Registered number: 0029140

UNILEVER U.K. CENTRAL RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

DIRECTORS	Mr. C W Jones Mr. P O Jover Goma (Resigned 30 August 2019) Ms. J H Fentem Mr. R J Seabrook Mr. R M Sharp (Appointed 13 September 2019)
COMPANY SECRETARIES	Mr. J O Earley Mr. R C Hazell
REGISTERED NUMBER	0029140
REGISTERED OFFICE	Unilever House 100 Victoria Embankment London EC4Y 0DY United Kingdom
INDEPENDENT AUDITOR	KPMG LLP Statutory Auditor Chartered Accountants 15 Canada Square London E14 5GL United Kingdom

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The Directors submit their strategic report of Unilever U.K. Central Resources Limited (also referred to as "the Company") for the year ended 31 December 2019.

The Company is one of the entities within the "Unilever Group". In this context the term "Unilever Group" and "Companies of the Unilever Group" or "Group companies" means companies where Unilever PLC, either directly or indirectly, is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. Companies in which Group companies have significant influence but not control are classified as "Associated companies".

BUSINESS REVIEW

The principal activity of the Company is to provide administrative, research and development, management and support services to other companies of the Unilever Group. The Company will continue with this activity in the foreseeable future.

The Company's loss for the financial year was £159,597,000 as compared to a loss of £12,680,000 in 2018. This was primarily due to provision created on account of expected credit loss that are likely to arise on trade and other receivables from group undertakings.

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.

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 relate to the deterioration of the underlying businesses.

The Company's ultimate parent undertaking, Unilever PLC, includes the Company in its consolidated financial statements. Further discussion of the principal risk of the business, and how they are managed in the context of Unilever Group, is provided in the consolidated financial statements of Unilever Group. These statements are prepared in accordance with International Financial Reporting Standards and provided in the published Unilever Group Annual Report for the year ended 31 December 2019, available at www.unilever.com.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

HUMAN RIGHTS

The Group's Responsible Sourcing Policy, updated in 2017, helps improve the lives of the people in supply chains by aligning purchasing standards with our commitment to human rights.

The Unilever Group works closely with other companies and non-governmental organisations to continuously improve the way it applies these principles, with a focus on four key areas: communities, security, labour rights, and supply chain. The Unilever Group has systems and processes in place for managing projects, contracting and procurement, recruitment and employment, security and social performance and requires all Group companies and contractors to respect the human rights of their workforce and neighbouring communities.

SECTION 172 STATEMENT

The Company acts as a services and research company within the Unilever Group and therefore, has direct relationships with employees and other Unilever Group Companies. During the accounting year under review the Company has considered its activities and decisions in relation to acting in good faith to promote the success of the Company.

In 2019, the company continued to promote the success of the Company by appointing the appropriate directors to the Company. It is important that a Human Resources individual is a director of the Company, due to the Company being an employing entity. The Company engages with employees by having directors from each site on the board. The directors speak to their site employees on a regular basis and there is a pulse survey to obtain employees views and to ensure that the Company considers their interests.

The Board holds quarterly board meetings to consider any decisions that may impact the Company in the long term. The Board discusses UK geography matters with other operating UK boards to ensure that there is extensive discussion on the matters bought to the meeting.

The Company also took in consideration the long-term impacts of its operations of the business and how it would impact on the community. This included giving grants to support suppliers to ensure a positive social impact, as well as donations to charities which are referenced within the Directors Report of these annual accounts.

The Company has the environment at the heart of its purpose to make sustainable living common place. This has been supported within the corporate governance arrangements on page 8 which highlight how sustainability as at the heart of the Company's purpose and leadership.

The Company approved the financial accounts for the year ended 31 December 2018 which gave our stakeholders a view of the current financial position of the Company. The accounts were independently audited by KPMG LLP which ensured that the accounts had been audited by an independent party. No other business activity that would impact our stakeholders took place within the Company during 2019.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Company is subject to Unilever's Code of Business Principles and has applied these to its operations and this ensures a high standard of conduct.

This report was approved by the Board on 14 August 2020 and signed on its behalf by Mr. R J Seabrook on 14 August 2020.

DocuSigned by:
C42FDAFC994E4CD...

Mr. R J Seabrook
Director

Registered Office: Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom

Company registration number: 0029140

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

The Directors' report and audited financial statements of the Company have been prepared in accordance with Companies Act 2006.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide administrative, research and development, management and support services to other companies of the Unilever Group. There was no significant change in the principal activities of the Company during the year.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £159,597,000 (2018: loss of £12,680,000).

No dividend was paid during the year (2018: £Nil).

FUTURE OUTLOOK

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future. The Directors do not expect any development in the Company's business in the coming year which is significantly different from its present activities. and there are no immediate plans to liquidate the Company. The Directors believe that the balances held will be realised at their reported carrying value in the normal course of business and so the financial statements continue to be prepared on a going concern basis.

DIRECTORS

The Directors who held office during the year were:

Mr. C W Jones
Mr. P O Jover Goma (Resigned 30 August 2019)
Ms. J H Fentem
Mr. R J Seabrook
Mr. R M Sharp (Appointed 13 September 2019)

RESEARCH AND DEVELOPMENT ACTIVITIES

A large proportion of the central research and engineering resources of Unilever are based in the United Kingdom (UK) and operated by the Company. Our Research and Development function actively searches for ways in which to translate the trends in consumer preference and taste into new technologies for incorporation into future products. The two largest units are the research laboratories at Port Sunlight, in Merseyside, and Colworth laboratories, in Bedfordshire, in total having over 1,500 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 during the year was £222,209,000 (2018: £228,342,000).

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Whilst there is uncertainty as to the outcome of the current events, on the Company's financial position, results of operations and cash flows in the future, there is no impact on the going concern status of the Company. This is set out in the Going Concern note on page 21.

POLITICAL AND CHARITABLE DONATIONS

The Company made charitable donations amounting to £11,347,648 (2018: £7,334,288). The main charitable donations were made to Global Innovation £400,928 (2018: £1,000,000) Oxfam £84,713 (2018: £356,816), UNICEF £1,969,272 (2018: £Nil) and Save the Children £614,686 (2018: £Nil). These donations are all Social Investment – cash payments for 2019 and 2018. No political contributions were made during the year (2018: £Nil).

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 relate to the deterioration of the underlying businesses. Additional risks that this Company and the Unilever Group are subject to, and how they are managed, in the context of the Unilever Group as a whole is provided in the Unilever Group published annual report for the year ended 31 December 2019. The Group report does not form part of this report.

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 amounts due from other Unilever Group undertakings.

Impairment for trade receivables are calculated for specific receivables with known or anticipated issues affecting the likelihood of recovery and for balances past due with a probability of default based on historical data as well as relevant forward-looking information. The Company does not consider the fair value of amounts receivable from group companies to be significantly different from their carrying values prior to recording the provision for impairment, which is computed based on a robust credit rating mechanism and using the expected credit loss model. The historical experience of collecting these balances supported by the level of default confirms that the credit risk is low.

Liquidity risk
The Unilever Group ensures, by means of giving loans or making capital injections, 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 N.V. These receipts relate to the existing pooling agreement whereby Unilever N.V. and PLC agreed to share the international costs based on the relative share of the service fee income in the subgroups N.V. and PLC.

Pension risk
In the United Kingdom, 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 profit and loss charge for 2019 is £27,992,000 (2018: £117,961,000). This relates to operating cost of £42,828,000 (2018: £135,559,000) and finance income of £14,836,000 (2018: £17,582,000) (Expected return on assets of £256,562,000 (2018: £241,183,000) and interest costs of £241,726,000 (2018: £223,601,000)). Changes in assumptions can impact the profit and loss account and statement of other comprehensive income.

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, Univest, are managed by external fund managers and are regularly monitored by pension trustees and central pensions and investment teams.

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.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

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 100 days (2018: 101 days).

COMPANY'S POLICY TOWARDS COMMUNITY & ENVIRONMENT

Equality and inclusion, human rights within our operations and supply chain and health and wellbeing are important issues for our stakeholders. Water scarcity and climate change are also challenges for many people in developing and emerging markets – reflecting the interconnectivity between the environment and society.

