Registered number: 00029140

UNILEVER U.K. CENTRAL RESOURCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

DIRECTORS	Mr. C W Jones Ms. J H Fentem (Resigned on 07 January 2022) Mr. R J Seabrook Mr. R M Sharp Mr. J A H Berkeley Mr. A Sztehlo (Appointed on 10 January 2022)
COMPANY SECRETARIES	Mr. J O Earley Mr. R C Hazell (Resigned on 28 November 2022)
REGISTERED NUMBER	00029140
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 2022

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 2022.

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 profit for the financial year was £185,600,165 as compared to a loss of £2,263,585 in 2021.

Effective 2021, the Company has entered into an agreement by virtue of which the Company would be charged for certain unrecovered costs pertaining to the Home care/Beauty and personal care (HC/BPC) division by Unilever Europe Business Centre B.V ("the agreement"). These unrecovered costs represent under recoveries/service results of centralized Unilever functions that benefit the entire group (global services) such as a) central services - Leadership, marketing, customer development, supply chain, finance, HR etc. and b) Uniops (Unilever Operations) - which represents services to enable growth through technology, data and services intrinsically linked across Unilever. These unrecovered costs, pertaining to the HC/BPC division, would be allocated and charged based on a divisional split that represent the underlying divisions which have generated these under recoveries.

It was recognised already at the time of entering into the agreement that the Company might not be the most appropriate entity to bear these results from a financial and taxation perspective. In consideration of this, the transactions transferring the unrecovered costs to the Company were included in a request for advance tax certainty from the UK and Netherlands tax authorities in a Bilateral Advance Pricing Agreement ("BAPA") application filed on 14 April 2022. In this application it was mentioned that it is the intention that as part of that BAPA submission an agreement would be reached with respect to the exact company(ies) that should receive the unrecovered costs aforementioned.

Subsequent to the balance sheet date on 4 Jan 2023, the Company entered into memorandum of understanding with Unilever PLC and other affected parties stating that if the outcome of the agreement to be reached in the context of this BAPA, or at such earlier moment as mutually agreed and determined by the parties to the agreement, that an entity(ies) other than the Company is the most appropriate entity(ies) to bear the services results, then in addition to all prospective results being transferred to that entity(ies) by UEBC going forward, all results previously transferred by UEBC to the Company effective 1 January 2021 under the agreements will be transferred to that entity(ies) as well.

In 25th September 2023, based on an agreement with Unilever PLC and other effected parties, it has been agreed that that all of the unrecovered costs in the aforementioned agreement would in the end be allocated to Unilever PLC and none would be borne by the Company and hence no charge on account of unrecovered costs has been recorded in the financial statements. Additionally, an amount of £116 million booked on account of this agreement in FY 2021 has been reversed in the current year.

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 2022, 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.

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.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, 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 Companies Board participates in quarterly meeting 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 brought to the meeting.

The Company also took into consideration the long-term impacts of its operations of the business and how it would impact 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 7 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 2021 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 2022.

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 26/09/23 and signed on its behalf by Mr. R J Seabrook on 26/09/23.

Roger Seabrook

Mr. R J Seabrook
Director

Registered Office: Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom
Company registration number: 00029140

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

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 Profit for the year, after taxation, amounted to £185,600,165 (2021: Loss of £2,263,585).

No dividend was paid during the year (2021: £Nil).

FUTURE OUTLOOK

Besides the developments about the agreement with UEBC, 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. R J Seabrook
Mr. R M Sharp
Mr. J A H Berkeley
Mr. A Sztehlo

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 1,355 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 £207,138,172 (2021: £191,929,332).

POLITICAL AND CHARITABLE DONATIONS

The Company made charitable donations amounting to £1,013,384 (2021: £2,225,727). The main charitable donations were primarily made to NC3Rs Annual sponsorship £25,000 (2021: Nil), University of Oxford £30,000 (2021: Nil), Women Safety Program £10,000 (2021: £298,085), Alzheimer's and Autism society £30,000 (2021- Nil), Payal Workshop Nil (2021: £267,700), Ellen MacArthur Foundation Nil (2021: £150,000), Global Impact UK Nil (2021: £187,365), UNICEF Nil (2021: £73,560). These donations were all social investments – cash payments for 2022 and 2021. No political contributions were made during the year (2021: £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 2022. 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 amount outstanding from Unilever Europe Business Centre and amounts due from other Unilever Group undertakings.

Impairment for trade receivables is 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 Europe Business Center BV. These receipts relate to the existing pooling agreement whereby Unilever Europe Business Center BV and the company agreed to share the international costs.

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 2022 is £27,652,000 (2021: £92,671,000). This relates to operating cost of £73,493,000 (2021: £109,793,000) and finance income of £45,840,000 (2021: £17,112,000) (Expected return on assets of £224,430,000 (2021: £155,118,000 and interest costs of £178,590,000 (2021: £137,996,000)). 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 with 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 149 days (2021: 156 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 a 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.

CORPORATE GOVERNANCE ARRANGEMENTS

For the year ended 31 December 2022, 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Company has adopted the Unilever Group's purpose and in turn our shareholder's 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. We are developing new technologies to reduce the carbon footprint, plastic waste, and water use, and increase the biodegradable and sustainable ingredients associated with our products. For example, we will be replacing the crude oil and other fossil fuels used to make some of our chemicals with renewable and recycled carbon.

