

Registered Number 56350

LIPTON LIMITED

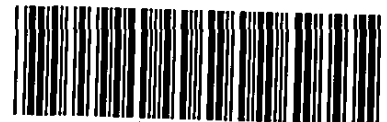
**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER
2010**

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Lipton Limited

Directors' Report for the Year ended 31 December 2010

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2010.

Directors

The Directors of the Company during the year were as follows -

Mr B K MacAuley

Mr D M S Noble

Mr D S F Smyth (Resigned on 30th June 2010)

Mr H M E R Synhaeve

Mr R T G Etman and Mr P Jeyathilak were appointed on the 2nd February 2011

Principal activities, review of business and future developments

The principal activities of the Company during the year consisted of the purchase of tea for resale in bulk on behalf of the Unilever group. Tea is a US dollar traded commodity. These activities were carried on by the Company across the globe. In all cases the profits and losses arising therefrom have been recorded in the books of the Company.

The results of the Company show a profit on ordinary activities before tax of £1,803,000 (2009 £1,140,000) and turnover of £315,835,000 (2009 £257,488,000). The turnover increase of 22.7% was driven by increases in both sales volumes and tea prices, particularly in East Africa. Sterling finished 2010 modestly lower than 2009 and, despite some fluctuation in the interim, did not have a significant impact on the performance of the Company during 2010.

During 2010, the Company reviewed its treasury operations, terminating the use of short term bank borrowing and replacing it with funds sourced through the Unilever group's global treasury pool.

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.

During the first half of 2011, the Unilever group announced a wide ranging review of its global tea procurement strategy. As part of this programme, Lipton Limited will wind down procurement of tea from East Africa during the second half of 2011. Procurement from other territories is, currently, unaffected.

As part of this reorganisation, a restructuring provision of £190,000 has been recorded by the Company in 2011, to cover personnel affected by this change.

Key Performance Indicators

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

Lipton Limited

Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to currency risks, consumption levels, physical risks, particularly those associated with the long-distance shipping of goods by sea, legislative, fiscal and regulatory conditions. 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 Unilever published Annual Report.

Many of the revenue and costs of the business are in US Dollars, with the exception of office administrative functions which are, to a significant extent, in Sterling. Fluctuations in the US dollar – Sterling exchange rate will continue to be a risk for the Company during the current period of financial uncertainty. At this stage the Company is not engaged in any forward cover of currency.

Post Balance Sheet Events

A number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

The effect of the changes enacted by Parliament on 29 March 2011 and the proposed changes in future years on the deferred tax asset provided at 31 December 2010 and the profit for the year then ended, is not disclosed as the effect would not be material.

As noted in the Principal activities, review of the business and future developments section, the Company has recorded a provision of £190,000 in 2011, following a review by the Unilever group of its global tea procurement operations.

Dividend

No dividend has been declared (2009: £Nil).

Creditor Payment Policy

The Company's policy for the payment of its suppliers is to agree the terms of payment in advance and, provided a supplier fulfils the agreement, to pay promptly in accordance 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 14 days (2009: 14 days).

Political and Charitable Donations

The Company made charitable donations amounting to £6,523 (2009: £2,492). The main charitable donations made are shown in the table below. No political contributions were made (2009: £Nil).

Riding for the Disabled, Epsom Branch	£1,500
Kasih Mandiri Foundation, Orphanage	£1,200
Cancer Research UK	£710
David Sheldrick Wildlife Trust	£500

Lipton Limited**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Lipton Limited

Statement of Provision of Information to Auditors

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

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

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

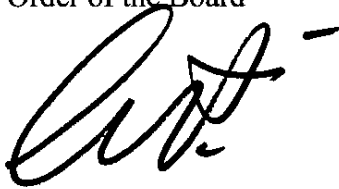
Going Concern

The Directors, having made appropriate enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to prepare the financial statements on a going concern basis

Independent Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will remain in office as auditors of the Company in accordance with the provisions of Section 487(2) of the Companies Act 2006