Our leadership engage with NGOs and policymakers to drive system change. Unilever Group's Leadership Executives (ULE), including those on the Board, each own relationships and advocacy around key issues. Unilever Group's Chief Supply Chain Officer for example, is part of the World Economic Forum (WEF) community. This year, as part of our materiality process, we evaluated a range of inputs from stakeholders to understand the most pressing societal issues and where we can make a difference.

Our Unilever Sustainable Living Plan (USLP) Advisory Council – eight independent external specialists in sustainability – guide and critique the development of our strategy. They engaged with the Group's Corporate Responsibility Committee (CRC) on key strategic sustainability issues during the year.

COMPANY'S POLICY TOWARDS CUSTOMERS

Since majority of customers are internal Unilever Group Companies, there is no specific policy towards internal customers.

COMPANY'S REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

Unilever's brands and reputation are valuable assets and the way in which we operate, contribute to society and engage with the world around us is always under scrutiny both internally and externally.

Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of Unilever and its brands.

A key element of our ethical approach to business is to reduce inequality and promote fairness. Our activities touch the lives of millions of people and it is our responsibility to protect their rights and help them live well. The safety of our employees and the people and communities we work with is critical. Failure to meet these high standards could result in damage to Unilever's corporate reputation and business results.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE GOVERNANCE ARRANGEMENTS

For the year ended 31 December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has not applied any Corporate Governance Code. Although no specific Corporate Governance Code has been adopted by the Company, it is believed that the policies of the Unilever Group adopted by the Company ensures strong Corporate Governance. The titles from the Wates Principles have been used in our Corporate Governance Statement to ensure that the Company is following the same Corporate Governance themes of all companies that adopt the Wates Principles.

Purpose and leadership

The Company was incorporated in 1889, the Company undertakes research and supplies services. We make some of the world's best-known brands – all are on a journey to reducing their environmental footprint and increasing their positive social impact. Therefore, the Unilever Sustainable Living Plan is at the heart of the Company's purpose.

The Company has adopted the Unilever Group's purpose and in turn our shareholders vision to grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact delivered through the Sustainable Living Plan. Our purpose is to deliver long-term growth and sustainable value creation. A case in point would be the Company's new initiatives on plastics, where we are maximising our use of recycled plastic in our bottles and have developed a new detectable black colourant for our Tresemme and Axe brands, to ensure that they can be successfully recycled by all the major recyclers in UK.

The Board of the Company allows interactions through internal communications and cascades the dialogue of our shareholders purpose to the employees of the Company. The Board promotes regular engagement with employees, through site emails, corporate intranet and town hall meetings with senior leaders to ensure that employees are aware of important information regarding the Company.

Board composition

The Board composition is made up of directors who head the Company's sites across the UK or hold senior positions within those sites. These directors specialise in the core areas of business this includes Human Resources, Finance and Research and Development. The directors have an extensive knowledge of their respective fields and bring a wealth of background and expertise with regards to the business.

The Board discuss geography subjects with other operating UK Unilever boards which creates a constructive discussion in relation to the subjects which are brought to these meetings. This facilitates and helps effective decision making due to different viewpoints being discussed.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors Responsibilities

There are clear lines of accountability and responsibility when there is a decision made by the Company. All decisions are made in line with the Unilever Group internal authorities. The directors also consider their directors duties, details of the stakeholder engagement under Section 172 of the Companies Act can be found on page 2.

The Board attends a corporate governance committee made up of the Board and other directors of Unilever UK subsidiaries. There are quarterly meetings of the committee which cover governance matters. This ensures that the governance remains fit for purpose by regularly challenging the status quo. The committee meetings adhere to a Terms of Reference which have been approved by the Board of the Company.

Opportunity and risk

The Company has an embedded risk management approach with clear roles, responsibilities and authorities to ensure that all opportunities are robustly reviewed and to ensure that no gaps are missed. Through this approach the Company ensures that it is prepared for any risks that it might face in the short and long term. This help ensure that there is good corporate governance within the Company. Our Code of Business Principles ensures that the Company's principles are followed by the employees of the Company.

Remuneration

The Company follows the remuneration policy of the Unilever Group. Directors and employee's remuneration is based on clear structures and policies available to all employees in the Unilever Group's intranet.

Stakeholder relationships and engagement

With every decision that the Company makes, the Directors acknowledge their duties under Section 172 of the Companies Act and consider the stakeholders of the Company. These stakeholder engagements can be seen on page 2.

EMPLOYEE ENGAGEMENT

The Company recognises the changing world of work and the importance of employee engagement. The Company has continued and extended its support of consultation during the year. Staff are located principally at the Head Office buildings in London and at the Port Sunlight and Colworth laboratories.

In particular the Unilever Group promotes the following:

- Reshaping how we work including flexible and agile working, lifelong learning and listening to our employees;

- Acting with integrity through our Code of Business Principles and other policies; and
- Safety and wellbeing of employees.

The Unilever Group is also working towards evolving the company culture through:

- Purpose first; working with employees helping them to define their purpose and how they can reach it in their working life.
- Fit for the future; simplifying and flattening our internal structure and working in more networked ways.
- Workplace for everyone; becoming a diverse and inclusive organisation.

The Company and its subsidiaries are working towards these aims in their operations.

EQUAL OPPORTUNITIES

Unilever Group aims to have leading equal opportunities policies and practices. The Company has a published equal opportunities policy and a detailed code of practice in support of this. Progress is regularly monitored. The Company's policy continues to be the application of equal opportunity principles to the selection, training and career development of all applicants and employees, irrespective of gender, race, ethnic origin, marital status, religion or disability.

With respect to disabled people, the Company's medical officers provide appropriate advice to help with the successful achievement of these objectives, particularly regarding physical facilities, which need to be made available at the workplace. Unilever Group is also committed to providing continuing employment of employees who become disabled whilst working for the Company.

The Company offers a range of flexible working conditions to assist employees in balancing work and outside commitments. There are also schemes such as career breaks, six months paid parental leave and a range of childcare support initiatives to support employees with families.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 14 August 2020 and signed on its behalf by Mr. R J Seabrook on 14 August 2020.

DocuSigned by:
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Mr. R J Seabrook
Director

Registered Office: Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom

Company registration number: 0029140

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNILEVER U.K. CENTRAL RESOURCES LIMITED

Opinion

We have audited the financial statements of Unilever U.K. Central Resources Limited ('the Company') for the year ended 31 December 2019 which comprise the Profit and Loss Account and Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditors' report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act, 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Saira Ahmad-Yaneza (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom
Date: 14 August 2020

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	(Restated)[a] 2018
		£000	£000
Turnover	4	**1,459,994**	1,584,943
Administrative expenses	5	**(1,574,242)**	(1,600,338)
Operating loss		**(114,248)**	(15,395)
Profit on disposal of fixed assets	9	**3,417**	1,796
Interest receivable and similar income	10	**119,058**	128,919
Interest payable and similar charges	10	**(136,354)**	(130,808)
Other finance expense relating to pensions	19	**14,836**	17,582
Result from ordinary activities before taxation		**(113,291)**	2,094
Taxation on result from ordinary activities	11	**(46,306)**	(14,774)
Loss for the financial year		**(159,597)**	(12,680)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	(Restated)[a] 2018 £000
Loss for the year		**(159,597)**	(12,680)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial gain/(losses) recognised on pensions	19	**405,948**	(138,924)
Deferred tax on pensions		**(90,524)**	2,105
Current tax on pensions		**24,044**	24,044
Deferred tax on Global Performance Share Plan ('GPSP')		**(2,791)**	372
Others		**115**	(5,246)
		336,792	(117,649)
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - reclassed to profit and loss account		**(5,286)**	-
Fair value gains / (losses) on cash flow hedges		**44,461**	(8,079)
		39,175	(8,079)
Deferred tax on cash flow hedges		**(6,660)**	1,374
		32,515	(6,705)
Other comprehensive income/(expense) for the year		**369,307**	(124,354)
Total comprehensive income/(expense) for the year		**209,710**	(137,034)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

