

Registered Number: 56350

LIPTON LIMITED

REPORT AND ACCOUNTS 2001

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Registered Number : 56350

Lipton Limited

Directors' Report for the Year ended 31 December 2001

Directors

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

Mr M A Precious
Mr A D Morrison
Mr J W Wotherspoon

Review of Activities

There was no significant change in the principal activities of the Company which consisted of the purchase of tea for resale in bulk and the sale of blended tea for export. These activities were carried on by this Company and its branch in Kenya and offices in Indonesia and China, either as Agent or Principal, but in all cases the profits and losses arising therefrom have been recorded in the books of this Company.

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 were satisfactory. The Directors do not expect any development in the Company's business in 2002 significantly different from its present activities.

Profits and Dividend

The profit for the year is £418,000 (2000 - £1,370,000). A dividend of £1,000,000 (2000 - £1,000,000) has been declared out of reserves.

Lipton Limited

Tangible Fixed Assets

The Company's land and buildings are used for productive and distributive activities and 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 material.

Directors' Interests

According to the Register of Directors' Interests, the notifiable interests of the Directors in office at 31 December 2001, in the share capital of the Company's ultimate holding company, Unilever PLC, were as follows :-

	<u>Unilever PLC</u>	<u>At 1.1.2001</u> (1.4p shares)	<u>At 31.12.2001</u> (1.4p shares)
Mr A D Morrison	Ordinary shares	Nil	1,352
Mr M A Precious	Ordinary shares	7,740	4,702
Mr J W Wotherspoon	Ordinary shares	8,108	8,942

Options to acquire the number of Unilever PLC Ordinary shares listed below were granted, exercised and held as follows:

		<u>At 1.1.2001</u>	<u>Granted</u>	<u>Exercised/ Lapsed</u>	<u>At 31.12.2001</u>
Mr A D Morrison	(a)	5,500	Nil	Nil	5,500
Mr M A Precious	(b)	3,970	Nil	Nil	3,970
Mr J W Wotherspoon	(a)	Nil	6,188	Nil	6,188
	(b)	4,376	Nil	Nil	4,376

(a) under the Unilever 1985 and 1997 Executive Share Option Schemes and subject to the Rules of those Schemes.

(b) under the Unilever PLC 1985 Sharesave Scheme and subject to the Rules of that Scheme.

Lipton Limited

The Directors, in common with all employees of Unilever PLC and its UK subsidiaries, have a beneficial interest in the undermentioned Unilever PLC ordinary shares acquired by the Unilever Employee Share Trusts for the purpose of satisfying share options granted to employees.

	<u>At 1.1.2001</u>	<u>At 31.12.2001</u>
The directors	40,194,091	41,531,145

Employee Involvement

A further invitation was made to eligible employees of the Company to participate in the Unilever PLC Sharesave Scheme under which further options were granted in June 2001.

Creditor Payment Policy

The company complies with the Better Payment Practice Code of the Better Payment Practice Group, a successor code to the Prompt Payment Code of the Confederation of British Industry. It continues to be the company's policy to follow the Code in respect of all suppliers. Copies of the Code may be obtained from the Department of Trade and Industry.

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 76 days.

Auditors

PricewaterhouseCoopers will remain in office as auditors of the Company in accordance with the provisions of Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



10 JUN 2002

Date : 2002

B S Macauley
Secretary

Lipton Limited

Statement of Directors' Responsibilities
for preparing the Accounts

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and total recognised gains or losses of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed, subject to the departure from SSAP 15 disclosed in the statement of principal accounting policies and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They also have a 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.

By Order of the Board



B S Macaulay
Secretary

Date **10 JUN 2002**

Lipton Limited

Independent Auditors' Report to the Members

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention and the accounting policies set out in pages 9 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report and Accounts. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Lipton Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

10 June

2002

Lipton Limited

Profit and Loss Account – Year ended 31 December

	<u>Notes</u>	2001 £000	2000 £000
Turnover	(1)	136,574	153,951
Cost of sales		(126,968)	(143,109)
Gross profit		9,606	10,842
Distribution costs		(3,523)	(2,938)
Administrative expenses		(4,746)	(4,938)
Operating profit	(2)	1,337	2,966
Interest and similar charges	(3)	—(362)	—(865)
Profit on ordinary activities before taxation		975	2,101
Taxation on profit on ordinary activities	(4)	—(557)	—(731)
Profit for the financial year		418	1,370
Dividends paid or proposed		(1,000)	(1,000)
Retained (loss)/profit for the year		(582)	370
Profit retained 1 January		2,303	1,916
Currency retranslation		—17	—17
Profit retained 31 December	(14)	1,738	2,303

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

There is no difference between the profit on ordinary activities before taxation and the retained loss/profit for the year stated above, and their historical cost equivalents.