By Order of the Board



Duly Authorised for and on behalf of The New Hovema Limited
Company Secretary

Date: 27 JUNE 2011

Lipton Limited

Independent Auditors' Report to the Members of Lipton Limited

We have audited the financial statements of Lipton Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 3 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

Lipton Limited**Independent Auditors' Report to the Members of Lipton Limited (continued)****Matters on which we are required to report by exception**

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit



Nicholas Campbell-Lambert
(Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date. 27 JUNE 2011

Lipton Limited**Profit and Loss Account for the year ended 31 December 2010**

	<u>Notes</u>	2010 £000	2009 £000
Turnover	(1)	315,835	257,488
Cost of sales		(305,783)	(249,150)
Gross profit		10,052	8,338
Distribution costs		(2,971)	(1,557)
Administrative expenses		(4,800)	(4,627)
Operating profit	(2)	2,281	2,154
Net interest payable and similar items	(5)	(478)	(1,014)
Profit on ordinary activities before taxation		1,803	1,140
Taxation on profit on ordinary activities	(6)	(907)	(294)
Profit for the financial year		896	846

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

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

Lipton Limited**Statement of Total Recognised Gains and Losses for the year ended 31 December 2010**

	2010	2009
	£000	£000
Profit for the financial year	896	846
Currency retranslation	(41)	(72)
Total recognised gains relating to the year	<u>855</u>	<u>774</u>

Lipton Limited**Balance Sheet as at 31 December 2010**

	<u>Notes</u>	2010 £000	2009 £000
Fixed assets			
Tangible assets	(7)	39	45
Current assets			
Stocks	(8)	26,363	23,536
Debtors	(9)	58,299	52,122
Cash at bank and in hand		3	2
		<u>84,665</u>	<u>75,660</u>
Creditors: amounts falling due within one year	(10)	(79,471)	(71,326)
Net current assets		<u>5,194</u>	<u>4,334</u>
Total assets less current liabilities		5,233	4,379
Creditors: amounts falling due after more than one year	(10)	(21)	(22)
Net assets		<u>5,212</u>	<u>4,357</u>
Capital and reserves			
Called up share capital	(11)	4,250	4,250
Share premium account	(13)	361	361
Profit and loss account	(13)	601	(254)
Total shareholders' funds		<u>5,212</u>	<u>4,357</u>

The financial statements on pages 7 to 23 were approved by the Board of Directors on *27 JUNE 2011* and were signed on its behalf by



D M S Noble
Director

Registered number 56350

Lipton Limited

Principal Accounting Policies

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

Basis of preparation

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

Cash Flow Statement

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

Tangible Fixed Assets and Depreciation

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

Plant and machinery	10-15 years
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Finance costs incurred in relation to the purchase of tangible assets are not capitalised.

Current Taxation

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

Deferred Taxation

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Lipton Limited

Principal Accounting Policies (continued)

Stocks

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental payments in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Foreign Currencies

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

The balance sheets of branches in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year and the Profit and Loss Accounts are translated at the average rates of exchange for the year. Foreign exchange differences are dealt with as an adjustment to reserves.

Turnover

Turnover comprises the invoiced value of the sale of goods and services after deduction of discounts and sales taxes. Revenue is recognised when the risks and rewards of the underlying products have been substantially transferred to the customer.

Provisions

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

Pensions

The Company's eligible employees are members of the Unilever Pension Fund, a group defined benefit scheme which is funded by Company and employee contributions. The defined pension fund contributions are paid by the Company as if it were a defined contribution scheme as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. Company contributions, which normally represent the charge for the year, are determined on an actuarial basis so that the annual charge is a substantially level percentage of current and expected future pensionable payroll.

Sponsoring companies pay their contributions to Unilever UK Central Resources Limited, which accepts responsibility for contributing to the Fund and for accounting for the pension cost on their behalf.

The capital costs of unfunded retirement benefits for employees retiring before normal retiring age are paid to another group Company which accepts responsibility for payment of the benefits to former employees. The capital costs are charged to the profit and loss account in the year in which the decision to retire an employee before normal retirement age is made.