Registered number: 0029140

UNILEVER U.K. CENTRAL RESOURCES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	Restated [a] 2018 £000
Fixed assets			
Intangible assets	12	**500,909**	535,750
Tangible assets	13	**206,165**	226,505
Investments	14	**516**	516
		707,590	762,771
Current assets			
Stocks		**53**	63
Trade and other receivables (including £4,529,054,000 (2018: £4,496,940,000) due after more than one year)	15	**7,902,846**	8,017,462
		7,902,899	8,017,525
Current liabilities			
Trade and other payables: Amounts falling due within one year	17	**(10,359,392)**	(10,349,170)
Provisions for liabilities and other charges	18	**(38,823)**	(14,330)
Net current liabilities		**(2,495,316)**	(2,345,975)
Total assets less current liabilities		**(1,787,726)**	(1,583,204)
Trade and other payables: Amounts falling due after more than one year	17	**(201,230)**	(149,783)
Provisions for liabilities and other charges	18	**(673)**	(6,527)
Net liabilities excluding pensions and similar obligations liabilities		**(1,989,629)**	(1,739,514)
Pensions and similar obligations liabilities			
Net pension assets for funded schemes in surplus	19	**1,241,243**	766,366
Net pension liability for funded/unfunded schemes	19	**(256,735)**	(241,683)
Total pensions and similar obligations		**984,508**	524,683
Net liabilities including pensions and similar obligations liabilities		**(1,005,121)**	(1,214,831)
Called up share capital	21	**100,000**	100,000
Cash flow hedge reserve		**14,957**	(17,558)
Profit and loss account		**(1,120,078)**	(1,297,273)
Shareholders' funds		**(1,005,121)**	(1,214,831)

This report was approved by the Board on 14 August 2020 and signed on its behalf by Mr. R J Seabrook on 14 August 2020.

DocuSigned by:

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Mr. R J Seabrook

Director

Registered Office: Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £000	Cash flow hedge reserve £000	Profit and Loss Account £000	Total equity £000
At 1 January 2019 (after restatement)	**100,000**	**(17,558)**	**(1,297,273)**	**(1,214,831)**
Total comprehensive income for the year				
Loss for the year	-	-	(159,597)	**(159,597)**
Other comprehensive income	-	32,515	336,792	**369,307**
Total comprehensive income for the year	-	**32,515**	**177,195**	**209,710**
At 31 December 2019	**100,000**	**14,957**	**(1,120,078)**	**(1,005,121)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £000	Cash flow hedge reserve £000	Profit and Loss Account £000	Total equity £000
At 1 January 2018	**100,000**	**(10,853)**	**(1,155,114)**	**(1,065,967)**
Adjustment on adoption of IFRS 16 (Refer Note 3)	-	-	(11,830)	**(11,830)**
Adjusted balances as at 1 January 2018 [a]	**100,000**	**(10,853)**	**(1,166,944)**	**(1,077,797)**
Total comprehensive income for the year				
Loss for the year (Restated [a])	-	-	(12,680)	**(12,680)**
Other comprehensive loss	-	(6,705)	(117,649)	**(124,354)**
Total comprehensive loss for the year (Restated [a])	-	**(6,705)**	**(130,329)**	**(137,034)**
At 31 December 2018	**100,000**	**(17,558)**	**(1,297,273)**	**(1,214,831)**

Cash flow hedge reserve consists of the cumulative exchange difference on the outstanding forward contracts used to hedge the currency risk in relation to the monthly Euro receipts from Unilever N.V. for which cash flow hedge accounting is applied. This exchange difference is taken to the Profit and Loss Account at the same time as the related cash flow impacts the Profit and Loss Account.

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Unilever U.K. Central Resources Limited (the "Company") is a Private Company incorporated, domiciled and registered in England & Wales. The registered number is 0029140 and the registered address is Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The amendments of FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has been set out below where advantages of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Unilever PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Unilever Group are prepared in accordance with International Financial Reporting Standards and provided in the published Unilever Group Annual Report, available at www.unilever.com.

In these financial statements, where applicable, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d) (statement of cash flows);

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (Continued)

(ii) 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
(iii) 16 (statement of compliance with all IFRS);
(iv) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes);
(v) 38B-D (additional comparative information);
(vi) 40A-D (requirements for a third balance sheet);
(vii) 111 (cash flow statement information); and
(viii) 134-136 (capital management disclosures);

- The following paragraphs of IFRS 15, 'Revenue from Contracts with Customers':
  (i) the requirements of the second sentence of paragraph 110 (qualitative and quantitative information about contracts with customers, significant judgements, changes in judgements in applying this standard to those contracts, and assets recognised from the costs to obtain or fulfil a contract);
  (ii) paragraph 113(a) (revenue recognised from contracts with customers);
  (iii) paragraphs 114 and 115 (disaggregation of revenue);
  (iv) paragraph 118 (changes in contract asset and liability);
  (v) paragraphs 119(a) to (c) and 120 to 127 (performance obligations); and
  (vi) paragraph 129 (practical expedients);

- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

As the consolidated financial statements of Unilever PLC includes equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1. ACCOUNTING POLICIES (Continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 CONSOLIDATION

The company is a wholly owned subsidiary of Unilever PLC. It is included in the consolidated financial statements of Unilever Group which are publicly available. Therefore, the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

1.3 MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: Financial assets and Financial liabilities.

1.4 GOING CONCERN

When preparing financial statements, Management makes an assessment of the Company's ability to continue as a going concern. The Company shall prepare financial statements on a going concern basis unless Management either intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so. When Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, the Company shall disclose those uncertainties. When the Company does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the Company is not regarded as a going concern.

Notwithstanding net current liabilities of £2,495,316,000 as at 31 December 2019, the financial statements have been prepared on a going concern basis, since Unilever PLC has formally indicated its intention to continue to provide financial support to the Company to meet its liabilities as and when they become due for a period of 12 months from the date of signing of these accounts, through a letter of support. After making enquiries, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Given this entity is relying upon Group support the Directors have considered the work carried out by Group management as to the impact of COVID 19 which included updating the going concern assessment from the year end focussing on cash flow and the ability of the Group to meet known and potential liabilities and concluded that having applied certain downside scenarios such as reduction in underlying sales growth, the impact of currency and raw material prices, the impact of Brexit and a deterioration of working capital the Group has sufficient headroom and will remain a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (Continued)

1.5 DISPOSAL

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.

1.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Leased assets are measured at cost less depreciation and accumulated impairment losses adjusted for any lease liability remeasurements. The Group has not capitalised leases which are short term of 12 months or less or leases of assets which are low value. This primarily include leases of IT equipment, office equipment, furniture and fitting and other peripheral items.

Depreciation is provided on a straight-line basis from the commencement date of the lease to the end of the lease term.

Right-of use assets are subject to review for impairment if triggering events or circumstances indicate that this is necessary. If an indication of impairment exists, the asset or cash generating unit recoverable amount is estimated and any impairment loss is charged to the income statement as it arises. When a lease liability is remeasured, the related right-of-use assets is adjusted the same amount.

Depreciation is charged to the Profit and Loss Account so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold buildings:	40 years
Computers:	5 years
Leasehold buildings:	Term of lease
Plant and machinery:	10-15 years
Motor vehicles:	4-6 years

Freehold land is not depreciated.

1. ACCOUNTING POLICIES (Continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ' Profit on disposal of fixed assets ' in the Profit and Loss Account.

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 an 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.

Leased assets:
The cost of a leased asset is measured as the Lease Liabilities at inception of the lease contract and other direct costs less any incentives granted by the lessor. The Group has not capitalised leases which are less than 12 months or leases of low value assets. These mainly relate to IT equipment, office equipment, furniture and fitting and other peripheral items. When a Lease Liabilities is remeasured, the related lease asset is adjusted by the same amount.

Depreciation is provided on a straight-line basis from the commencement date of the lease to the end of the lease term.