Statement of total recognised gains and losses

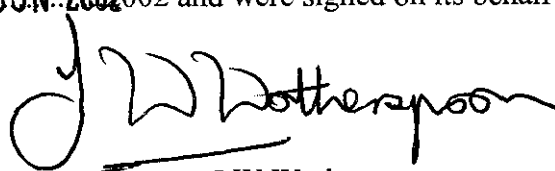
	2001 £000	2000 £000
(Loss)/profit for the financial year	(582)	370
Currency retranslation	—17	—17
Total recognised (losses)/gains relating to the year	(565)	387

Lipton Limited

Balance Sheet - 31 December

	<u>Notes</u>	2001 £000	2000 £000
Fixed assets			
Tangible assets	(7)	684	665
Investments	(8)	<u>24</u>	<u>24</u>
		<u>708</u>	<u>689</u>
Current assets			
Stocks	(9)	14,628	17,718
Debtors	(10)	13,912	8,520
Indebtedness with parent company's central services subsidiary		3,170	-
Cash at bank and in hand		<u>1,087</u>	<u>909</u>
		32,797	27,147
Creditors : amounts falling due within one year	(11)	(26,765)	(16,656)
Net current assets		<u>6,032</u>	<u>10,491</u>
Total assets less current liabilities		6,740	11,180
Creditors: amounts falling due after more than one year			
Indebtedness with parent company's central services subsidiary		-	(4,003)
Provisions for liabilities and charges	(12)	(391)	(263)
Net Assets		<u>6,349</u>	<u>6,914</u>
Capital and reserves			
Called up share capital	(13)	4,250	4,250
Share premium account	(14)	361	361
Profit and loss account	(14)	1,738	2,303
Shareholders' funds		<u>6,349</u>	<u>6,914</u>
Attributable to:			
Equity Shareholders' funds		2,099	2,664
Non-equity Shareholders' funds		<u>4,250</u>	<u>4,250</u>
		<u>6,349</u>	<u>6,914</u>

The financial statements on pages 7 to 19 were approved by the Board of Directors on
10 JUN 2002 and were signed on its behalf by :


J W Wotherspoon
Director

Registered Number : 56350

Lipton Limited

Principal Accounting Policies

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, except that full provision has been made for deferred taxation liabilities for the reasons explained below.

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 S228 of the Companies Act 1985 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.

The company is a wholly owned subsidiary of Unilever PLC and its cash flows are included in the consolidated cash flow statement of Unilever PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement.

Tangible Fixed Assets : The cost of tangible fixed assets is their 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 expected economic lives of the assets concerned.

Leasehold land and buildings (* or life of lease if less than 40 years)	*40 years
Plant and machinery	10-15 years
Motor vehicles	4 years
Computer equipment	3 years

Deferred Taxation : Provision is made for deferred taxation on all timing differences.

This policy differs from Statement of Standard Accounting Practice No 15 ("SSAP 15") which requires that no provision should be made for deferred taxation when it is probable, based on reasonable assumptions, that a liability will not crystallise. The directors have varied from the requirements of SSAP 15 in order to achieve consistency with the consolidated accounts of Unilever PLC, where full provision is made for deferred taxation in accordance with Dutch law as currently applied. The policy complies with FRS 19 which is applicable for accounting periods ending after 23 January 2002.

Future capital expenditure forecasts are generally determined on a group basis and the directors are therefore unable to calculate the effect of this departure from SSAP 15. The effects of the departure for the Unilever group as a whole are disclosed in the consolidated accounts of Unilever PLC.

Lipton Limited

Stocks : Stocks are stated at the lower of cost and net realisable value. Cost is determined on a specific basis and includes direct expenditure and an appropriate proportion of overheads.

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 covered rates where appropriate. Assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange current at the year end, and profits/losses are taken through the Profit and Loss Account of the year.

Assets and liabilities of branches in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign branches are translated at the average rate of exchange for the year.

Differences on exchange arising from retranslation of the opening net investment in branches, and from the translation of the results of those branches at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

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. 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. The level of contributions is assessed on the advice of qualified actuaries who are employees of the Unilever Group.

