of £123,491,000. The gain of £39,892,000 on the initial sale was treated as deferred income and is being released over the term of the lease agreement (i.e. 20 years from the date the Company moved back into the building through to the termination date: 28 September 2027). The building is being depreciated over the same 20 year period commencing 2 July 2007.

## (9) Investments

	Shares in Group undertakings £000	Works of Art £000	Total £000
Cost 1 January 2014	32,008	516	32,524
Disposals*	(32,008)	-	(32,008)
<b>31 December 2014</b>	<b>-</b>	<b>516</b>	<b>516</b>
Net Book Value			
<b>31 December 2014</b>	<b>-</b>	<b>516</b>	<b>516</b>
31 December 2013	32,008	516	32,524

There are no investments in listed shares.

\*Up until 26th June 2014, Unilever UKCR Ltd had a 50% stake in the Colworth Science park (Unilever LP (Colworth Park) Limited, registered number 115128), the other 50% was owned by Goodman. In 2013 Unilever and Goodman decided to pursue a sale of the Science Park to a single owner. The sale to Palmer/Wrenbridge was completed on 26th June 2014 and now R&D Colworth remain as one of the tenants on the site. The profit on this disposal of £2,976,872 has been included in Administrative expenses.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(10) Debtors**

	<b>2014</b>	<b>2013</b>
		Restated*
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	8,312	-
Amounts due from Group undertakings	3,243,610	37,063
Forward contracts due from Group undertakings	5,203	6,342
Corporation tax	51,497	59,019
Other taxation and social security	20,535	27,054
Deferred taxation	33,326	33,051
Other debtors	4,738	2,921
Prepayments and accrued income	25,389	24,986
<b>Total</b>	<b>3,392,610</b>	<b>190,436</b>
<b>Amounts falling due after more than one year</b>		
Indebtedness due from parent company	1,512,540	4,917,328
Amounts due from Group undertakings	2,747,599	3,383,054
Prepayments and accrued income	891	1,265
Other debtors	3,155	4,668
<b>Total</b>	<b>4,264,185</b>	<b>8,306,315</b>
<b>Total debtors</b>	<b>7,656,795</b>	<b>8,496,751</b>

\*Reclassification of £ 721,800,000 from Creditors due after more than one year to Debtors due after more than one year, Amounts due from Group undertakings.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)**

**(10) Debtors (continued)**

Amounts due from Group undertakings, due within one year, include a concern loan of £ 3,000,000,000 with Unilever PLC and a concern loan of £ 210,340,994 with Brooke Bond Assam Estates. These loans have a maturity date in 2015.

Amounts falling due after more than one year include current account balances with Unilever PLC and Group undertakings which are non – interest bearing, unsecured and repayable on demand. There is no intention to recall the repayment of the outstanding balance within a year as of 31 December 2014.

The Company uses foreign exchange derivatives to hedge the currency risk. The Company is amongst others exposed to the currency risk in relation to the monthly euro receipts from Unilever NV. These receipts relate to the existing pooling agreement whereby Unilever NV and PLC agreed to share the international costs based on the relative share of the service fee income in the subgroups NV and PLC.

The Company hedges this currency risk on a 6 months rolling basis.

At 31 December 2014, the notional amount of the outstanding FX covers to hedge these pooling receipts amounts to €300,367,467 (2013: €329,403,354). The contracts mature between January 2015 and June 2015.

The year-end value of the contracts amount to £5,088,376 positive (2013: £5,235,703 positive).

The company also hedges the currency risk of currency exposure sitting in other group companies. The market value movements of these derivatives are booked through P&L.

At year-end the total market value amounts to £114,882 of which:

On behalf of	Clean F.V.	Notional
- Unilever PLC	GBP 114,882	AUD 5,6m

Deferred taxation balances in respect of pensions are reported as a separate component of the pensions balances (see Note 13).

In addition deferred tax also arises on accelerated capital allowances.