The Board of the Company allows interactions through internal communications and cascades the dialogue of our shareholder's 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 discusses 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 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 2006 as described in 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 the 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 2006 and consider the stakeholders of the Company. These stakeholder engagements as described in 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 UK accounting standards and applicable law (UK 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 26/09/23 and signed on its behalf by Mr. R J Seabrook on 26/09/23.

Roger Seabrook

Mr. R J Seabrook
Director

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

Company registration number: 00029140

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 2022 which comprise the e Profit and Loss Account, 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 2022 and of its profit 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 used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period was the ability of the ultimate parent Unilever Plc to be able to financially support the company, as mentioned in the Going concern section in note 1.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Director's assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.
- we found the going concern disclosure in note 1 to be acceptable.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company is a cost centre of the Group, majority of the revenue is generated from the Group instead of external third parties.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of Company-wide fraud risk management controls.

We also performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted by a user with fewer than four postings per annum and those posted to cash in unusual accounts combinations.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and GDPR (General Data Protection Regulation) recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

Sabira Datoo

Sabira Datoo (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

Date: 27/09/2023

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Turnover	3	**1,580,191**	1,441,681
Administrative expenses	4	**(1,402,665)**	(1,486,373)
Operating profit/(loss)		**177,526**	(44,692)
(Loss)/Profit on disposal of fixed assets	8	**(2,182)**	781
Interest receivable and similar income	9	**18,086**	23,289
Interest payable and similar charges	9	**(41,596)**	(1,208)
Other finance income/(expenses) relating to pensions	18	**45,840**	16,894
Result from ordinary activities before taxation		**197,674**	(4,936)
Taxation on result from ordinary activities	10	**(12,074)**	2,673
Profit/(Loss) for the financial year		**185,600**	(2,263)

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Profit/(Loss) for the year		**185,600**	(2,263)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial (loss)/gains recognised on pensions	18	**(890,948)**	1,214,539
Deferred tax on pensions		**169,195**	(227,515)
Deferred tax on Global Performance Share Plan ('GPSP')		**26**	(206)
Deferred tax credited/(charged) to OCI due to rate change		**53,430**	(126,547)
		(668,298)	860,271
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - reclassed to profit and loss account		**(5,193)**	36,178
Fair value gains / (losses) on cash flow hedges		**(51,116)**	(3,339)
		(56,309)	32,839
Deferred tax on cash flow hedges		**14,077**	(7,531)
		(42,232)	25,308
Other comprehensive (loss)/income for the year		**(710,530)**	885,579
Total comprehensive (loss)/income for the year		**(524,930)**	883,316

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	**462,527**	448,229
Tangible assets	12	**162,670**	188,818
Investments	13	**-**	295
		625,197	637,342
Current assets			
Stocks		**52**	57
Trade and other receivables (including £430,138,610 (2021: £142,029,187) due after more than one year)	14	**733,073**	413,736
		733,125	413,793
Current liabilities			
Trade and other payables: Amounts falling due within one year	16	**(967,603)**	(1,606,107)
Provisions for liabilities and other charges	17	**(33,115)**	(5,353)
Net current liabilities		**(267,593)**	(1,197,667)
Total assets less current liabilities		**357,604**	(560,325)
Trade and other payables: Amounts falling due after more than one year	16	**(2,422,410)**	(1,840,391)
Provisions for liabilities and other charges	17	**(11,325)**	(12,525)
Net liabilities excluding pensions and similar obligations liabilities		**(2,076,131)**	(2,413,241)
Pensions and similar obligations liabilities			
Net pension assets for funded schemes in surplus	18	**1,798,399**	2,719,949
Net pension liability for unfunded schemes	18	**(195,310)**	(254,820)
Total pensions and similar obligations		**1,603,089**	2,465,129
Net (liabilities)/Assets including pensions and similar obligations liabilities		**(473,042)**	51,888
Called up share capital	20	**100,000**	100,000
Cash flow hedge reserve		**(26,084)**	16,148
Profit and loss account		**(546,958)**	(64,260)
Shareholders' funds		**(473,042)**	51,888

This report was approved by the Board on 26/09/23 and signed on its behalf by Mr. R J Seabrook on 26/09/23.

Roger Seabrook

Mr. R J Seabrook
Director
Registered Office: Unilever House, 100 Victoria Embankment, London, EC4Y 0DY, United Kingdom

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Cash flow hedge reserve £000	Profit and Loss Account £000	Total equity £000
At 1 January 2022	**100,000**	**16,148**	**(64,260)**	**51,888**
Total comprehensive income for the year				
Profit/(Loss) for the year	-	-	**185,600**	**185,600**
Other comprehensive income/ (expense)	-	**(42,232)**	**(668,298)**	**(710,530)**
Total comprehensive income/ (expense) for the year	-	**(42,232)**	**(482,698)**	**(524,930)**
At 31 December 2022	**100,000**	**(26,084)**	**(546,958)**	**(473,042)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Cash flow hedge reserve £000	Profit and Loss Account £000	Total equity £000
At 1 January 2021	100,000	(9,160)	(922,268)	(831,428)
Total comprehensive income for the year				
(Loss) for the year	-	-	(2,263)	(2,263)
Other comprehensive income	-	25,308	860,271	885,579
Total comprehensive income for the year	-	25,308	858,008	883,316
At 31 December 2021	100,000	16,148	(64,260)	51,888

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 Europe Business Center B.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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Unilever U.K Central Resources Limited (the "Company") is a Private Company limited by shares, incorporated, domiciled and registered in England & Wales. The registered number is 00029140 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").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards ("UK-Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has been set out below wherever 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, wherever 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);
  (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);

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (Continued)

(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;

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

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

1. ACCOUNTING POLICIES (Continued)

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 assesses 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 (£267,592,608), as at 31 December 2022, the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Unilever PLC, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Unilever PLC providing additional financial support during that period.