Details of recent actuarial valuations of the Unilever Pension Fund are set out in the annual accounts of Unilever UK Central Resources Limited, which indicate that the fund was in surplus at the balance sheet date. The accounting effects of amortisation of this surplus over the estimated service lives of the employees in the scheme are dealt with in the accounts of Unilever UK Central Resources Limited in respect of all sponsoring companies.

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.

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 and 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 interest cost of holding the shares and of the difference between the purchase price of shares and the price at which the related options are exercised. The rights to receive dividends on shares held by the Trusts have been waived.

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Notes to the Accounts - 31 December 2001

(1) Turnover

The turnover includes group sales of £132,340,000 (2000 £145,867,000) and represents sales at invoiced value, excluding value added tax.

The geographical analysis of turnover is as follows: -

	2001 £000	2000 £000
United Kingdom	59,474	66,089
EC Countries (excluding UK)	3,982	1,986
Other European countries	7,110	6,728
North America	2,944	2,956
South America	236	232
Africa	12,462	13,003
Asia and Australia	50,366	62,957
	<u>136,574</u>	<u>153,951</u>

(2) Operating Profit

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

	2001 £000	2000 £000
Depreciation		
- on owned tangible fixed assets	146	157
Operating lease expenditure		
- other tangible assets	95	98
Auditors' remuneration	21	20
Auditors' remuneration for non audit services	10	10
Operating exceptional items - restructuring	246	-
	<u> </u>	<u> </u>

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(3) Interest and Similar Charges

	2001 £000	2000 £000
Interest payable on loans from group undertakings	(143)	(284)
Interest on loans from third parties	(219)	(581)
Total interest payable and similar charges	<u>(362)</u>	<u>(865)</u>
Total	<u><u>(362)</u></u>	<u><u>(865)</u></u>

Interest payable on borrowings, the final repayment of which will be made within 5 years, amounted to £362,000.

(4) Taxation on Profit on Ordinary Activities

The charge for taxation is made up as follows :-

	2001 £000	2000 £000
On the profit of the years :-		
United Kingdom Corporation Tax at 30% (2000 - 30%)	(270)	(670)
Foreign Taxation	(517)	(473)
Double Taxation Relief	270	378
Deferred Taxation	(40)	(14)
	<u>(557)</u>	<u>(779)</u>

Prior year items :-

United Kingdom Corporation Tax	-	-
Deferred Taxation	-	48
	<u>(557)</u>	<u>(731)</u>

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(5) Directors' Emoluments

The aggregate directors' emoluments amount to £71,190 (2000 - £ 62,800) and relate to one director paid by the company.

The other directors, including the Chairman, are employed as managers by Unilever UK Central Resources Limited and they are remunerated by that company in respect of their services to the group as a whole. Unilever UK Central Resources Limited charges the company for management and other services.

(6) Employee Information

The average number of persons employed by the company during the year is analysed below :

	2001	2000
United Kingdom	47	44
Africa	35	39
China	1	1
Total	<u>83</u>	<u>84</u>

	2001 £000	2000 £000
Staff Costs		
Wages and salaries	2,958	2,606
Social security costs	129	154
Pension costs - group scheme	<u>6</u>	<u>7</u>
	<u>3,093</u>	<u>2,767</u>

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(7) Tangible Fixed Assets

	<u>Land and Buildings</u>	<u>Plant and Machinery</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£000	£000	£000	£000
Gross Book Value				
At 1 January	26	1,036	109	1,171
Additions at cost	-	117	44	161
Disposals	-	(127)	(13)	(140)
Exchange adjustments	<u>1</u>	<u>4</u>	<u>2</u>	<u>7</u>
At 31 December	<u>27</u>	<u>1,030</u>	<u>142</u>	<u>1,199</u>
	=====	=====	=====	=====
Depreciation				
1 January	4	453	49	506
Depreciation charge for the year	1	119	26	146
Disposals	-	(127)	(13)	(140)
Exchange adjustments	<u>-</u>	<u>2</u>	<u>1</u>	<u>3</u>
At 31 December	<u>5</u>	<u>447</u>	<u>63</u>	<u>515</u>
	=====	=====	=====	=====
Net book value				
At 31 December 2001	<u>22</u>	<u>583</u>	<u>79</u>	<u>684</u>
	=====	=====	=====	=====
At 1 January 2001	<u>22</u>	<u>583</u>	<u>60</u>	<u>665</u>
	=====	=====	=====	=====

The net book amount of land and buildings comprises :

	2001 £000	2000 £000
Buildings	<u>22</u>	<u>22</u>
	=====	=====

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(8) Fixed Assets - Investments

	Cost/Valuation <u>1 Jan</u> £000	<u>Disposals</u> £000	Cost/Valuation <u>31 Dec</u> £000
Group Undertakings:			
Shares	24	-	24
	<u>24</u>	<u> </u>	<u>24</u>
	=====	=====	=====

There are no investments in listed shares.

