Unilever UK Pension Fund

Sixth Report and Statement of Accounts
For the year ended 31 March 2006

Contents

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Established under a definitive Trust Deed dated 31 January 2000

Sixth Report and Statement of Accounts

For the year ended 31 March 2006

Scheme Details

The Unilever UK Pension Fund (UUKPF), which was established under a definitive Trust Deed dated 31 January 2000, provides pensions and lump sums to members on their retirement and to their spouses, children and dependants, in the event of their death before or after retirement. The Principal Company is Unilever PLC. The name of the scheme changed from the Unilever Pension Fund to the Unilever UK Pension Fund (the 'Fund') from 1 April 2005.

The Trustee of the Fund is a trustee company, Unilever UK Pension Fund Trustees Limited. The name of the trustee company changed from Unilever Pension Fund Trustees Limited on 19 July 2005. The power to remove the Trustee and to appoint a new Trustee or additional Trustees is vested jointly in Unilever PLC and Unilever UK Pension Fund Trustees Limited. Unilever UK Pension Fund Trustees Limited has a Board of 14 Directors of whom seven, including the Chairman, are appointed by Unilever PLC, six are elected by employee delegates and one is elected by eligible pensioners. In addition, there are six Substitute Directors elected by employee delegates and two Substitute Directors elected by eligible pensioners. Elected Directors and Substitute Directors hold office for a term of four years.

Elections for the Directors and Substitute Directors for the South and East area were held at the Delegates' Conference in March 2006. Elections for the Directors and Substitute Directors for the North and West area are scheduled to be held at the Delegates' Conference in 2008. Elections for the Pensioner Director and Substitute Pensioner Directors are scheduled to be held in December 2008.

Throughout this report, references to 'the Trustees' mean the Directors of Unilever UK Pension Fund Trustees Limited.

Certain of the Trustees' powers of investment of the assets of the Fund are exercised on behalf of the Trustees by the Investment Committee, which was established by resolution of the Trustees dated 31 March 2000, as subsequently amended. However, the Trustees retain full responsibility for the investments and reserve certain investment matters for decision by themselves.

Value of investments 1997 – 2006
as at 31 March 2006

1997 – 2000 Unilever Superannuation Fund
2001 – 2006 Unilever UK Pension Fund

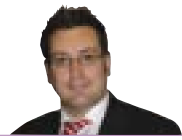
Trustees and Advisors

as at 31 March 2006

Directors of Unilever UK Pension Fund Trustees Limited

[1]Appointed by Unilever PLC
[2]Elected by employee delegates
[3]Elected by eligible pensioners


Gavin Neath (Chairman)[1]


James Barnes[1]


Roger Bevan[2]


Richard Clark[3]


Steve Cutting[2]


Richie Furlong[1]


David Ivison[2]


David Jones[2]


Wendy Mayall[1]


Jimmy McGovern[1]


Mike Samuel[1]


David Saunders[2]


Mark Shadrack[1]


Terry Thomas[2]

Fund Secretary

Andrew Rowell

Investment Committee of the Trustees

as at 31 March 2006

Wendy Mayall (Chairman)

Nigel Biggs

Neil Cross

David Jones

Philip Lambert

Jimmy McGovern

Michael Normington (Secretary)

John Wilcock resigned as Secretary to the Investment Committee on 2 March 2006.

Philip Lambert resigned from the Investment Committee on 30 April 2006.

Investment managers

Aberdeen Asset Management Limited (formerly Deutsche Asset Management Limited)

Barclays Global Investors Limited

Capital International Limited

CB Richard Ellis Investors Limited

Fidelity Pensions Management (to 14 March 2006)

Goldman Sachs Asset Management International

Legal & General Assurance (Pensions Management) Limited

Northern Trust Luxembourg Management Company SA (appointed 21 November 2005)

Pantheon Ventures Limited

PPM Ventures Limited

Prudential M&G Investment Management Limited

Custodian

The Northern Trust Company

Administration

Administration of the Fund benefits is carried out by a combination of:

Unilever UK Pensions

Nigel Biggs (Head of UK Pensions)

Kim Northwood (Service Delivery Manager)

Andrew Rowell (Fund Secretary/ Benefits & Compliance Manager)

Michael Normington (Financial Controller)

Non member-specific enquiries should be addressed to:

Unilever UK Pensions
Walton Court
Station Avenue
Walton-on-Thames
Surrey KT12 1UP

Hewitt Bacon and Woodrow Limited

Non-active member-specific enquiries should be addressed to:

Unilever Pensions Team
Hewitt Bacon and Woodrow Limited
6 More London Place
London SE1 2DA

Active member-specific enquiries should be made via the Unilever UK Peoplelink Service Desk - 01932 261000.