Unilever PLC has indicated its intention to continue to make available such funds are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 derecognized. 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 Company 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 by 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.

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. 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, 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.

1. ACCOUNTING POLICIES (Continued)

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.

When the Company is an intermediary lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use assets arising from head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption as described above, then it classifies the sub-lease as an operating lease.

1.8 INTANGIBLE ASSETS

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

The Company incurs Research and development cost on products and internally developed software's. For products, research and development cost are accounted for in the income statement as the company does not track the development phase separately from the research phase. For internally generated software, the company capitalises the development cost as given above.

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, not yet available for use 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 software are 3 to 5 years.

Refer to note 1.12 for the impairment of non-financial assets.

1.9 FINANCIAL INSTRUMENTS

Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value. In case of financial assets which are recognised at fair value through profit or loss (FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction costs that are directly attributable to the acquisition or issue of the financial asset are adjusted in the value of financial asset.

Financial assets are subsequently classified and measured at:
- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial Liabilities

Financial liabilities are initially recognised at fair value, less any directly related transaction costs. 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.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity instruments, trade and other receivables, cash and cash equivalents 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.

1. ACCOUNTING POLICIES (Continued)

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
An expected credit loss (ECL) 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. For trade receivables, the calculation methodology considers expected losses based on ageing profile.

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 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 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.

1. ACCOUNTING POLICIES (Continued)

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.

1.13 PROVISION 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 as 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

1. ACCOUNTING POLICIES (Continued)

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.

1.16 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

1. ACCOUNTING POLICIES (Continued)

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 Performance Share Plan, the employees of the Company are granted an award of the Ultimate 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.

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 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

1. ACCOUNTING POLICIES (Continued)

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.

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.

1. ACCOUNTING POLICIES (Continued)

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.

1.21 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (Continued)

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 2023 onwards do not have material impact on the Company.

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.

Defined benefit pension plan assets are measured at fair value. Where these assets cannot be valued directly from quoted market prices, the Company applies judgement in selecting an appropriate valuation method, after discussion with an expert fund manager. The assumptions used in valuing unquoted investments are affected by current market conditions and trends, which could result in changes to the fair value after the measurement date. Details of the carrying value of the unquoted pension plan asset classes can be found in Note 18.

Recognition of pension surplus – where there is an accounting surplus on a defined benefit plan, management uses judgement to determine whether the Group can realise the surplus through refunds, reductions in future combinations or a combination of both.

Impairment of trade receivables
The Company makes an estimate of the recoverable value of the trade receivables. When assessing impairment of trade 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 18.

Recognition and measurement of IFRS 16 assets and liabilities
The Company adopted IFRS 16 on 1 January 2019. 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. TURNOVER

	2022 £000	2021 £000
International costs charged out to group companies	**1,012,722**	933,739
Research costs - Colworth charged out to group companies	**56,199**	54,735
Research costs - Port Sunlight charged out to group companies	**145,637**	136,031
UEIT costs charged out to group companies	**336,719**	292,913
Profit mark - up reclass and true up	**28,914**	24,263
Total	**1,580,191**	1,441,681

4. ADMINISTRATIVE EXPENSES

The operating loss is stated after (debiting)/crediting:

	Note	2022 £000	2021 £000
Exchange adjustments		**1,676**	2,964
Depreciation			
- on owned tangible fixed assets		**(9,296)**	(6,761)
- on tangible fixed assets held under leases		**(14,569)**	(13,420)
Auditors' remuneration		**(174)**	(170)
Amortisation of intangible assets	11	**(172,207)**	(179,876)
Research and development expenditure*		**(207,138)**	(191,929)
Marketing and development costs		**(142,220)**	(141,099)
Staff costs	6	**(293,290)**	(248,423)
Lease expenditure (Net)	12B		
- plant and machinery		**(2,127)**	1,326
- land and buildings		**4,688**	(2,604)
Operating exceptional items – restructuring costs		**(19,213)**	(8,098)
Operating exceptional items – curtailment gain	18	**(180)**	(766)
Reversal/ (impairment) on trade receivables		**4,318**	(1,214)
Other administrative costs**		**(552,933)**	(696,302)
Administrative expenses		**(1,402,665)**	(1,486,373)

*includes an amount of £10,856,078 (2021: £11,311,859) pertain to depreciation and £91,084,663 (2021: £90,762,990) pertains to staff cost.