The deferred taxation recognised represents the full potential asset, and is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	17,931	20,540
Short term timing differences	15,395	12,511
<b>Total deferred taxation asset</b>	<b>33,326</b>	<b>33,051</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

(10) Debtors (continued)

	2014 £000	2013 £000
At 1 January	33,051	30,817
Deferred taxation credited in profit and loss account (note 5)	226	4,169
Deferred taxation credited/(charged) in reserves (note 16)	49	(1,935)
<b>31 December</b>	<b>33,326</b>	<b>33,051</b>

The Directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these statements.

(11) Creditors

	2014 £000	2013 Restated* £000
<b>Amounts falling due within one year</b>		
Obligations under finance leases (note 18)	(4,209)	(3,717)
Forward contracts due to/from Group undertakings	-	(2,948)
Bank loans and overdrafts	(282)	(721)
Trade creditors	(40,967)	(25,457)
Amounts due to Group undertakings	(8,596,139)	(9,564,736)
Other creditors	(216,211)	(135,163)
Accruals and deferred income	(276,952)	(229,213)
<b>Total</b>	<b>(9,134,760)</b>	<b>(9,961,955)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (11) Creditors (continued)

	2014	2013
	£000	Restated* £000
<b>Amounts falling due after more than one year</b>		
Obligations under finance leases (note 18)	(101,440)	(105,649)
Amounts due to Group undertakings	(210,341)	-
Accruals and deferred income	(31,492)	(34,381)
<b>Total</b>	<b>(343,273)</b>	<b>(140,030)</b>
<b>Total creditors</b>	<b>(9,478,033)</b>	<b>(10,101,985)</b>

\*Reclassification of £ 721,800,000 from Creditors due after more than one year to Debtors due after more than one year, Amounts due from Group undertakings and of £ 1,762,505,000 to Creditors due within one year, Amounts due to Group Undertakings.

	2014	2013
	£000	Restated* £000
<b>Amounts falling due within one year</b>		
Obligations under finance leases (see Note 18)	(4,209)	(3,717)
Forward contracts due to Group undertakings	-	(2,948)
Bank loans and overdrafts	(282)	(721)
Trade creditors	(40,967)	(25,457)
Amounts due to Group undertakings	(8,596,139)	(9,564,736)
Other creditors	(216,211)	(135,163)
Accruals and deferred income	(276,952)	(229,213)
<b>Total</b>	<b>(9,134,760)</b>	<b>(9,961,955)</b>
<b>Amounts falling due within 1 to 2 years</b>		
Obligations under finance leases (see Note 18)	(4,732)	(4,180)
Accruals and deferred income	(10,315)	(13,450)
<b>Total</b>	<b>(15,047)</b>	<b>(17,630)</b>
<b>Amounts falling due within 2 to 5 years</b>		
Obligations under finance leases (see Note 18)	(17,718)	(15,932)
Amounts due to Group undertakings	(210,341)	-
Accruals and deferred income	(7,880)	(7,880)
<b>Total</b>	<b>(235,939)</b>	<b>(23,812)</b>
<b>Amounts falling due after 5 years</b>		
Obligations under finance leases (see Note 18)	(78,990)	(85,537)
Accruals and deferred income	(13,297)	(13,051)
<b>Total</b>	<b>(92,287)</b>	<b>(98,588)</b>
<b>Total Creditors</b>	<b>(9,478,033)</b>	<b>(10,101,985)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2014 (continued)**

**(11) Creditors (continued)**

Accruals and deferred income include the unamortised balance of a deferred profit on the sale of Unilever House in 2004: amounts due within one year £1,970,000 (2013:£1,970,000); amounts due within 1 to 2 years £1,970,000 (2013:£1,970,000) amounts due within 2 to 5 years £7,880,000 (2013: £7,880,000); amounts due after 5 years £13,297,000 (2013:£13,051,000).

Amounts due to Group undertakings, falling due within one year, include current account balances with many Group undertakings and are interest bearing at monthly LIBOR, unsecured and repayable on demand.