Scheme Actuary

Richard Whitelam FIA
(Hewitt Bacon & Woodrow)

Scheme Auditor

PricewaterhouseCoopers LLP

Solicitors

Slaughter and May

Travers Smith

Schiff Hardin LLP
(appointed 18 November 2005)

Cravath, Swaine & Moore LLP
(appointed 18 November 2005)

Elvinger, Hoss & Prussen
(appointed 24 November 2005)

Investment consultants

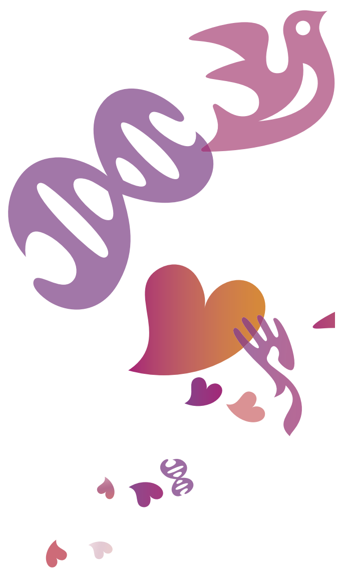
Frank Russell Company

Hewitt Bacon & Woodrow Limited

Mercer Human Resources Consulting Limited
(appointed 24 November 2005)

Bankers

HSBC Bank plc



Trustees' Report

Review of the Fund year

External Matters

The 2005/06 Fund year was a busy period for the Trustees. In particular, aside from the actuarial valuation and investment issues covered elsewhere in this report, the year was dominated by legislative developments and requirements arising from the 2004 Finance and Pensions Acts.

The 2004 Finance Act introduced an entirely new pension regime for all tax-approved pension arrangements from 6 April 2006, the date referred to as 'A-Day'. Particular issues which were discussed and/or gave rise to changes to the operation of the Unilever UK Pension Fund were as follows:

- The introduction of a Lifetime Allowance and Annual Allowance for tax-efficient pension saving
- Dealing with 'wrong shape' benefits under the new tax regime which could give rise to additional tax charges, and
- Taking advantage of new rules which generally increase the amount of pension that can be converted to provide a tax-free cash sum.

The 2004 Pensions Act introduced a new regulatory regime for occupational pensions in the UK. It launched a new Pensions Regulator which operates on a different, more proactive, basis than its predecessor (the Occupational Pensions Regulatory Authority). The new regime places higher demands on trustees of occupational pension schemes. As a result of this, the Fund's Trustees were all given additional training and spent time ensuring that arrangements were in hand for them to meet the new Trustee Knowledge and Understanding (TKU) requirements. In addition, new procedures were introduced to ensure that all those involved with the running of the Unilever UK Pension Fund report any Notifiable Events or 'whistleblowing' situations to the Pensions Regulator. The Trustees also received information on the forthcoming new rules regarding the appointment of member-nominated trustees and disclosure requirements.

The start of the Fund year also saw the establishment of the Pension Protection Fund (PPF) to provide a safety net (ie. a minimum level of benefits) for under-funded schemes where the sponsoring company goes into liquidation. The PPF is financed by levies on ongoing defined-benefit occupational pension schemes. For 2005/06 the PPF levy was based on a scheme's membership size, and for the UUKPF amounted to £1.18 million. This accounts for the majority of the increase in Fund expenses detailed on page 19. The levy in subsequent Fund years is risk-based, ie. it is set based on the PPF's view as to the strength of the pension scheme.

Internal Matters

During the year, the Trustees also undertook a review of their governance framework. As a result of that review, it was decided to establish three ongoing sub-committees:

- A Governance Committee
- An Operation and Benefits Committee
- An Investment and Finance Committee (an extension of the current Investment Committee).

These committees will be fully established during the current 2006/07 Fund year.

The Trustees also developed procedures for dealing with potential conflicts of interest and established enhanced working arrangements with the company.