Lipton Limited**Principal accounting policies (continued)****Share Based Payments**

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

Employee Share Option Scheme

Unilever PLC grants options over its shares to eligible employees under an Employee Share Save Scheme. In order to meet this commitment shares are purchased with finance provided by Unilever PLC and are held by the Unilever Employee Share Trust (Jersey). 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.

Dividends

Final dividends are only recognised in the profit and loss account when they have been approved by the shareholders and interim dividends are only recognised when paid.

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010****(1) Turnover**

The turnover includes sales to fellow Unilever group companies of £311,995,000 (2009: £254,445,000) and represents sales at invoice value, excluding value added tax

The geographical analysis of turnover is as follows -

	2010 £000	2009 £000
Europe	125,084	115,817
Asia Pacific	78,773	59,762
Africa	50,726	36,553
Rest of World	61,252	45,356
	<u>315,835</u>	<u>257,488</u>

The Company is engaged in the purchase and sale of raw tea and, in the opinion of the Directors, does not carry on classes of business substantially different from each other. Consequently, no segmental analysis of the business is included in these accounts.

(2) Operating Profit

The operating profit is arrived at after charging the following amounts -

	2010 £000	2009 £000 (Restated)
Depreciation		
- on owned tangible fixed assets	6	6
Staff costs (note 4)	664	614
Operating lease expenditure	11	11
Auditors' remuneration		
- audit services	12	20
- non audit services	10	6

(3) Directors' Emoluments

No remuneration was received by the Directors from the Company (2009: £Nil). They are employed by other Unilever group companies and are remunerated by those companies in respect of their services to the group as a whole.

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(4) Employee Information**

The monthly average number of persons employed by the Company during the year is analysed below

	2010 Number	2009 Number (Restated)
United Kingdom	13	13
Total	<u>13</u>	<u>13</u>

	2010 £000	2009 £000 (Restated)
Staff Costs		
Wages and salaries	517	500
Social security costs	42	45
Pension costs	105	76
Share based payments	-	(7)
Total	<u>664</u>	<u>614</u>

The 2009 employee numbers and total staff costs have been restated from the previously published figures of 16 and £1,181k respectively. This is because the 2009 figures incorrectly included certain directors and staff who are not directly employed by the Company.

(5) Interest payable and similar items

	2010 £000	2009 £000
Interest receivable on amounts due from Unilever group undertakings	16	52
Total interest receivable and similar income	<u>16</u>	<u>52</u>
Interest payable on loans due to Unilever group undertakings	(36)	-
Interest payable on loans from third parties	(458)	(1,066)
Net interest payable and similar items	<u>(478)</u>	<u>(1,014)</u>

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(6) Taxation on profit on ordinary activities**

The charge for taxation is made up as follows

	2010		2009	
	£000	£000	£000	£000
On profit for the year				
Current tax:				
UK corporation tax	(635)		(293)	
Adjustments for prior years	<u>(282)</u>		<u>(29)</u>	
Total UK taxation		<u>(917)</u>		<u>(322)</u>
Total current taxation		(917)		(322)
Deferred tax:				
Deferred taxation	15		(8)	
Adjustments for prior years	<u>(4)</u>		<u>36</u>	
Total deferred taxation		<u>10</u>		<u>28</u>
Total taxation charge		<u>(907)</u>		<u>(294)</u>

The current tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK (28%) (2009, 28%) The differences are explained below:

	2010	2009
	£000	£000
Profit on ordinary activities before tax	1,803	1,140
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2009 – 28%)	<u>(505)</u>	<u>(319)</u>
Effects of		
Permanent differences	(114)	17
Capital allowances lower than depreciation	(2)	(2)
Short term timing differences	(14)	10
Adjustments to tax in respect of prior years	(282)	(29)
Adjustments in respect of foreign tax rates	<u>-</u>	<u>1</u>
Current tax charge for the year	<u>(917)</u>	<u>(322)</u>

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(7) Tangible Fixed Assets**

	<u>Plant and Machinery</u> £000
Cost	
At 1 January 2010	82
At 31 December 2010	<u>82</u>
Accumulated depreciation	
1 January 2010	37
Depreciation charge for the year	6
At 31 December 2010	<u>43</u>
Net Book Value	
At 31 December 2010	<u>39</u>
At 31 December 2009	<u>45</u>