1.7 IFRS 16 - LEASES

The Company has adopted IFRS 16 Leases in its reporting from 1 January 2019, applying the standard using the 'full retrospective' approach, and amounts relating to the years ended 31 December 2018 and 2017 have been restated in these financial statements. In recognising and measuring lease assets and liabilities on the balance sheet, the Company applied judgement in determining whether each contract is or contains a lease. This included an assessment about whether the contract depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset. The Company also exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Recognition and measurement of IFRS 16 assets and liabilities
IFRS 16 changes the recognition, measurement, presentation and disclosure of leases. In particular, it requires lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases. At the commencement of a lease, a lessee recognises lease payments (lease liability) and an asset representing the right to use the asset during the lease term (right-of-use asset) ("ROUA"). Lessees subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset. The right-of-use asset is initially measured at cost,

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (Continued)

which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. The remeasurement normally also adjusts the right-of-use asset.

The standard has no impact on the actual cash flows of a company. However, the standard requires the capitalisation, and subsequent depreciation, of costs that were previously expensed as paid which impacts disclosures of cash flows within the cash flow statement. The amounts previously expensed as operating cash outflows are instead capitalised and presented as financing cash outflows.

The Company has recognised all leases on its balance sheet upon transition to IFRS 16, except for short-term leases (less than a year) and leases for low-value assets. The impact of adopting IFRS 16 on the Company's financial statements is further detailed in note 3. The impact of adopting this standard on the cashflows of the Company have not been presented as the Company has taken advantage of the exemption available under FRS 101 with respect to presentation of cashflows.

1.8 INTANGIBLE ASSETS

Research and development
In the research phase of a project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of a project. The expenditure is treated as if it were all incurred in the research phase only.

Other intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

1. ACCOUNTING POLICIES (Continued)

Amortisation
Amortisation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of capitalised development costs is 3 to 6 years.

1.9 FINANCIAL INSTRUMENTS

On 1 January 2018, the Company adopted IFRS 9 'Financial Instruments', which replaced IAS 39 'Financial Instruments – Recognition and Measurement'. This standard introduces new requirements in two areas:

Financial assets are now classified based on:
1. the objective of the Company in holding the asset and
2. the contractual cash flows.

On 1 January 2018, the Company reclassified its financial assets to the new categories based on the Company's reason for holding the assets and the nature of the cash flows from the assets.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Financial liabilities are initially recognised at fair value, less any directly related transaction costs. Certain bonds are designated as being part of a fair value hedge relationship. In these cases, the bonds are carried at amortised cost, adjusted for the fair value of the risk being hedged, with changes in value shown in the Profit and Loss Account. Other financial liabilities, excluding derivatives, are subsequently carried at amortised cost, with the exception of Financial liabilities which the group has elected to measure at fair value through profit or loss.

Impact of Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Prior period balances have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018.

1. ACCOUNTING POLICIES (Continued)

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at Fair Value Through Profit and Loss (FVTPL).
  - The designation of certain investments in equity instruments not held for trading as at Fair Value through Other Comprehensive Income (FVOCI).
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Company assumed that the credit risk on the asset had not increased significantly since its initial recognition.
- Changes to hedge accounting policies have been applied prospectively.
- All hedging relationships designated under IAS 39 at December 31, 2017 met the criteria for hedge accounting under IFRS 9 at January 1, 2018 and are therefore regarded as continuing hedging relationships.

1.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined on a weighted average basis.

Provisions are made for slow moving and obsolete stocks as appropriate. The impairment loss is recognised immediately in the Profit and Loss Account.

1.12 IMPAIRMENT EXCLUDING STOCKS, INVESTMENT PROPERTIES AND DEFERRED TAX ASSETS

Financial assets
A new expected credit loss model is used for calculating impairment on financial assets carried at fair value through profit or loss. A loss event does not have to occur before credit losses are recognised.

From 1 January 2018, the Company implemented an expected credit loss impairment model for financial assets. For trade receivables, the calculation methodology has been updated to consider expected losses based on ageing profile. The adoption of the expected loss approach has resulted in a material change in impairment provision for our financial assets and has been accounted for.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired

1. ACCOUNTING POLICIES (Continued)

if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Profit and Loss Account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (Continued)

1.13 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the balance sheet. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency
The company's functional and presentational currency is GBP.

Transactions and balances
Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account (except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income).

1.15 TURNOVER

Turnover excludes value added tax and is royalties and service fees received from Group companies. 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.

1. ACCOUNTING POLICIES (Continued)

1.16 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.17 INTEREST INCOME AND EXPENSE

Interest income and expense are recognised in the Profit and Loss Account using the effective interest method.

1.18 SHARE BASED PAYMENTS

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as staff cost in the Profit and Loss Account.

Under the Unilever Global Performance Share Plan (Global Share Incentive Plan ("GSIP")), the employees of the Company are granted an award of the parents' shares by the Company itself. Therefore, these options are accounted for as cash settled share-based payments under IFRS 2 'Share-based payments'. For these cash settled share-based payments, the fair value of the liability is determined at each balance sheet date and the charge is recognised through the Profit and Loss Account over the period in which the related services are provided by the employees.

1. ACCOUNTING POLICIES (Continued)

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 N.V. 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 trade and other payables.

Unilever PLC grants options over its shares to eligible employees under an Employee Share Save Scheme. In consideration of Unilever PLC granting options to its employees, the Company has agreed to contribute its share of the cost of holding the shares. The right to receive dividends on shares held by the Trust has been waived.

1.19 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and Loss Account in the periods during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans (and other post-employment benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Profit and Loss Account.

1. ACCOUNTING POLICIES (Continued)

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

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 other comprehensive income. 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.

1.20 CURRENT AND DEFERRED TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income tax is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised or that the Company has determined it is appropriate to recognise the deferred tax asset as it is recoverable due to the fact that the Company is part of a UK group for group relief purposes.

1. ACCOUNTING POLICIES (Continued)

1.21 DERIVATIVES AND HEDGE ACCOUNTING

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

Cash Flow hedges

Derivatives are held to hedge the uncertainty in timing or amount of future forecast cash flows. Such derivatives are classified as being part of cash flow hedge relationships. For an effective hedge, gains and losses from changes in the fair value of derivatives are recognised in equity. Cost of hedging, where material and opted for, is recorded in a separate account within equity. Any ineffective elements of the hedge are recognised in the Profit and Loss account. If the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts deferred in equity are taken to the Profit and Loss account 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 Profit and Loss Account. If the hedged cash flow is no longer expected to occur, the cumulative gain or loss is taken to the Profit and Loss Account immediately.

1.22 GOVERNMENT GRANTS

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in Profit and Loss Account on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the Profit and Loss Account in the periods in which the expenditure is recognised.

1.23 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

All standards or amendments to standards that have been issued under FRS 101 and are effective from 1 January 2020 onwards are not applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions
The Company had recognised provisions for legal cases which relates to obligations for indemnities in respect of disposed companies.

Recoverability of deferred tax assets
The Company has recognised a significant deferred tax asset which requires judgement for determining the extent of its recoverability at the balance sheet date. The Company assesses recoverability with reference to forecasts on future taxable profits. These forecasts require the use of assumptions and estimates.

Impairment of trade and other Current Receivables
The Company makes an estimate of the recoverable value of the trade and other current receivables. When assessing impairment of trade and other current receivables, Management considers factors including the ageing profile of receivables and historical experience. The impairment provision estimation uses the expected credit loss model under IFRS 9.

Measurement of defined benefit obligations
The valuations of the Company's defined benefit pension plan obligations are dependent on a number of assumptions. These include discount rates, inflation and life expectancy of scheme members. Details of these assumptions and sensitivities are in note 19.