**Effective 2021, the Company has entered into an agreement by virtue of which the Company would be charged for certain unrecovered costs pertaining to the Home care/Beauty and personal care (HC/BPC) division by Unilever Europe Business Centre B.V ("the agreement). These unrecovered costs represent under recoveries/service results of centralized Unilever functions that benefit the entire group (global services) such as a) central services - Leadership, marketing, customer development, supply chain, finance, HR etc. and b) Uniops (Unilever Operations) - which represents services to enable growth through technology, data and services intrinsically linked across Unilever. These unrecovered costs, pertaining to the HC/BPC division, would be allocated and charged based on a divisional split that represent the underlying divisions which have generated these under recoveries.

It was recognised already at the time of entering into the agreement that the Company might not be the most appropriate entity to bear these results from a financial and taxation perspective. In consideration of this, the transactions transferring the unrecovered costs to the Company were included in a request for advance tax certainty from the UK and Netherlands tax authorities in a Bilateral Advance Pricing Agreement ("BAPA") application filed on 14 April 2022. In this application it was mentioned that it is the intention that as part of that BAPA submission an agreement would be reached with respect to the exact company(ies) that should receive the unrecovered costs aforementioned.

Subsequent to the balance sheet date on 4 Jan 2023, the Company entered into memorandum of understanding with Unilever PLC and other affected parties stating that if the outcome of the agreement to be reached in the context of this BAPA, or at such earlier moment as mutually agreed and determined by the parties to the agreement, that an entity(ies) other than the Company is the most appropriate entity(ies) to bear the services results, then in addition to all prospective results being transferred to that entity(ies) by UEBC going forward, all results previously transferred by UEBC to the Company effective 1 January 2021 under the agreements will be transferred to that entity(ies) as well.

On 25th September 2023, based on an agreement with Unilever PLC and other effected parties, it has been agreed that that all of the unrecovered costs in the aforementioned agreement would in the end be allocated to Unilever PLC and none would be borne by the Company and hence no charge on account of unrecovered costs has been recorded in the financial statements. Additionally, an amount of £116 million booked on account of this agreement in FY 2021 has been reversed in the current year.

5. AUDITORS' REMUNERATION

	2022	2021
	£	£
Audit of these financial statements	**53,000**	**52,787**

The fees for KPMG LLP for the statutory audit of the Company's annual financial statements amount to £53,000 (2021: £52,787). The fees borne by the Company and payable to the Company's auditors for the audits of other Group Companies amount to £121,535 (2021: £127,126).

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.

6. 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:

	2022 Number of employees	2021 Number of employees
Research and development	**1,355**	1,350
Administration	**1,620**	1,745
Total	**2,975**	3,095

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

	Note	**2022 £000**	2021 £000
Staff costs			
Wages and salaries		**213,566**	164,896
Share based payments	19	**20,262**	25,286
Social security costs		**33,425**	34,864
Other pension costs		**26,037**	23,377
Total		**293,290**	248,423

7. DIRECTORS' REMUNERATION

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

All Directors	**2022 £000**	2021 £000
Aggregate emoluments	**1,732**	**1,403**
Aggregate pension scheme contributions	**60**	**34**

5 Directors (2021: 5 Directors) exercised share options or received shares under long-term incentive schemes. Retirement benefits are accruing to 2 Directors (2021: 2 Directors) in respect of their qualifying services under a defined benefit scheme.

Highest paid Director	**2022 £000**	2022 £000
Aggregate emoluments	**672**	**318**

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

8. PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS

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

	Note	2022 £000	2021 £000
Yearly release (spread over the 20-year lease agreement) from deferred income of the profit on the sale of Unilever House	16	**1,796**	1,796
Other*		**(3,978)**	(1,015)
Profit on disposal		**(2,182)**	781

*Other includes the disposal of right of use assets.

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

	2022 £000	2021 £000
Interest receivable on loans and current accounts with group undertakings	**2,367**	**15,437**
Other interest receivable and similar income	**15,719**	**7,852**
Total interest receivable and similar income	**18,086**	**23,289**
Interest payable on loans and current accounts with group undertakings	**(28,923)**	**(6,286)**
Exchange differences on interest payable on balances with group undertakings (net)	**-**	**-**
Interest on loans from third parties	**-**	**(1,613)**
Finance charges payable under leases	**(4,203)**	**(4,009)**
Other interest payable and similar expense	**(8,470)**	**10,698**
Total interest payable and similar charges	**(41,596)**	**(1,208)**
Total	**(23,510)**	**22,081**

10. TAXATION

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

Recognised in the Profit and Loss Account	2022 £000	2021 £000
UK corporation tax		
Current tax on income for the year	**(21,786)**	**(12,522)**
Adjustments in respect of prior periods	**(17,932)**	**7,151**

**NOTES TO THE FINANCIAL STATEMENTS
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Foreign taxation		
Current tax on income for the year	(626)	(1,978)
Total current tax	**(40,344)**	**(7,349)**
Deferred tax		
Origination and reversal of temporary differences	3,626	(5,440)
Effects of changes in tax rates	22,736	13,768
Adjustments in respect of prior periods	1,908	1,694
Total deferred tax	**28,270**	**10,022**
Tax charge on profit from ordinary activities	**(12,074)**	**2,673**