(8) Stocks

	2010 £000	2009 £000
Raw materials in transit	18,199	17,972
Raw materials and consumables	8,164	5,564
Total stocks	<u>26,363</u>	<u>23,536</u>

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(9) Debtors**

	2010 £000	2009 £000
Amounts due within one year		
Trade debtors	590	684
Amounts due from Unilever group undertakings	56,824	51,036
Prepayments and accrued income	764	291
Deferred taxation (see below)	121	111
Total debtors	58,299	52,122

Amounts due from Unilever group undertakings include balances due from Unilever UK Central Resources Limited which are interest bearing at monthly LIBOR and are unsecured.

The movement in deferred tax assets is as follows

	<u>Deferred Taxation</u> £000
At 1 January 2010	111
Credited to Profit and Loss	10
At 31 December 2010	121

The deferred tax asset is made up as follows -

	2010 £000	2009 £000
Accelerated capital allowances	70	70
Short term timing differences	51	41
	121	111

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

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(10) Creditors**

	2010 £000	2009 £000
Amounts falling due within one year		
Bank loans – promissory notes	-	57,219
Trade creditors	11,767	9,886
Amounts due to Unilever group undertakings	65,426	2,954
Corporation Tax	790	170
Accruals and deferred income	1,488	1,097
Total	<u>79,471</u>	<u>71,326</u>
Amounts falling due after more than one year		
Accruals and deferred income	21	22
Total	<u>21</u>	<u>22</u>

Amounts due to Unilever group undertakings include balances with Unilever Finance International BV which are interest bearing at monthly LIBOR and are unsecured

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(11) Called up Share Capital**

	2010 £000	2009 £000
Authorised, allotted, called up and fully paid		
4,250 ordinary shares of 10p each	-	-
4,250,000 deferred ordinary shares of £1 each	4,250	4,250
	<u>4,250</u>	<u>4,250</u>

The rights of the deferred shares are as follows

(1) the profits which the Company may determine to distribute in respect of any financial year shall be applied first in paying to the holders of the Ordinary and Deferred Shares pari passu a dividend of up to 5 per cent per annum and the balance of the said profits shall be paid to the holders of Ordinary Shares

(2) on a winding up the assets available for distribution among the members shall be applied first in repaying to the holders of the Ordinary Shares the sum of 10p for each Ordinary Share held by them, second in repaying the holders of the Deferred Shares the sum of £1 each Deferred Share held by them, and any balance of such assets then remaining shall belong to the holders of Ordinary Shares

(3) save as provided above the holders of the Deferred Shares shall not be entitled to any participation in the profits or assets of the Company

(4) the holders of the Deferred Shares shall not be entitled to attend or vote at any general meeting of the Company by virtue of or in respect of their holdings of Deferred Shares

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(12) Share Based Payments**

As at 31 December 2010, the Company had the following share-based compensation plans

- (1) **Employee Share Option Scheme:** Unilever PLC grants options over its shares to eligible employees under an Employee Share Save Scheme. In order to meet this commitment shares are purchased with finance provided by Unilever PLC and are held by the Unilever Employee Share Trust (Jersey). 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 Unilever Employee Share Trust (Jersey) is not subject to Financial Reporting Standard 20 'share-based payment' and relevant disclosures are made in Unilever PLC as the sponsoring Company.
- (2) **Global Performance Share Plans (GPSP):** This plan was introduced in 2005 and under this plan the Company awards conditional shares to managers which will vest three years later at a level between 0% and 150% (for middle management) or 200% (for senior executives) depending on Unilever's achievement of set targets for underlying sales growth and ungeared free cash flow over the three year performance period.

Under the GPSP, the employees of the Company are granted an award of the parent's shares by the Company itself. Therefore, these options are accounted for as cash settled share based payments under FRS 20 "share-based payment". For these cash settled share based payments, the fair value of the liability is determined at each balance sheet date and the charge recognised through the profit and loss account over the period in which the related services are provided by the employees.