Recognition and measurement of IFRS 16 assets and liabilities
The Company adopted IFRS 16 on 1 January 2019 and restated all prior periods that are reported. In recognising and measuring lease assets and liabilities on the balance sheet, the Company applied judgement in determining whether each contract is or contains a lease. This included an assessment about whether the contract depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset. The Company also exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted IFRS 16 Leases in its reporting from 1 January 2019, applying the standard using the 'full retrospective' approach, and amounts relating to the years ended 31 December 2018. The Company has recognised all leases on its balance sheet upon transition to IFRS 16, except for short-term leases (less than a year) and leases for low-value assets including for impact on deferred tax assets and liabilities. Balance in Profit and Loss Account was restated to reflect the cumulative impact of *adopting IFRS 16 on all prior periods.*

The following table summarises the restatement impact of adopting IFRS 16 on the Company's financial statements. Only line items impacted by the restatement have been included in the table below:

(A) Balance sheet

Particulars		**As at 31 December 2018**		
	Note	**As previously reported**	**Adjustment for IFRS 16**	**Restated**
		£000	**£000**	**£000**
Fixed assets				
Tangible assets	13	219,352	**7,153**	226,505
Current assets				
Trade and other receivables	15	7,980,716	**36,746**	8,017,462
- Deferred tax assets (net)		57,926	**2,424**	60,350
- Other receivables		7,788	**34,322**	42,110
Current liabilities				
Trade and other payables: Amounts falling due within one year	17	(10,335,635)	**(13,535)**	(10,349,170)
- Lease liabilities (others)		-	**(13,535)**	(13,535)
Trade and other payables: Amounts falling due after more than one year	17	(107,589)	**(42,194)**	(149,783)
- Lease liabilities (others)		-	**(42,194)**	(42,194)
Shareholders' funds				
Profit and loss account		(1,285,443)	**(11,830)**	(1,297,273)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(B) Profit and Loss Account

	Note	For the year ended 31 December 2018 As previously reported £000	Adjustments for IFRS 16 £000	Restated £000
Administrative expenses	5	(1,602,238)	1,900	(1,600,338)
Depreciation on tangible fixed assets ROUA		(6,198)	(11,243)	(17,441)
Operating lease expenditure		(8,915)	9,531	616
Sublease receipts		4,102	(4,102)	-
Other administrative costs		(563,937)	7,714	(556,223)
Net interest receivable and similar income	10	128,136	783	128,919
- Other interest receivable and similar income		10,617	783	11,400
Net interest payable and similar charges	10	(128,125)	(2,683)	(130,808)
- Other interest payables and similar charges		(3,638)	(2,683)	(6,321)

4. ANALYSIS OF TURNOVER

	2019 £000	2018 £000
International costs charged out to Unilever PLC	891,483	1,033,140
Research costs - Colworth charged out to Unilever PLC	68,484	78,227
Research costs - Port Sunlight charged out to Unilever PLC	153,725	150,115
UEIT costs charged out to Unilever PLC	324,609	296,857
Profit mark - up reclass and true up	21,693	26,604
Total	**1,459,994**	1,584,943

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. OPERATING LOSS

	Note	2019 £000	Restated [a] 2018 £000
The operating loss is stated after (debiting)/crediting:			
Exchange adjustments		4,423	(6,984)
Depreciation			
- on owned tangible fixed assets		(26,769)	(20,955)
- on tangible fixed assets held under leases		(9,247)	(17,441)
Auditors' remuneration for audit services		(126)	(126)
Amortization of intangible assets	12	(186,628)	(193,830)
Research and development expenditure		(222,209)	(228,342)
Marketing and development costs		(158,376)	(174,372)
Staff costs	7	(311,460)	(332,038)
Lease expenditure (Net)	13B		
- plant and machinery		(524)	(482)
- cars		563	1,187
- land and buildings		(87)	(89)
Operating exceptional items - restructuring costs		(31,496)	(30,082)
Operating exceptional items – past service credit/ (cost)	19	48,000	(43,457)
Operating exceptional items – curtailment gain	19	294	2,896
Other administrative costs		(680,600)	(556,223)
Administrative expenses		**(1,574,242)**	(1,600,338)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

6. AUDITORS' REMUNERATION

	2019 £	2018 £
Audit of these financial statements	**42,778**	46,196

The fees for KPMG LLP for the statutory audit of the Company's annual financial statements amount to £42,778 (2018: £46,196). The fees borne by the Company and payable to the Company's auditors for the audits of other Group Companies amount to £66,948 (2018: £80,112).

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.

7. STAFF COSTS AND EMPLOYEE INFORMATION

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

	2019 Number of employees	2018 Number of employees
Research and development	**1,502**	1,582
Administration	**1,866**	1,799
Total	**3,368**	3,381

Staff costs, including Directors' remuneration, were as follows:

	Note	**2019 £000**	2018 £000
Staff Costs			
Wages and salaries		**184,279**	210,035
Share based payments	20	**59,194**	52,795
Social security costs		**36,056**	36,311
Other pension costs		**31,931**	32,897
Total		**311,460**	332,038

8. DIRECTORS' REMUNERATION

The Directors who served during the year are remunerated by the Company and details of their emoluments are provided below:

All Directors	**2019 £000**	2018 £000
Aggregate emoluments	**1,365**	1,511
Aggregate pension scheme contributions	**11**	3

4 (2018: 4) Directors exercised share options or received shares under long-term incentive schemes. Retirement benefits are accruing to 2 Directors (2018: 1 Director) in respect of their qualifying services under a defined benefit scheme.

Highest paid Director	**2019 £000**	2018 £000
Aggregate emoluments	**476**	625

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROFIT ON DISPOSAL OF FIXED ASSETS

The profit on disposal of fixed assets is made up as follows:

	Note	2019 £000	2018 £000
Yearly release (spread over the 20-year lease agreement) from deferred income of the profit on the sale of Unilever House	17	**1,796**	1,796
Other		**1,621**	-
Profit on disposal		**3,417**	1,796

Other includes the disposal of property buildings, scientific assets and software.

10. INTEREST RECEIVABLE/(PAYABLE) AND SIMILAR INCOME/(CHARGES)

	2019 £000	Restated [a] 2018 £000
Interest receivable on loans and current accounts with group undertakings	105,158	117,519
Other interest receivable and similar income	13,900	11,400
Total interest receivable and similar income	**119,058**	128,919
Interest payable on loans and current accounts with group undertakings	(114,787)	(119,108)
Exchange differences on interest payable on balances with group undertakings (net)	(9,004)	-
Interest on loans from third parties	(1,504)	(110)
Finance charges payable under leases	(7,479)	(5,269)
Other interest payable and similar expense	(3,580)	(6,321)
Total interest payable and similar charges	**(136,354)**	(130,808)
Total	**(17,296)**	(1,889)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

Interest payable on bank loans are not repayable by instalments and are due wholly within 5 years.

11. TAXATION

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

Recognised in the Profit and Loss Account	**2019**	2018
	£000	£000
UK corporation tax		
Current tax on income for the year	**(10,272)**	(16,519)
Adjustments in respect of prior periods	**(30,718)**	10,649
Foreign taxation		
Current tax on income for the year	**(1,177)**	(691)
Total current tax	**(42,167)**	(6,561)
Deferred tax		
Origination and reversal of temporary differences	**(16,030)**	7,530
Adjustments in respect of prior periods	**11,891**	(15,743)
Total deferred tax	**(4,139)**	(8,213)
Tax charge on profit from ordinary activities	**(46,306)**	(14,774)

Income tax recognised in other comprehensive income	**2019**	2018
	£000	£000
Effective portion of changes in fair value of cash flow hedges	**6,660**	(1,374)
Remeasurements of defined benefit liability/asset	**66,480**	(26,149)
Impact of Global Performance Share Plan	**2,791**	(372)
Income tax recognised in other comprehensive income	**75,931**	(27,895)

The current UK corporate tax rate that has been used for the year is 19% (2018: 19%). In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. The change was substantively enacted shortly thereafter. The current tax assessed for the year is higher (2018: higher) than the standard rate of corporation taxation in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
Reconciliation of tax expense		
(Loss) / Profit for the year	**(109,711)**	2,094
Total tax expense	**(46,306)**	(14,774)
Tax using the UK corporation tax rate of 19% (2018: 19%)	**20,845**	(398)
Effects of:		
Non-deductible expenses	**(38,946)**	(11,231)
Effects of tax rates in foreign jurisdictions	**(1,177)**	(691)
Difference in tax rate for deferred tax	**1,886**	(886)
Over / (Under) provided in prior years (current tax)	**(30,718)**	10,649
(Under) provided in prior years (deferred tax)	**11,891**	(15,743)
Items affecting deferred tax only	**(10,087)**	4,657
Permanent differences - other (RDEC)	**-**	(1,131)
Total tax expense	**(46,306)**	(14,774)

The majority of expenses not deductible for tax purposes relate to an increase in certain provisions on which no tax deduction is available. Amounts (under)/over provided in prior years include true-up on submission of tax returns and provisions made pending resolution of tax enquiries into transfer pricing within the Unilever group.