Amounts due to Group undertakings, falling due within 2 to 5 years, refers to the loan of AUD 400,000,000 with Swiss Finance Branch of Unilever Luxembourg Sarl (as at 1st April 2015 merged with Unilever International AG). The loans will mature in 2019.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(12) Provisions for Liabilities and other charges**

	<b>Restructuring</b>
	<b>£000</b>
At 1 January 2014	(9,063)
Charged to Profit and Loss account	(27,058)
Utilisation	20,259
<b>At 31 December 2014</b>	<b><u>(15,862)</u></b>

Restructuring continued at the research laboratories at Port Sunlight, Colworth and at UEIT (both in the United Kingdom) during 2014.

**(13) Pensions and similar obligations**

All related assets and liabilities of the below mentioned pension schemes are shown in the Company and provide benefits to employees of Unilever PLC and its subsidiary companies in the UK.

**(a) UUKPF:**

The Company is a member of a Group pension scheme providing benefits based on covered earnings for employees of Unilever PLC and its subsidiary companies in the UK. The assets of the scheme are held separately from the Group in an independently administered fund known as the Unilever UK Pension Fund (UUKPF). Actuarial advice is provided by a firm of Consulting Actuaries and valuation reports are produced annually. The latest report available is for 2014.

**(b) UNIAC:**

The UNIAC Pension Fund provides benefits to certain employees who have expatriate service. The assets of the scheme are held separately from those of the Group in an independently administered fund known as the UNIAC Fund. Actuarial advice is provided by a firm of Consulting Actuaries and valuation reports are produced annually. The latest report available is for 2014.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)**

**(13) Pensions and similar obligations (continued)**

**(c) Unfunded arrangements:**

In addition to the funded pension scheme described above, provisions are held in the accounts of the Company with respect to ex-gratia and top up pensions granted by Unilever PLC and its subsidiaries in the United Kingdom and also for special contractual early retirement benefits granted to selected employees of these companies. Provisions are also held in respect of pension promises for UK employees working in the European Union.

The capital costs of unfunded retirement benefits for employees of Unilever U.K. Central Resources Limited retiring before normal retirement age are charged to the Profit and Loss Account in the year in which the decision to retire an employee is made. In addition where employees work for other subsidiaries of Unilever in the UK provision is also made for the ex-gratia benefits granted to these employees. Unilever U.K. Central Resources Limited receives consideration equal to the capital/service cost of these benefits for accepting responsibility for their payment. In subsequent years, interest credited to the provisions is charged in the Company's Profit and Loss Account. Ex-gratia benefits are being funded via the Unilever UK Pension Fund with a contribution being made by the employing company to the Fund equal to the capital cost of the benefits.

The liability and level of service/capital costs are assessed by Consulting Actuaries for the ex-gratia and early retirement schemes and valuation reports are produced annually. The latest reports available are for 2014.

In addition to the above, provisions are also held for post employment healthcare for early retired Managers of the Company and for past and present Directors of Unilever PLC. The figures also include provisions for employee long service awards which are accrued over the period of their employment.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
**(continued)**

**(13) Pensions and similar obligations (continued)**

<u>Assumptions</u>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Discount rate	<b>3.5%</b>	4.5%	4.3%
Inflation assumption	<b>2.9%</b>	3.3%	2.6%
Rate of increase in salaries	<b>2.9%</b>	3.6%	3.6%
Rate of increase in pensions	<b>2.7%</b>	3.2%	2.6%
Expected long term rates of return, on:			
Equities	<b>8.2%</b>	7.2%	7.1%
Bonds	<b>4.0%</b>	3.4%	3.5%
Others	<b>5.6%</b>	4.8%	5.7%

Demographic assumptions, such as mortality rates, are set having regard to the latest trends in life expectancy (including expectations for future improvements), plan experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the pension plans. The assumptions made in 2014 are consistent with those applied in 2013.