Income tax recognised in other comprehensive income	**2022**	2021
	£000	£000
Effective portion of changes in fair value of cash flow hedges	(14,077)	7,531
Remeasurements of defined benefit liability/asset	(169,195)	227,515
Impact of Global Performance Share Plan	(26)	206
Deferred Tax impact of tax rate change on PY	(53,430)	127,839
Short term temporary difference	-	-
Other	-	-
Income tax recognised in other comprehensive income	**(236,728)**	**361,799**

The UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. This will have a consequential impact on the company's future tax charge. Therefore, any deferred tax balances have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

The current tax assessed for the year is lower (2021: lower) than the standard rate of corporation taxation in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£000	£000
Reconciliation of tax expense		
Profit / (Loss) for the year	197,674	(4,936)
Total tax (expense)/credit	(12,074)	2,673
Tax using the UK corporation tax rate of 19% (2021: 19%)	(37,558)	938

Effects of:		
Non-deductible expenses	**(836)**	**816**
Effects of tax rates in foreign jurisdictions	**(507)**	**(1,602)**
Difference in tax rate for deferred tax	**1,908**	**13,768**
Over / (Under) provided in prior years (current tax)	**(17,932)**	**7,151**
(Under) provided in prior years (deferred tax)	**22,736**	**1,694**
Items affecting deferred tax only	**1,984**	**(583)**
Separation of Tea Business	**(4,696)**	**2,006**
Super deduction expenditure	**770**	**542**
Transfer Pricing Adjustments	**22,057**	**(22,057)**
Total tax (expense)/ credit	**(12,074)**	**2,673**

11. INTANGIBLE ASSETS

	Software £000	Development costs £000	Total £000
Cost			
At 1 January 2022	1,645,521	117,055	1,762,576
Addition	-	188,970	188,970
Transfer	212,559	(215,427)	(2,868)
Disposal	667	-	667
At 31 December 2022	**1,858,747**	**90,598**	**1,949,345**
Amortisation			
At 1 January 2022	(1,314,347)	-	(1,314,347)
Charge for the year	(172,207)	-	(172,207)
Disposal	(264)	-	(264)
At 31 December 2022	**(1,486,818)**	-	**(1,486,818)**
Net book value			
At 31 December 2022	**371,929**	**90,598**	**462,527**
At 31 December 2021	331,174	117,055	448,229

12. TANGIBLE ASSETS

	Note	2022 £000	2021 £000
Owned assets	12.A	**89,879**	101,173
Right of use assets	12.B	**72,791**	87,645
Total		**162,670**	188,818

12.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 2022	**53,385**	**215,295**	**139,194**	**21**	**25,585**	**433,480**
Additions	-	578	191	-	10,973	11,742
Disposals	(323)	(3,853)	(7)	-	(1,521)	(5,704)
Transfers	35	4,067	6,735	-	(11,103)	(266)
At 31 December 2022	**53,097**	**216,085**	**146,113**	**21**	**23,935**	**439,251**
Accumulated depreciation						
At 1 January 2022	**(26,016)**	**(169,442)**	**(136,828)**	**(21)**	-	**(332,307)**
Depreciation charge	(1,987)	(12,428)	(6,411)	-	-	(20,826)
Disposals	35	3,720	7	-	-	3,762
Transfers	-	-		-	-	-
At 31 December 2022	**(27,967)**	**(178,148)**	**(143,234)**	**(21)**	-	**(349,371)**
Net book value						
At 31 December 2022	**25,129**	**37,937**	**2,879**	-	**23,935**	**89,880**
At 31 December 2021	27,369	45,853	2,366	-	25,585	101,173

12.B RIGHT OF USE ASSETS

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2022	**262,717**	**284**	**263,001**
Additions	675	38	713
Disposals	(2,584)	(31)	(2,615)
Transfers	-	-	-
At 31 December 2022	**260,808**	**291**	**261,099**
Accumulated depreciation			
At 1 January 2022	**(175,178)**	**(178)**	**(175,356)**
Depreciation charge	(10,564)	(70)	(10,634)
Impairment	(3,260)	-	(3,260)
Disposals	926	16	942
Transfers	-	-	-
At 31 December 2022	**(188,076)**	**(232)**	**(188,308)**
Net book value			
At 31 December 2022	**72,732**	**59**	**72,791**
As at 31 December 2021	87,539	106	87,645

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.

The Company incurred (£6,059,371) for the year ended 31 December 2022 (2021: £1,279,219) towards expenses relating to short-term leases and leases of low value assets classified under in Lease expenditure (Net) in Note 4. The total cash outflow for leases is £23,851,930 for the year ended 31 December 2022 (2021: £16,540,125), 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.

Refer to note 14 for lease receivables of the sub-lease arrangement.

13. INVESTMENTS

	2022 £000	2021 £000
Cost		
At 1 January 2022	295	516
At 31 December 2022	-	516
Net book value		
At 31 December 2022	-	295
At 31 December 2021	**295**	516

14. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Due after more than one year		
Amounts owed by Group undertakings	**495,114**	114,820
Less: Impairment loss on trade and other receivables	**(456)**	(4,774)
Prepayments and accrued income	**7,586**	15,802
Other receivables*	**15,183**	16,181
Total	**517,427**	**142,029**
Due within one year		
Trade receivables	**7,888**	454
Amounts owed by Group undertakings (including accrued interest)	**89,998**	160,996

Forward contracts owed by Group undertakings	-	23,825
Other taxation and social security	**34,814**	36,254
Other receivables*	**12,790**	3,936
Prepayments and accrued income	**70,156**	46,147
Cash at bank	-	94
Total	**215,646**	**271,707**
Total	**733,073**	**413,736**

*of which £11,738,944 (2021: £14,221,785) relates to lease receivables.