12. INTANGIBLE ASSETS

	Software
	£000
Cost	
At 1 January 2019	1,306,998
Addition	157,345
Disposal	(5,558)
At 31 December 2019	**1,458,785**
Amortisation	
At 1 January 2019	(771,248)
Charge for the year	(186,628)
At 31 December 2019	**(957,876)**
Net book value	
At 31 December 2019	**500,909**
At 31 December 2018	535,750

13. TANGIBLE ASSETS

	Note	2019 £000	Restated[(a)] 2018 £000
Owned assets	13.A	**135,371**	165,992
Right of use assets	13.B	**70,794**	60,513
Total		**206,165**	226,505

[(a)] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

13.A. OWNED ASSETS

	Land and buildings £000	Plant and machinery £000	Computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
At 1 January 2019 (Restated [(a)])	78,967	260,785	139,658	21	16,129	495,560
Additions	-	505	251	-	9,502	10,258
Disposals	(5,815)	(12,466)	(799)	-		(19,080)
Transfers	-	9,738	4,924	-	(15,067)	(405)
At 31 December 2019	**73,152**	**258,562**	**144,034**	**21**	**10,564**	**486,333**
Accumulated depreciation						
At 1 January 2019 (Restated [(a)])	28,613	175,857	125,077	21	-	329,568
Depreciation charge	2,180	21,160	7,290	-	-	30,630
Disposals	(1,216)	(7,221)	(799)	-	-	(9,236)
At 31 December 2019	**29,577**	**189,796**	**131,568**	**21**	**-**	**350,962**
Net book value						
At 31 December 2019	**43,575**	**68,766**	**12,466**	**-**	**10,564**	**135,371**
At 31 December 2018 (Restated [(a)])	50,354	84,928	14,581	-	16,129	165,992

[(a)] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

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 lease, the building was reinstated as an asset for an amount of £123,491,000. The gain of £37,676,157 (being £39,892,151 sale less incurred expenses of £2,215,994) 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 20-year period commencing 2 July 2007.

13.B RIGHT OF USE ASSETS

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2019 (Restated [a])	191,125	1,891	193,016
Additions	27,313	169	27,482
Disposals	(5,037)	(1,734)	(6,771)
At 31 December 2019	**213,401**	**326**	**213,727**
Accumulated depreciation			
At 1 January 2019 (Restated [a])	130,972	1,531	132,503
Depreciation charge	15,184	326	15,510
Disposals	(3,390)	(1,690)	(5,080)
Transfers	-	-	-
At 31 December 2019	**142,766**	**167**	**142,933**
Net book value			
At 31 December 2019	**70,635**	**159**	**70,794**
As at 31 December 2018 (Restated [a])	60,153	360	60,513

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

The Company incurred £48,000 for the year ended 31 December 2019 towards expenses relating to short-term leases and leases of low value assets classified under in Lease expenditure (Net) in Note 5. The total cash outflow for leases is £14,857,471 for the year ended 31 December 2019, including cash outflow for short-term and low value leases. The Company has lease term extension options that are not reflected in the measurement of lease liabilities.

14. INVESTMENTS

	2019 £000	2018 £000
Cost		
At 1 January 2019	516	516
At 31 December 2019	**516**	516
Net book value		
At 31 December 2019	**516**	516
At 31 December 2018	516	516

15. TRADE AND OTHER RECEIVABLES

	2019	Restated [a] 2018
	£000	£000
Due after more than one year		
Amounts owed by Group undertakings	4,744,261	4,507,858
Less: Impairment loss on trade and other receivables	(263,542)	(59,798)
Prepayments and accrued income	19,128	16,620
Other receivables	29,207	32,260
Total	**4,529,054**	4,496,940
Due within one year		
Trade receivables	217	2,832
Amounts owed by Group undertakings (including accrued interest)	3,258,045	3,362,639
Forward contracts owed by Group undertakings	22,721	-
Other taxation and social security	27,575	12,180
Deferred tax assets (net)	-	60,350
Group relief receivable	18,261	35,786
Other receivables	17,515	11,947
Prepayments and accrued income	29,448	34,788
Cash at bank	10	-
Total	**3,373,792**	3,520,522
Total	**7,902,846**	8,017,462

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

Trade and other receivables are stated after provisions for impairment of £263,542,000 (2018: £59,798,000) that arose on amounts receivable from group undertakings. The impairment provision required under IFRS 9 was calculated using 12-month expected credit losses.

Amounts due from Group undertakings, due within one year (including accrued interest), include a concern loan of £2,987,893,862 (2018: £3,100,481,271) to Unilever PLC and a concern loan £24,000,000 (2018: £4,880,479), £246,151,138 (2018: £256,277,659) and £Nil (2018: £1,000,000) to TIGI International Limited, Brooke Bond Assam Estates Limited and REN Limited Holdings Limited respectively. These loans have a maturity date in 2020.

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 Europe Business Centre BV . These receipts relate to the existing pooling agreement whereby Unilever Europe Business Centre BV 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 12-month rolling basis. Each month the Company buys £60,000,000 versus Euro. At 31 December 2019, Eleven (2018: None) of these monthly FX covers to hedge these pooling receipts had a positive market value.

The notional amount of these covers amounts to €741,298,976 (2018: €Nil). The year-end value of the contracts amounted to £22,713,932 (2018: £Nil).

Amounts owed by Group undertakings primarily include balances with Unilever PLC, Brooke Bond Group Limited, Unilever UK holdings Limited, Unilever Overseas Holdings Limited, Mixhold Investments Limited, Unilever US Investments Limited, Alberto-Culver Group Limited, T2 Tea (UK) Limited and Unilever UK & CN Holdings Limited which are interest bearing, unsecured and payable on demand. There is no intention to recall the repayment of the outstanding balance within a year as of 31 December 2019.

16. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Assets Restated [a]	**Liabilities**	Liabilities Restated [a]	**Net**	Net Restated [a]
	2019	2018	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000	**£000**	£000
Employee benefits – pension	**-**	-	**(145,854)**	(46,170)	**(145,854)**	(46,170)
Tangible fixed assets	**10,823**	5,522	**-**	-	**10,823**	5,522
Intangible assets	**79,507**	72,259	**-**	-	**79,507**	72,259
Leases	**447**	2,424	**-**	-	**447**	2,424
Short term temporary differences ("STTDs")	**13,475**	22,719		-	**13,475**	22,719
Other	**-**	3,596	**(2,162)**	-	**(2,162)**	3,596
Net deferred tax (liabilities)/assets	**104,252**	106,520	**(148,016)**	(46,170)	**(43,764)**	60,350

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

The amount of temporary differences in respect of tangible fixed assets for which no deferred tax asset is recognised is £23,249,000 (2018: £12,590,000).

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. The change was substantively enacted shortly thereafter. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £5,149,000.