Mortality assumptions for the United Kingdom: year of use S1 series (SAPS) all pensioners (S1PA) with future improvements in line with 2012 CMI Core projections and a 1% per annum long-term improvement rate and scaling factors of 99% for current male pensioners, 101% for current female pensioners; 100% for deferred male pensioners, 99% for deferred female pensioners; and 100% for active male members, 97% for active female members.

**Life expectancy for a pensioner currently aged 65**

	<b>2014</b>	<b>2013</b>
	<b>years</b>	<b>years</b>
Males	<b>22</b>	22
Females	<b>25</b>	24



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (13) Pensions and similar obligations (continued)

**Balance Sheet**

The assets, liabilities and surplus/(deficit) position of the pension plans and similar obligations as at the balance sheet date are:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
<b>Assets</b>					
Equities	3,762,361	3,674,206	3,480,333	3,304,849	3,580,585
Bonds	3,008,238	1,909,987	1,560,652	1,294,554	1,304,566
Other	600,345	1,348,332	1,163,474	1,102,268	1,021,705
Total market value of assets	7,370,944	6,932,525	6,204,459	5,701,671	5,906,856
<b>Present value of liabilities</b>	(8,092,966)	(7,329,360)	(6,920,174)	(6,607,792)	(6,155,328)
Net deficit of plans	(722,022)	(396,835)	(715,715)	(906,121)	(248,472)
Irrecoverable surplus	(20,043)	(33,801)	(27,197)	(13,870)	(20,781)
Related deferred tax asset	148,413	86,127	170,870	229,998	72,698
<b>Net pension liability</b>	(593,652)	(344,509)	(572,042)	(689,993)	(196,555)
Of which in respect of:					
<b>Funded plans in surplus:</b>					
Aggregate surplus	20,043	34,039	27,407	14,142	29,837
Irrecoverable surplus	(20,043)	(33,801)	(27,197)	(13,870)	(20,781)
Related deferred tax liability	-	(48)	(48)	(68)	(2,445)
Net pension asset	-	190	162	204	6,611
<b>Funded plans in deficit:</b>					
Aggregate deficit	(507,959)	(213,546)	(544,199)	(742,052)	(118,142)
Related deferred tax asset	101,592	42,709	125,166	185,513	31,898
Net pension liability	(406,367)	(170,837)	(419,033)	(556,539)	(86,244)
<b>Unfunded plans in deficit:</b>					
Aggregate deficit	(234,106)	(217,327)	(198,923)	(178,211)	(160,167)
Related deferred tax asset	46,821	43,465	45,752	44,553	43,245
Net pension liability	(187,285)	(173,862)	(153,171)	(133,658)	(116,922)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(13) Pensions and similar obligations (continued)**

**Reconciliation of fair value of scheme assets**

	2014 £000	2013 £000
<b>1 January</b>	<b>6,932,525</b>	<b>6,204,459</b>
Expected return on scheme assets	440,858	350,337
Actuarial gains	212,012	608,479
Benefits paid	(339,102)	(327,510)
Contributions paid by employer	132,977	102,126
Transfers	(8,326)	(5,366)
<b>31 December</b>	<b>7,370,944</b>	<b>6,932,525</b>

Scheme assets do not include any of Unilever U.K. Central Resources Limited own financial instruments, or any property occupied by Unilever U.K. Central Resources Limited.

The expected rates of return on plan assets were determined, based on actuarial advice, by a process that takes the long-term rates of return on government bonds available at the balance sheet date and applies to these rates suitable risk premiums that take account of historic market returns and current market long-term expectations for each asset class.