Trade and other receivables are stated after provisions for impairment loss of £455,811 (2021: £4,774,000) 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 Nil (2021: £24,014,647) and £90,713,043 (2021: £86,031,572) to TIGI International Limited and Brooke Bond Assam Estates Limited respectively. The loan to Brook Bond Assam Estates has a maturity date in 2023.

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 UKCR agreed to share the international costs.

The Company hedges this currency risk on a 12-months rolling basis. Each month the Company buys £80,000,000 versus Euro. At 31 December 2022, none (2021: Twelve) of these monthly FX covers to hedge these pooling receipts had a positive market value.

The notional amount of these covers amounts to €1,104,826,634 (2021: €1,109,270,000). The year-end value of the contracts amounted to (£24,774,776) (2021: £23,822,824).

Amounts owed by Group undertakings primarily include balances with Brooke Bond Assam Estates Limited, Unilever Europe Business Centre BV 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 2022.

Leases as a lessor

Finance Leases

The following amounts have been recognised in profit or loss in respect of finance leases for which the Company is a lessor:

	2022 £	2021 £
Finance leases		
Interest income on lease receivables	303,024	523,770

The following table sets out a maturity analysis of lease payments receivable, showing the undiscounted lease payments to be received after the reporting date:

	2022 £
Finance leases	
Less than one year	2,825,000
Between one and two years	2,825,000
Between two and three years	2,825,000
Between three and four years	2,825,000
Between four and five years	2,118,750
More than five years	
Total undiscounted lease receivable	**13,418,750**
Unearned finance income	(1,679,806)
Net investment in the leases	**11,738,944**

15. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000	Assets 2021 £000	**Liabilities 2022 £000**	Liabilities 2021 £000	**Net 2022 £000**	Net 2021 £000
Employee benefits – pension	-	-	**(400,772)**	**(616,281)**	**(400,772)**	**(616,281)**
Tangible fixed assets	**3,451**	**1,154**	-	-	**3,451**	**1,154**
Intangible assets	**148,907**	**132,276**	-	-	**148,907**	**132,276**
Leases	**749**	**1,303**	-	-	**749**	**1,303**
Short term temporary differences ("STTDs")	**19,310**	**12,465**	-	-	**19,310**	**12,465**
Other	**21,645**	-	-	**(2,625)**	**21,645**	**(2,625)**
Net deferred tax (liabilities) / assets	**194,062**	**147,198**	**(400,772)**	**(618,906)**	**(206,710)**	**(471,708)**

The amount of temporary differences in respect of losses for which no deferred tax asset is recognised is £8,580,926 (2021: £13,349,433).

The UK rate of corporation tax will increase from 19% to 25% from 1 April 2023. This will have a consequential impact on the company's future tax charge. Therefore, any deferred tax balances have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

Movement in deferred tax during the year:

	1 January 2022	Recognised in profit and loss account	Recognised in statement of other comprehensive income	**31 December 2022**
	£000	£000	£000	**£000**
Employee benefits – pension	**(616,281)**	(7,116)	222,625	**(400,772)**
Tangible fixed assets (owned assets)	**1,154**	2,297	-	**3,451**
Tangible fixed assets (right of use assets)	**1,303**	(554)	-	**749**
Intangible assets	**132,276**	16,631	-	**148,907**
Short term temporary differences	**12,465**	6,819	26	**19,310**
Other	**(2,625)**	10,193	14,077	**21,645**
Total deferred tax asset (net)	**(471,708)**	28,270	236,728	**(206,710)**

Movement in deferred tax during the prior year:

	1 January 2021	Recognised in profit and loss account	Recognised in statement of other comprehensive income	31 December 2021
	£000	£000	£000	£000
Employee benefits – pension	(242,119)	(20,062)	(354,101)	**(616,281)**
Tangible fixed assets (owned assets)	4,496	(3,342)	-	**1,154**
Tangible fixed assets (right of use assets)	1,711	(407)	-	**1,303**
Intangible assets	102,872	29,404	-	**132,276**
Short term temporary differences	8,229	4,403	(167)	**12,465**
Other	4,880	26	(7,531)	**(2,625)**
Total deferred tax asset (net)	(119,931)	10,022	(361,799)	**(471,708)**

16. TRADE AND OTHER PAYABLES

	2022	2021
	£000	£000
Amounts falling due within one year		
Bank loans and overdrafts	**(4,233)**	(320)
Trade creditors	**(389,063)**	(362,150)
Amounts owed to Group undertakings	**(89,999)**	(850,127)
Other creditors	**(88,109)**	(71,208)
Accruals and deferred income	**(107,739)**	(97,175)
Lease liabilities	**(19,999)**	(19,009)
Forward contracts owed to Group undertakings	**(24,826)**	-