Investment in Group Undertakings

The investments are in subsidiary undertakings of the company. Their names together with their country of incorporation/registration are listed below. A description of the shares and the proportion held is also shown below :

<u>Name of Company and Country of Incorporation/Registration</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares held and of Voting Rights</u>	<u>Principal Activity</u>
R.O. Mennell & Co Ltd England & Wales	50,000 ordinary shares of 10p each	100%	Tea Trading
	5,000 ordinary shares of £1 each	100%	
Haines & Company (London) Ltd England & Wales	3,000 ordinary shares of £1 each	100%	Private Tea Broking

In the opinion of the directors, the value of the investments in subsidiary undertakings, consisting of shares and amounts owing, is not less than the amount at which the investments are stated in the balance sheet.

(9) Stocks

	2001 £000	2000 £000
Raw Materials and consumables	14,628	17,718
	=====	=====

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(10) Debtors

	2001 £000	2000 £000
Amounts due within one year		
Trade debtors	1,310	1,362
Amounts owed by group undertakings	12,061	6,885
Taxation on profits	139	-
Other debtors	283	105
Prepayments and accrued income	5	9
Deferred taxation (see below)	79	119
	<u>13,877</u>	<u>8,480</u>
Amounts due after more than one year		
Other debtors	35	40
	<u> </u>	<u> </u>
Total debtors	<u>13,912</u>	<u>8,520</u>

The movement in deferred taxation is as follows:

	Deferred Taxation £000
At 1 January 2001	119
Charged to profit and loss	(40)
At 31 December 2001	<u>79</u>

The deferred tax asset is made up as follows :-

	2001 £000	2000 £000
Accelerated capital allowances	(35)	(23)
Short term timing differences	114	142
	<u>79</u>	<u>119</u>

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(11) Creditors

	2001 £000	2000 £000
Amounts due within one year		
Bank loans and overdrafts	300	5,358
Trade creditors	22,911	936
Amounts owed to group undertakings	580	7,905
Taxation on profits	-	249
Other creditors	24	21
Proposed dividend	1,000	1,000
Accruals and deferred income	1,950	1,187
	<u>26,765</u>	<u>16,656</u>

(12) Provisions for Liabilities and Charges

	<u>Restructuring</u> £000	<u>Others</u> £000	<u>Total</u> £000
At 1 January	203	60	263
Charged to Profit and Loss	263	-	263
Write back of earlier provisions	(99)	-	(99)
Utilisation	(36)	-	(36)
At 31 December	<u>331</u>	<u>60</u>	<u>391</u>

(13) Called Up Share Capital

	2001 £000	2000 £000
Authorised, allotted, called up and fully paid		
<u>Equity:</u> 4,250 ordinary shares of 10p each	-	-
<u>Non Equity:</u> 4,250,000 Deferred Ordinary Shares of £1 each	<u>4,250</u>	<u>4,250</u>
	<u>4,250</u>	<u>4,250</u>

The rights of the non-equity 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.

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- (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.

(14) Reconciliation of Movements in Shareholders' Funds

	2001 £000	2000 £000
Profit for the financial year	418	1,370
Dividends	(1,000)	(1,000)
	(582)	370
Other recognised gains	17	17
Net (reduction)/addition	(565)	387
Opening shareholders' funds	6,914	6,527
Closing shareholders' funds	<u>6,349</u>	<u>6,914</u>

Reserves

	Share Premium Account	Profit and Loss Account	Total
	£000	£000	£000
At 1.1.2001	361	2,303	2,664
Transfer from profit and loss	-	(582)	(582)
Currency retranslation	-	17	17
At 31.12.2001	<u>361</u>	<u>1,738</u>	<u>2,099</u>

Lipton Limited

(15) Lease Commitments

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

	2001 £000	2000 £000
in respect of other assets, on leases expiring :-		
Within 1 year	15	10
After 1 and within 5 years	40	75

(16) Related Party Transactions

The ultimate parent company is Unilever PLC and the immediate holding company is Unilever UK Holdings Limited. The company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8. Copies of Unilever group accounts can be obtained from Unilever PLC, Corporate Relations Department, P O Box 68, Blackfriars, London EC4P 4BQ.