**Reconciliation of fair value of scheme liabilities**

	2014 £000	2013 £000
<b>1 January</b>	<b>(7,329,360)</b>	<b>(6,920,173)</b>
Current service cost	(62,541)	(64,957)
Past service cost	(90)	(27)
Interest cost	(323,466)	(286,217)
Benefits paid	349,410	337,137
Actuarial loss	(737,254)	(404,081)
Capital cost of early retirement	(2,441)	(2,324)
Transfers	8,326	5,366
Curtailment gain	4,450	5,916
<b>31 December</b>	<b>(8,092,966)</b>	<b>(7,329,360)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (13) Pensions and similar obligations (continued)

Reconciliation of deferred tax asset relating to pension deficit

	2014 £000	2013 £000
<b>1 January</b>	<b>86,127</b>	<b>170,870</b>
Deferred taxation charged to the profit and loss account	(24,332)	(13,816)
Deferred taxation charged to the statement of total recognised gains and losses:		
- On additional contributions paid	(15,240)	(9,080)
- On actuarial loss	101,858	(39,559)
- Change in rate change	-	(22,288)
<b>31 December</b>	<b>148,413</b>	<b>86,127</b>

Profit and Loss Account

The credit/(charge) to the profit and loss account comprises:

	2014 £000	2013 £000
<b>Charged to operating profit:</b>		
Current service cost	(62,541)	(64,957)
Special termination benefits	(2,441)	(2,324)
Past service cost	(90)	(27)
Curtailement gain	4,450	5,916
Defined contribution pension costs	(8,567)	(8,480)
<b>Total operating cost</b>	<b>(69,189)</b>	<b>(69,872)</b>
(Charged)/credited to other finance income/(costs):		
Interest on retirement benefits	(323,466)	(286,217)
Expected return on assets	438,663	350,337
<b>Total other finance income</b>	<b>115,197</b>	<b>64,120</b>
<b>Net profit/(charge) to the profit and loss account (before taxation)</b>	<b>46,008</b>	<b>(5,752)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

## (13) Pensions and similar obligations (continued)

## Statement of total recognised gains and losses ('STRGL')

The following amounts have been recognised in the statement of total recognised gains and losses:

	2014 £000	2013 £000
Actual return less expected return on assets	212,012	608,479
Experience gains on plan liabilities	36,589	101,242
Changes in assumptions	(773,844)	(505,322)
Actuarial (losses)/gains recognised in the STRGL	(525,243)	204,399
Change in unrecognised surplus	15,953	(6,604)
Net actuarial (losses)/gains recognised in the STRGL (before tax)	(509,290)	197,795

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption for FRS 17 in 2002 are £1,814,837,075.

**Reconciliation of change in deficit**

Movements in the deficit during the year:

	2014 £000	2013 £000
Deficit as at 1 January	(396,835)	(715,715)
Current service cost	(62,541)	(64,957)
Special termination benefits	(2,441)	(2,324)
Past service cost	(90)	(27)
Curtailement gain	4,450	5,916
Other finance income	115,197	64,120
Actuarial (loss)/gain	(523,048)	204,399
Contributions	143,286	111,753
Deficit as at 31 December	(722,022)	(396,835)

The deficit amortisation contributions agreed with the Trustees and paid in 2014 amounted to £76,200,000. Expected contributions for 2015 are £195,800,000.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(13) Pensions and similar obligations (continued)**

**History of experience gains and (losses)**

	2014	2013	2012	2011	2010
Actual return less expected return on plan assets (£000)	212,012	608,479	317,453	(425,304)	259,574
As a % of plan assets at year end	2.9%	8.8%	(5.1)%	(7.5)%	4.4%
Experience gains/(losses) on plan liabilities (£000)	36,589	101,242	(165,049)	(43,440)	(71,573)
As a % of plan liabilities at year end	(0.5)%	(1.4)%	2.4%	0.7%	1.2%
Total actuarial (losses)/gains (£000)	(525,243)	204,399	14,578	(1,025,480)	220,215
As a % of plan liabilities at year end	6.5%	(2.8)%	(0.2)%	15.5%	(3.6)%

Unilever U.K. Central Resources Limited acts as a sponsoring Company on behalf of other Group companies in UK. The figures above relate to the total UK position as it is not possible to separate the assets and liabilities of all the member companies.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
**(continued)**

**(14) Share Based Payments**

The Company contributes the costs of the below mentioned Share Based Payment schemes granted by Unilever PLC to eligible employees.