Group relief payable to related parties	**(118,846)**	(66,979)
Corporation tax due to HMRC	**(124,789)**	(139,146)
Total	**(967,603)**	(1,606,107)
Amounts falling due after more than one year		
Deferred tax liability	**(206,711)**	(471,709)
Accruals and deferred income	**(16,220)**	(16,220)
Lease liabilities	**(94,481)**	(114,379)
Amounts owed to Group undertakings	**(2,087,018)**	(1,238,083)
Other Creditors	**(17,980)**	-
Total	**(2,422,410)**	(1,840,390)
Total trade and other payables	**(3,390,012)**	(3,446,497)

Amounts due to Group undertakings, falling due within one year and more than one year, include current account balances from many Group undertakings and are interest bearing, unsecured and repayable on demand. Amount due to Group Undertakings, falling due after more than one year (including accrued interest), include a concern loan of £90,713,043 (2021: £86,032,570) to Unilever Finance International AG. These loans have a maturity date in 2023.

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 (2021: £1,796,179); amounts due within 1 to 2 years £1,796,179 (2021: £1,796,179); amounts due within 2 to 5 years; £5,388,538 (2021: £5,388,537); amounts due after 5 years £316,655 (2021: £2,112,835).

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 UKCR agreed to share the international costs.

The Company hedges this currency risk on 12 months rolling basis. Each month the Company buys £80,000,000 versus Euro. At 31 December 2022, none (2021: twelve) of these monthly FX covers to hedge these pooling receipts had a positive market value.

The notional amount of these covers amounts to €1,104,826,634 (2021: € 1,109,270,000). The contracts mature between January and December 2022. The year-end value of the contracts amounts to (£24,774,776) (2021: £23,822,824).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£000	£000
Amounts falling due within 1 to 2 years		
Accruals and deferred income	**(3,592)**	**(6,923)**
Lease liabilities	**(6,779)**	**(19,825)**
Total	**(10,371)**	**(26,748)**
Amounts falling due within 2 to 5 years		
Accruals and deferred income	**(11,868)**	**(5,389)**
Lease liabilities	**(51,336)**	**(53,197)**
Total	**(63,204)**	**(58,586)**
Amounts falling due after 5 years		
Accruals and deferred income	**(760)**	**(3,909)**
Lease liabilities	**(36,366)**	**(41,357)**
Total	**(37,126)**	**(45,266)**

17. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

Amounts falling due within one year

	Restructuring provision	Legal provision	Other provision	Total
	£000	£000	£000	£000
At 1 January 2022	**(1,251)**	**(120)**	**(3,982)**	**(5,353)**
Charged to Profit and Loss Account	(18,637)	-	(25,002)	(43,639)
Utilisation	8,748	-	7,129	15,877
At 31 December 2022	**(11,140)**	**(120)**	**(21,855)**	**(33,115)**

Amounts falling due after more than one year

	Restructuring provision	Legal provision	Other provision	Total
	£000	£000	£000	£000
At 1 January 2022	**(12,195)**	**(330)**	-	**(12,525)**
Charged to Profit and loss account	(576)	-	-	(576)
Utilisation	1,753	23	-	1,776
At 31 December 2022	**(11,018)**	**(307)**	-	**(11,325)**

Restructuring continued at the research laboratories at Port Sunlight, Colworth and at UEIT (all in the United Kingdom) during 2022.

18. 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 2022.

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 2022.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

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 number of active members leaving the UUKPF and a curtailment loss of £180k has been recognised. The decrease in liability caused by the change has been recognized as a past service credit.

	2022	2021
	£000	£000
Defined benefit asset	**7,613,609**	12,025,627
Defined benefit (liability)	**(6,010,520)**	(9,560,500)
Net asset for defined benefit obligations (see following table)	**1,603,089**	2,465,127
Cash-settled share-based payment transactions liability	**-**	-
Total employee benefits obligation	**1,603,089**	2,465,127

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	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
At 1 January	(9,560,500)	(10,016,434)	12,025,627	11,290,740	2,465,127	1,274,306
Included in profit or loss						
Current service cost	(73,672)	(109,027)	-	-	(73,672)	(109,027)
Expected return on assets	-	-	224,430	155,118	224,430	155,118
Curtailment gain/(loss)	180	(766)	-	-	180	(766)
Past service credit	-	-	-	-	-	-
Interest cost	(178,590)	(137,996)	-	-	(178,590)	(137,996)
	(252,082)	(247,789)	224,430	155,118	(27,652)	(92,671)
Included in OCI						
Actual less expected return	-	-	(4,258,369)	922,513	(4,258,369)	922,513
Actuarial (loss)/gain arising from:	-	-	-	-	-	-
- Change in financial assumptions	3,603,460	193,391	-	-	3,603,460	193,391
- Change in Demographic	922	(247)	-	-	922	(247)
- Experience adjustment	(236,512)	81,793	-	-	(236,512)	81,793
	3,367,870	274,937	(4,258,369)	922,513	(890,499)	1,197,450
Other						
Contributions paid by the employer	-	-	44,533	74,386	44,533	74,386
Contributions paid by the employee	-	-	-	211	-	211
Benefits paid	434,192	428,785	(422,612)	(417,341)	11,580	11,444
	434,192	428,785	(378,079)	(342,744)	56,113	86,041
At 31 December 2022	(6,010,520)	(9,560,500)	7,613,609	12,025,627	1,603,089	2,465,127