A summary of the status of the GPSP as at 31 December 2010 and changes during the year are given below.

	<u>2010</u> Unilever PLC shares	<u>2010</u> Unilever NV shares	<u>2009</u> Unilever PLC shares	<u>2009</u> Unilever NV shares
At 1 January 2010	25	-	689	-
Awarded	13	-	-	-
Vested	(38)	-	(171)	-
Forfeited	-	-	(493)	-
At 31 December 2010	-	-	25	-

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)**

The charge to the profit and loss account for GPSP amounted to £275 (2009 credit of £6,918). The fair value of the award was £19 90 (2009 £19 94) per Unilever PLC share, based on the market value at the year end, and the total liability at 31 December 2010 was nil (2009 £462)

(13) Reconciliation of movements in Total Shareholders' Funds

	2010 £000	2009 £000
Profit for the financial year	896	846
Currency retranslation	(41)	(72)
Net addition to shareholders' funds	855	774
Opening shareholders' funds	4,357	3,583
Closing shareholders' funds	5,212	4,357

Reserves

	<u>Share Premium Account</u> £000	<u>Profit and Loss Account</u> £000	<u>Total</u> £000
At 1 January 2010	361	(254)	107
Profit for the financial year	-	896	896
Currency retranslation	-	(41)	(41)
At 31 December 2010	361	601	962

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)****(14) Lease Commitments**

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

	2010 £000	2009 £000
In respect of motor vehicles, on leases expiring -		
Within 2 to 5 years	11	11
	<u>11</u>	<u>11</u>

(15) Related Party Transactions and Ultimate Parent Company

The ultimate parent company and controlling party is Unilever PLC and the immediate holding company is Unilever U K Holdings Limited. The Company has not disclosed transactions with fellow, wholly owned subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard 8 as the ultimate parent company produces publicly available consolidated accounts. These accounts are both the smallest and largest group to consolidate these financial statements. Copies of Unilever group accounts can be publicly obtained from Unilever PLC, Corporate Relations Department, 100 Victoria Embankment, London EC4Y 0DY.

Under the terms of Financial Reporting Standard 8 it is required to disclose transactions with fellow subsidiaries that are not wholly owned by the Unilever group. The following transactions and balances with fellow subsidiaries are in the normal course of business.

	Amounts due from related party	Amounts due to related party	Sales to related party	Purchases from related party
	2010 £000	2010 £000	2010 £000	2010 £000
Unilever Pakistan	9,291	-	53,832	-
Unilever Tea Kenya Ltd	-	2,017	-	31,718
Unilever Mashreq Tea	8,282	-	35,082	-
Other Unilever group companies	8,609	14	30,231	1,304

Lipton Limited**Notes to the Accounts for the year ended 31 December 2010 (continued)**

The sales to other Unilever group companies and the purchases from Unilever Tea Kenya Limited relate to sales and purchases of tea in the normal course of business. The purchases from other group companies are in relation to recharged office costs from Unilever Hindustan (£503,000) and PT Unilever Indonesia (£801,000)

	Amounts due from related party 2009 £000	Amounts due to related party 2009 £000	Sales to related party 2009 £000	Purchases from related party 2009 £000
Unilever Pakistan	3,604	-	40,683	-
Unilever Tea Kenya Ltd	20	2,105	-	19,196
Unilever Mashreq Tea	5,863	-	23,785	-
Other Unilever group companies	5,962	-	19,769	967

The sales to other Unilever group companies and the purchases from Unilever Tea Kenya Limited relate to sales and purchases of tea in the normal course of business. The purchases from other group companies are in relation to recharged office costs from Unilever Hindustan (£293,000) and PT Unilever Indonesia (£674,000)

(16) Post Balance Sheet Events

A number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

The effect of the changes enacted by Parliament on 29 March 2011 and the proposed changes in future years on the deferred tax asset provided at 31 December 2010 and the profit for the year then ended, is not disclosed as the effect would not be material.

As noted in the Directors' Report, the Company has recorded a provision of £190,000 in 2011, following a review by the Unilever group of its global tea procurement operations