As at 31 December 2014, the Company had the following share-based compensation plans.

**All Employee Share Option Plans:** Following the end of the Employee Share Save scheme in 2013, Unilever PLC will grant options over its shares to eligible employees under the new Global SHARES scheme. Employees are able to invest a nominal amount of their salary and for every 3 shares purchased they will receive 1 matched share after a 3-year vesting period. The matched shares are hedged by Unilever NV until the end of the vesting period. In consideration of Unilever PLC granting options to its employees the Company has agreed to contribute its share of the consequent cost.

**Performance Share Plans:** Performance share awards are made under the Management Co – Investment Plan (MCIP) and the Global Share Incentive Plan (GSIP). The MCIP allows Unilever's managers to invest up to 60% of their annual bonus in shares in Unilever and to receive a corresponding award of performance –related shares. Under GSIP Unilever's managers receive annual awards of Unilever NV and/or Unilever PLC shares. The awards of both plans will vest after three years between 0% and 200% of grant level, depending on the satisfaction of performance conditions. The performance conditions of both MCIP and GSIP are Underlying Sales Growth (USG), Operating Cash Flow (OCF) and Core Operating Margin Improvement (COMI). There is an additional target based on relative total shareholder return (TSR) for senior executives.

**Restricted Share Plan:** In specific one –off cases a number of executives are awarded the right to receive NV and PLC shares at a specified date in the future, on the condition that they are still employed by Unilever at that time. The amount to be paid to the Company by participants to obtain the shares at vesting is zero.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(14) Share Based Payments (continued)**

**Global performance Share Plan (GPSP) and Management Co – Investment Plan (MCIP)**  
(continued)

A summary of the status of the Performance Share Plans as at 31 December 2014 and changes during the year are given below:

	<u>2014</u> Unilever PLC shares	<u>2014</u> Unilever NV shares	<u>2013*</u> Unilever PLC shares	<u>2013*</u> Unilever NV shares
At 1 January	3,075,371	1,492,535	2,705,598	1,147,563
Awarded	1,079,142	576,864	1,040,526	476,034
Vested	(1,461,249)	(902,919)	(642,455)	(378,245)
Transferred/(forfeited)	446,718	418,743	(28,298)	247,184
<b>At 31 December</b>	<b>3,139,982</b>	<b>1,585,223</b>	<b>3,075,371</b>	<b>1,492,536</b>

\*The 2013 numbers are adjusted to include Restricted Stock for comparative purposes.

The charge to the profit and loss account for GSIP and MCIP amounted to £64,417,736, (2013: £55,678,701).

The fair value of the award was £26.28 (2013: £24.82) per Unilever PLC share and €32.64 (2013: €29.27) per Unilever NV share, based on the market value at the year end, and the total liability at 31 December 2014 was £71,663,172 (2013: £64,938,443).

**(15) Called up Share Capital**

	<u>2014</u> £000	<u>2013</u> £000
<b>Allotted, called up and fully paid</b>		
100,000,000 (2013: 100,000,000) ordinary shares of £1 each	<b>100,000</b>	<b>100,000</b>

**(16) Reconciliation of movements in Total Shareholders' deficit**

	<u>2014</u> £000	<u>2013</u> £000
Loss for the financial year	(138,274)	(64,656)
Fair value (losses)/gains on cash flow hedges	(244)	9,058
Deferred tax thereon	49	(1,935)
Other	(25)	-
Actuarial pensions (losses)/gains, net of tax	(387,191)	138,140
Net (reduction)/increase to shareholders' deficit	<b>(525,685)</b>	<b>80,607</b>
Opening shareholders' deficit	<b>(1,616,360)</b>	<b>(1,696,967)</b>
Closing shareholders' deficit	<b>(2,142,045)</b>	<b>(1,616,360)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
(continued)