Plan assets

	2022 £000	2021 £000
Public equity	**241,331**	1,422,108
Private equity	**451,628**	358,988
Equities	**692,959**	1,781,096
Governmental bonds	**3,349,140**	5,234,655
Non-governmental bonds	**1,716,336**	2,186,842
Bonds	**5,065,476**	7,421,497
Property	**761,315**	889,674
Cash	**1,127,807**	1,452,320
Hedge funds	**204,091**	325,664
Derivatives	**(294,797)**	79,015
Insurance Contracts and others	**56,758**	76,360
Other	**1,855,174**	2,823,033
Total market value of assets	**7,613,609**	12,025,626

The Group uses derivatives and other instruments to hedge some of its exposure to inflation and interest rate risk – the degree of this hedging of liabilities was 100% for interest rate and 100% for inflation for the UK plan.

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.

Funded and unfunded defined benefit obligations at 31 December 2022

	Funded plans (in surplus)	Funded plans (in deficit)	Unfunded plans	Total (all plans)
Total defined benefit asset	**7,613,609**	**-**	**-**	**7,613,609**
Total defined benefit liability	**(5,815,210)**	**-**	**(195,310)**	**(6,010,520)**
Net asset for defined benefit obligations	**1,798,399**	**-**	**(195,310)**	**1,603,089**

Actuarial assumptions

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

	2022	2021	2020
Discount rate for DBO	5.0%	1.9%	1.4%
Discount rate for Service Cost	5.1%	2.0%	1.5%
Inflation assumption for DBO	3.1%	3.2%	2.7%
Inflation assumption for Service Costs	2.6%	2.9%	2.5%
Rate of increase in salaries	3.6%	3.7%	3.3%
Rate of increase in pensions	2.9%	3.1%	2.7%

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

With the exception of UNIAC, the company's mortality assumptions as at year end make no explicit allowance for potential effects of COVID-19. It is a reasonable approach given there remains some uncertainty of the COVID-19 impact on long term mortality rates for pension scheme members. Any change to the demographic assumptions to these schemes would only take place once the Unilever UK Pension fund funding valuation as at 31 March 2022 has been completed.

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. The allowance for future improvements in relation to UNIAC only has been updated from the CMI 2020 model to the CMI 2021 model to reflect the latest available industry data. An adjustment has been made to the future improvements assumption to allow for the potential impact of COVID-19 on this scheme's membership data.

Life expectancy for a pensioner:

	2022 Years	2021 Years
Male	**22**	22
Female	**24**	23

Life expectancy for future retiree upon reaching 65

	2022 Years	2021 Years
Male	**23**	23
Female	**25**	25

Sensitivity analysis

The sensitivity of the overall pension liabilities to changes in the key assumptions are:

	Change in assumption	2022	2021
Discount rate for DBO	Increase by 0.5% (2021: 0.5%)	-6%	-8%
Discount rate for Service Costs	Increase by 0.5% (2021: 0.5%)	-12%	-17%
Inflation assumption for DBO	Increase by 0.5% (2021: 0.5%)	4%	7%
Inflation assumption for Service Costs	Increase by 0.5% (2021: 0.5%)	6%	13%
One year increase in life expectancy BS	Increase by 1 year	4%	6%

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 methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period. 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 £41,317,000 in contributions to its defined benefit plan in 2023 in respect of ongoing accrual and £11,709,000 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 13 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 £21,842,000 (2021: £17,187,000). The total expense expected in 2023 is £25,200,000.

19. 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 2022, the Company had the following share-based compensation plans:

Performance Share Plans

Performance share awards are made in respect of the Performance share plans ("PSP") 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 PSP, Unilever's managers receive annual awards of PLC shares. The performance measures for PSP are underlying sales growth, underlying operating margin, and cumulative operating cash flow for the Group, although PSP 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. PSP 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 2022 and charges during the year are given below:

	Unilever PLC shares	
	2022	2021
At 1 January	**2,662,457**	2,790,848
Awarded	**978,582**	655,642
Vested	**(292,412)**	(435,180)
Transferred	**(888,755)**	(348,852)
At 31 December	**2,459,872**	2,662,457

Shares 3+1

A global employee share plan open applicable to the 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 MCIP/Transition and Shares 3+1 in 2022 amounted to £20,261,578 (2021: £23,376,958).

The fair value of the award in 2022 was £41.82 (2021: £39.45) per PLC share, based on the market value at the year end, and the total liability as at 31 December 2022 was £41,389,418 (2021: £47,936,040).

Restricted Shares Plan

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

20. CALLED UP SHARE CAPITAL

	2022 £000	2021 £000
Allotted, called up and fully paid		
100,000,000 (2021: 100,000,000) Ordinary shares of £1 each	**100,000**	**100,000**

21. OTHER FINANCIAL COMMITMENTS

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

	2022 £000	2021 £000
Outsourcing contract commitments	**219,176**	271,415
Total other financial commitments	**219,176**	271,415
Of which due:		
- Less than one year	**113,184**	114,413
- Between one and five years	**105,992**	157,002
Total	**219,176**	271,415

22. CAPITAL COMMITMENTS

	2022 £000	2021 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**2,240**	2,488
Total	**2,240**	2,488

23. 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.

24. 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.