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FOR THE YEAR ENDED 31 DECEMBER 2019

Movement in deferred tax during the year:

	Restated [a] 1 January 2019	Recognised in profit and loss account	Recognised in statement of other comprehensive income	**31 December 2019**
	£000	£000	£000	**£000**
Employee benefits – pension	(46,170)	(9,160)	(90,524)	**(145,854)**
Tangible fixed assets (owned assets)	5,522	5,301	-	**10,823**
Tangible fixed assets (right of use assets)	2,424	(1,977)	-	**447**
Intangible assets	72,259	7,248	-	**79,507**
Short term temporary differences	22,719	(6,453)	(2,791)	**13,475**
Other	3,596	902	(6,660)	**(2,162)**
Total deferred tax asset (net)	60,350	(4,139)	(99,975)	**(43,764)**

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

Movement in deferred tax during the prior year:

	Restated [a] 1 January 2018	Recognised in profit and loss account	Recognised in statement of other comprehensive income	Restated [a] 31 December 2018
	£000	£000	£000	£000
Employee benefits – pension	(53,133)	4,858	2,105	(46,170)
Tangible fixed assets (owned assets)	10,894	(5,372)	-	5,522
Tangible fixed assets (right of use assets)	2,424	-	-	2,424
Intangible assets	75,669	(3,410)	-	72,259
Short term temporary differences	17,504	4,843	372	22,719
Other	11,354	(9,132)	1,374	3,596
Total deferred tax asset (net)	64,712	(8,213)	3,851	60,350

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

17. TRADE AND OTHER PAYABLES

	2019 £000	Restated[a] 2018 £000
Amounts falling due within one year		
Bank loans and overdrafts	(1,707)	(140)
Trade creditors	(296,119)	(335,790)
Amounts owed to Group undertakings	(9,850,291)	(9,745,487)
Other creditors	(101,502)	(94,072)
Accruals and deferred income	(89,071)	(137,751)
Lease liabilities	(20,324)	(20,083)
Forward contracts owed to Group undertakings	(378)	(15,847)
Total	**(10,359,392)**	(10,349,170)
Amounts falling due after more than one year		
Deferred tax liability	(43,764)	-
Accruals and deferred income	(26,456)	(28,599)
Lease liabilities	(131,010)	(121,184)
Total	**(201,230)**	(149,783)
Total trade and other payables	**(10,560,622)**	(10,498,953)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

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

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 £1,796,179 (2018: £1,796,179); amounts due within 1 to 2 years £1,796,179 (2018: £1,796,179); amounts due within 2 to 5 years; £5,388,537 (2018: £5,388,537); amounts due after 5 years £5,064,625 (2018: £6,735,672).

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 Europe Business Centre B.V. These receipts relate to the existing pooling agreement whereby Unilever Europe Business Centre B.V. 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 12-month rolling basis. Each month the Company buys £60,000,000 versus Euro. At 31 December 2019, one (2018: twelve) of these monthly FX covers to hedge these pooling receipts had a negative market value.

The notional amount of these covers amounts to €69,630,747 (2018: €1,067,191,843). The contracts mature between January and December 2020. The year-end value of the contracts amounts to £378,200 negative (2018: £15,846,755 negative).

Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets, leases which are less than twelve months, variable leases, extension and termination options and leases not yet commenced but which we have committed to.

	2019 £000	Restated [a] 2018 £000
Amounts falling due within 1 to 2 years		
Accruals and deferred income	**(16,004)**	(16,475)
Lease liabilities	**(22,056)**	(11,245)
Total	**(38,060)**	(27,720)
Amounts falling due within 2 to 5 years		
Accruals and deferred income	**(5,388)**	(5,389)
Lease liabilities	**(55,614)**	(21,961)
Total	**(61,002)**	(27,350)
Amounts falling due after 5 years		
Accruals and deferred income	**(5,064)**	(6,735)
Lease liabilities	**(53,340)**	(87,978)
Total	**(58,404)**	(94,713)

[a] Restated following adoption of IFRS 16. See note 1.7 and note 3 for further details.

18. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

Amounts falling due within one year

	Restructuring provision £000	Legal provision £000	Total £000
At 1 January 2019	(13,922)	(408)	(14,330)
Charged to Profit and Loss Account	(38,754)	-	(38,754)
Utilisation	13,853	408	14,261
At 31 December 2019	**(38,823)**	**-**	**(38,823)**

Amounts falling due after more than one year

	Restructuring provision £000	Legal provision £000	Total £000
At 1 January 2019	(6,527)	-	(6,527)
Charged to Profit and Loss Account	-	-	-
Utilisation	5,854	-	5,854
At 31 December 2019	**(673)**	**-**	**(673)**

Restructuring continued at the research laboratories at Port Sunlight, Colworth and at UEIT (all in the United Kingdom) during 2019.

19. PENSIONS AND SIMILAR OBLIGATIONS

All related assets and liabilities of 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 2019.

The investment strategy is implemented within the framework of the statutory requirements of the UK. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The plans continue to invest a good proportion of the assets in equities, which the Company believes offer the best returns over the long term commensurate with an acceptable level of risk. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. There are no unusual entity or plan specific risks to the Company. For risk control, the pension fund also has significant investments in liability matching assets (bonds) as well as in property and other alternative assets; additionally, the Company uses derivatives to further mitigate the impact of the risks outlined above. The assets are managed by a number of external fund managers.
Unilever has a pooled investment vehicle (Univest) which it believes offers its pension plans around the world a simplified externally managed investment vehicle to implement their strategic asset allocation models, currently for bonds, equities and alternative assets. The aim is to provide high quality, well diversified, cost-effective, risk-controlled vehicles. The pension plans' investments are overseen by Unilever's internal investment company, the Univest Company.

(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. The plan liabilities are covered by a Buy-in insurance policy and liability driven fixed income securities. Actuarial advice is provided by a firm of Consulting Actuaries and valuation reports are produced annually. The latest report available is for 2019.

(c) Unfunded arrangements: In addition to the funded pension schemes 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 countries 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 2019.

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. Over the period, Unilever made business changes resulting in a material number of active members leaving the UUKPF and a curtailment gain of £294k has been recognised. There was a gain of £48 million on account of change in pension plan for UUKPF, recognised as special event.

	2019	2018
	£000	£000
Defined benefit asset	10,373,445	9,303,385
Defined benefit (liability)	(9,388,937)	(8,778,702)
Net asset for defined benefit obligations (see following table)	984,508	524,683
Cash-settled share-based payment transactions liability	-	-
Total employee benefits obligation	984,508	524,683

A surplus is deemed recoverable to the extent that Unilever can benefit economically from the surplus. Unilever assesses the maximum economic benefit available through a combination of refunds and reductions in future contributions in accordance with local legislation and individual financing arrangements with each of our funded defined benefit plans.

Movements in net defined benefit (liability)/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/asset	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
At 1 January	**(8,778,702)**	(9,027,318)	**9,303,385**	9,719,505	**524,683**	692,187
Included in profit or loss						
Current service cost	**(91,122)**	(94,998)		-	**(91,122)**	(94,998)
Expected return on assets		-	**256,562**	241,183	**256,562**	241,183
Curtailment gain*	**294**	2,896	-	-	**294**	2,896
Past service cost*	**48,000**	(43,457)	-	-	**48,000**	(43,457)
Interest cost	**(241,726)**	(223,601)	-	-	**(241,726)**	(223,601)
Settlement gain	-	16	-	-	-	16
	(284,554)	(359,144)	**256,562**	241,183	**(27,992)**	(117,961)
Included in OCI						
Actual less expected return	-	-	**1,129,688**	(409,810)	**1,129,688**	(409,810)
Actuarial (loss)/gain arising from:						
- Change in financial assumptions	**(823,482)**	319,410	-	-	**(823,482)**	319,410
- Change in Demographic	**134,812**	415	-	-	**134,812**	415
- Experience adjustment	**(35,070)**	(48,939)	-	-	**(35,070)**	(48,939)
	(723,740)	270,886	**1,129,688**	(409,810)	**405,948**	(138,924)
Other						
Contributions paid by the employer	-	-	**71,078**	71,286	**71,078**	71,286
Contributions paid by the employee	-	-	**257**	198	**257**	198
Benefits paid	**398,222**	418,074	**(387,525)**	(406,947)	**10,697**	11,127
Transfers	**(163)**	(81,200)	-	87,970	**(163)**	6,770
	398,059	336,874	**(316,190)**	(247,493)	**81,869**	89,381
At 31 December 2019	**(9,388,937)**	(8,778,702)	**10,373,445**	9,303,385	**984,508**	524,683

*The past service cost of £48 million relates to gain on account of policy change for retirement. The curtailment is related to restructuring exercises during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Plan assets

	2019 £000	2018 £000
Public equity	3,562,872	2,868,467
Private equity	263,983	325,408
Equities	**3,826,855**	**3,193,875**
Governmental bonds	2,335,992	2,233,507
Non-governmental bonds	2,225,962	2,225,684
Bonds	**4,561,954**	**4,459,191**
Property	784,311	770,948
Cash	300,499	305,030
Hedge funds, derivatives and asset backed securities	899,826	574,341
Other	**1,984,636**	**1,650,319**
Total market value of assets	**10,373,445**	**9,303,385**

The fair values of the above equity and fixed income instruments are determined based on quoted market prices in active markets. The fair value of private equity, properties, derivatives, hedge funds and insurance contracts are not based on quoted market prices in active markets.