(17) Reserves

	Cash flow hedge reserve	Profit and loss account
	2014	2014
	£000	£000
At 1 January 2014	3,962	(1,720,322)
Loss for the financial year	-	(138,274)
Fair value losses on cash flow hedges	(244)	-
Deferred tax thereon	49	-
Other	-	(25)
Pensions – actuarial losses, net of tax	-	(387,191)
<b>At 31 December 2014</b>	<b>3,767</b>	<b>(2,245,812)</b>

(18) Lease and other financial commitments

At 31 December 2014, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2014	2013
	£000	£000
<b>In respect of land and buildings, on leases expiring:</b>		
Within 1 year	-	392
Within 2 to 5 years	558	-
After 5 years	3,566	6,103
<b>Total</b>	<b>4,124</b>	<b>6,495</b>

**In respect of plant and machinery expiring:**

Within 1 year	4,456	1,098
Within 2 to 5 years	11,307	391
<b>Total</b>	<b>15,763</b>	<b>1,489</b>

**Future Minimum obligations under finance leases are:**

	2014	2013
	£000	£000
<b>Obligations falling due:</b>		
Within 1 year	10,393	10,140
Within 2 to 5 years	44,133	43,086
After 5 years	98,934	110,375
	<b>153,460</b>	<b>163,601</b>

**Less finance charges allocated to future periods**

Within 1 year	(6,184)	(6,423)
Within 2 to 5 years	(21,683)	(22,974)
After 5 years	(19,944)	(24,838)
	<b>(47,811)</b>	<b>(54,235)</b>

<b>Net obligations</b>	<b>105,649</b>	<b>109,366</b>
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
(continued)

**(18) Lease and other financial commitments (continued)**

Obligations on finance leases due within one year and after more than one year are disclosed in Note 11.

In 2004, the Company entered into a sale and leaseback agreement with Sloane Blackfriars Limited to lease the main offices in London (formerly Unilever House) for an initial period of 23 years (up to September 2027).

The date from which Unilever was entitled to exercise its rights to use the leased asset, was based upon the date that rent was first payable, which commenced from September 2007 onwards. This is considered the date of commencement of the rental lease and hence the start date of the finance lease. The current rent amounts to approximately £10 million per annum and is subject to yearly review.

Rent for Unilever Research Laboratory Colworth Science Park in Bedford will increase by 1.02% every year till 2034.

**Other financial commitments:**

As per the end of 2014, the Company has the following financial commitments:

	2014	2013
	£000	Restated* £000
Outsourcing contract commitments	60,585	76,567
<b>Total other financial commitments</b>	<b>60,585</b>	<b>76,567</b>

The outsourcing contract commitments relate to a contract with IBM Finance, Accenture HR and Accenture IT.

Of which due:

	2014	2013
	£000	Restated* £000
Within 1 year	17,606	12,035
Within 2-5 years	42,979	64,532
After 5 years	-	-
	<b>60,585</b>	<b>76,567</b>

\*The 2013 numbers are adjusted to provide the complete outsourcing commitments.

**(19) Capital Commitments**

	2014	2013
	£000	£000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	9,569	14,921

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
**(continued)**

**(20) Related Party Transactions and Ultimate Parent Company**

The ultimate parent company and controlling party is Unilever PLC and the immediate holding company is Unilever U.K. Holdings Limited, both companies incorporated in the United Kingdom. The Company has not disclosed transactions with fellow, wholly owned subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard 8 "Related party disclosures" as the ultimate parent company produces publicly available consolidated financial statements. These financial statements are both the smallest and largest group to consolidate these financial statements. Copies of Unilever Group financial statements can be publicly obtained from Unilever PLC, Corporate Relations Department, 100 Victoria Embankment, London EC4Y 0DY and [www.unilever.com](http://www.unilever.com).

**(21) Parent company support**

Unilever U.K. Holdings Limited has indicated its willingness to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future.