Equity securities include Unilever securities amounting to £7.5 million (0.07% of total plan assets) and £10.5 million (0.11% of total plan assets) at 31 December 2019 and 2018 respectively.

Funded and unfunded defined benefit obligations at 31 December 2019

	Funded plans (in surplus)	Funded plans (in deficit)	Unfunded plans	Total (all plans)
Total defined benefit asset	10,373,445	-	-	10,373,445
Total defined benefit liability	(9,132,202)	-	(256,735)	(9,388,937)
Net asset for defined benefit obligations	**1,241,243**	-	**(256,735)**	**984,508**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Actuarial assumptions
The following are the principal actuarial assumptions at the reporting date:

	2019	2018	2017
Discount rate for DBO	2.0%	2.8%	2.5%
Discount rate for Service Cost	2.1%	2.9%	2.6%
Inflation assumption	2.9%	3.2%	3.1%
Rate of increase in salaries	3.2%	3.1%	3.0%
Rate of increase in pensions	2.8%	3.1%	3.0%

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.

This year of use S3 series all pensioners ("S3PMA" and "S3PFA_M") tables have been adopted, which are based on the experience of UK pension schemes over the period 2009-2016. Scaling factors are applied reflecting the experience of our pension funds appropriate to the member's gender and status. Future improvements in longevity have been allowed for in line with the 2018 CMI core projections (Sk = 7.0 and "A" parameter = 0.0%) and a 1.0% pa long-term improvement rate.

Life expectancy for a pensioner:

	2019 Years	2018 Years
Male	**22**	22
Female	**23**	24

Life expectancy for future retiree upon reaching 65

	2019 Years	2018 Years
Male	**23**	23
Female	**25**	26

Sensitivity analysis
The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period.

	2019	2018
Discount rate for DBO	8%	8%
Discount rate for Service Costs	18%	16%
Inflation assumption for DBO	6%	7%
Inflation assumption for Service Costs	13%	16%
One year increase in life expectancy BS	5%	4%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The sensitivity shown has changed from 25bps to 50bps when compared with the previous period. However, the methods and types of assumptions used in preparing the sensitivity analysis has remained unchanged. Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Funding

The plan is externally funded. The operation of the plan is governed by local regulations and practice in the UK, as is the nature of the relationship between the Company and the Trustees and their composition. As Trustees are in place to operate the plans, they are generally required to act on behalf of the plan's stakeholders. They are tasked with periodic reviews of the solvency of the fund in accordance with local legislation and play a role in the long-term investment and funding strategy. The Company also has an internal body, the Pensions and Equity Committee, that is responsible for setting the company's policies and decision making on plan matters, including but not limited to design, funding, investments, risk management and governance.

The company expects to pay £83,961,000 in contributions to its defined benefit plan in 2020 in respect of ongoing accrual and £11,169,000 in respect of direct benefits (direct from the company). The weighted average duration of the defined benefit obligation at the end of the reporting period is 18 years.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £15,635,000 (£15,326,000 in 2018). The total expense expected in 2020 is £15,679,000.

COVID-19 significant impact on asset markets and corporate bonds yields

The COVID-19 pandemic has had a significant impact on asset markets and corporate bonds yields, which are key to the IAS19 assessment of the net pension asset or liability. In particular, at the date of signing, global equity markets have seen significant falls in Q1 2020 followed by strong gains in Q2 2020. AA corporate bond yields, used to set the IAS19 discount rate, have been highly volatile, with government bond yields falling significantly and credit spreads increasing sharply over Q1 2020 before falling back in Q2 2020. Long term inflation expectations, used to project future benefit payments, have also fallen. The net impact of the above is expected to have led to an improvement in the Company's net pension asset since the balance sheet date, with the impact of positive asset returns being partially offset by unfavourable changes in the liability assumptions.

20. 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 2019, the Company had the following share-based compensation plans:

Performance Share Plans

Performance share awards are made in respect of the Global Share Incentive Plan ("GSIP") and the Management Co-Investment Plan ("MCIP"). The awards of each plan will vest between 0 and 200% of grant level, subject to the level of satisfaction of performance measures. Under the GSIP, Unilever's managers receive annual awards of NV and PLC shares. The performance measures for GSIP are underlying sales growth, underlying operating margin, and cumulative operating cash flow for the Group, although GSIP awards to certain managers below Unilever Leadership Executive level may be subject to similar performance measures specific to their business unit. There is an additional target based on relative total shareholder return for senior executives. GSIP awards will vest after three years. From 2017, the MCIP allows Unilever's managers to invest a proportion of their annual bonus (a maximum of 60% for Executive Directors, 100% for other managers) in shares in Unilever, and to receive a corresponding award of performance-related shares. MCIP awards will vest after four years.

A summary of the status of the Performance Share Plans as at 31 December 2019 and charges during the year are given below:

	Unilever PLC shares		Unilever N.V. shares	
	2019	2018	**2019**	2018
At 1 January	**2,646,581**	2,787,497	**1,318,230**	1,406,349
Awarded	**479,193**	816,307	**268,443**	379,560
Vested	**(733,331)**	(757,400)	**(375,644)**	(397,071)
Transferred/(forfeited)	**(395,118)**	(199,823)	**(220,517)**	(70,608)
At 31 December	**1,997,325**	2,646,581	**990,512**	1,318,230

Shares 3+1

A global employee share plan open to work level two and below. Eligible employees can invest between £20 and £156 per month to buy investment shares. For every three investment shares purchased by an employee, Unilever awards one free share. Share 3+1 awards will vest after three years.

The charge to the Profit and Loss Account for GSIP and Shares 3+1 in 2019 amounted to £59,193,751 (2018: £52,795,168).

The fair value of the award in 2019 was £43.51 (2018: £41.085) per PLC share and €51.23 (2018: €47.42) per NV share, based on the market value at the year end, and the total liability as at 31 December 2019 was £74,545,813 (2018: £91,087,949).

Restricted Shares Plan

In specific one-off cases, a number of executives are awarded the right to receive N.V. 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.

21. CALLED UP SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
100,000,000 (2018: 100,000,000) Ordinary shares of £1 each	100,000	100,000

22. OTHER FINANCIAL COMMITMENTS

The Company has the following financial commitments relating to outsourcing of finance operations, human resourcing and information technology:

	2019 £000	2018 £000
Outsourcing contract commitments	50,673	84,161
Total other financial commitments	50,673	84,161
Of which due:		
- Less than one year	27,553	37,923
- Between one and five years	23,120	46,238
Total	50,673	84,161

23. CAPITAL COMMITMENTS

	2019 £000	2018 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,066	1,720
Total	2,066	1,720

24. CONTROLLING PARTY

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 England and Wales. The Company has not disclosed transactions with fellow, wholly owned subsidiaries in accordance with the exemption under the terms of International Accounting Standard (IAS) 24 "Related party disclosures" as the ultimate parent company produces publicly available consolidated financial statements. Copies of Unilever Group financial statements can be publicly obtained from Unilever PLC, Corporate Secretaries Department, 100 Victoria Embankment, London EC4Y 0DY and www.unilever.com.

25. PARENT COMPANY SUPPORT

Unilever PLC has indicated its intention and ability to continue to provide support to allow the Company to continue at its current level of operations for the foreseeable future.

26. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Whilst there is uncertainty as to the outcome of the current events, on the Company's financial position, results of operations and cash flows in the future, there is no impact on the going concern status of the Company. This is set out in the Going Concern note on page 21.