The year was also a busy period for the administration of the UUKPF with, amongst other things, the consolidation of active members' benefits administration, outsourced to Hewitt in 2005. During the year, the company agreed to settle a large number of claims for the backdating of pension membership in respect of part-time employees, via the Fund. The first settlement offers were issued at the start of the 2006/07 Fund year. In addition, following the completion of the actuarial valuation, the Trustees have been undertaking a review with the Scheme Actuary of the actuarial factors used in the Fund's administration.

Conduct of Trustees' Business

The Trustees hold quarterly meetings to conduct the business of the Fund, which include reviewing the performance of the Fund's assets. In 2005, additional meetings were held in October and November to consider, among other things, the company's proposal for the funding of the UUKPF.

The Trustees also hold two strategic planning meetings each year, which the Substitute Trustees are invited to attend.

Changes to the Board of Trustees

Malcolm Colbeck resigned as a Trustee on 27 September 2005. David Ivison, as the first Substitute Trustee, was therefore appointed to the full Board of Trustees on 28 September 2005. Peter Rowley was co-opted as a Substitute Trustee to replace David Ivison on 1 November 2005.

Alan Cornish resigned as a Trustee on 30 June 2005. Terry Thomas, as the Substitute Trustee, was therefore appointed to the full Board on 1 July 2005. David Heath was co-opted as a Substitute Trustee to replace Terry Thomas on 1 November 2005.

Trevor Hoy resigned as a Substitute Trustee on 31 May 2005 and John Orrick was co-opted to replace him on 20 October 2005.

The term of office for the South and East delegate Trustees came to an end in March 2006 and elections were held at the March Delegates' Conference. David Saunders, David Jones and Terry Thomas were re-elected as Trustees and David Heath and Ian Burns were re-elected as Substitute Trustees. John Orrick's term of office ceased and David Bloomfield was elected as a Substitute Trustee.

Tonia Lovell and Steve Bolton resigned as Trustees on 5 October 2005 and Mark Shadrack and James Barnes were appointed as Trustees by the company on 5 October 2005.

There were no other changes to the Trustees or Substitute Trustees during the year. A full list of the Trustees and Substitute Trustees in office on 31 March 2006 appears in the Compliance Statement on page 27 of this report.

Delegates' Conference

The annual Delegates' Conference was held in Birmingham on 15-16 March 2006. Around 40 delegates attended, along with certain company-appointed Trustees, the pensioner-elected Trustee and Substitute Trustees, certain HR representatives and the Unilever UK Pensions management team.

Richie Furlong, a company-appointed Trustee, chaired the first day of the conference. He opened by explaining that the main themes of the conference would be:

- greater engagement on pensions matters
- new legislation issues, and
- communication with members.

Nigel Biggs, Head of Unilever UK Pensions, followed by providing an overview of the current pensions environment and developments in relation to the Fund over the past year. In particular, Nigel focused on the Pensions Regulator and the Pension Protection Fund (both of which came into being in April 2005), the Pensions Act 2004 and the changes taking place in the Fund. Some of the changes during 2005 that Nigel covered were:

- the increased collaborative relationship between the Trustees and the company
- the new pooled investment vehicle (Univest)
- administration developments
- initiatives aimed at greater communication and engagement with members.

Nigel went on to outline some of the plans for 2006, including changes resulting from A-Day legislation, a potential new Trustee governance structure and completing the transition of the member administration to Hewitt.

Wendy Mayall, Chief Investment Officer, gave a presentation on the Investment Report for the Fund over the year to 31 December 2005. Wendy noted that the Fund's investments had enjoyed a positive return over the year and that the Fund's return over one-year, three-year and five-year periods had outperformed the benchmark. Wendy then outlined the movement of some of the Fund's assets into the newly created pooled investment vehicle, Univest. Further details on this can be found in the Investment Report on page 12.

Day two of the conference began with a presentation from Richard Whitelam, the Scheme Actuary, on the March 2005 valuation of the Fund. Richard provided some background on the purpose of a valuation and the funding target. He then explained the results of the 2005 valuation and the changes that had taken place since previous valuations. The valuation had drawn attention to a deficit in the value of the Fund's assets compared to the liabilities. Richard explained how this had arisen but also highlighted that, since March 2005, the position had improved and was still improving. Finally he explained how the additional contributions the company had agreed to pay, aim to eliminate the deficit.

The final presentation was made by Andy Rowell, Secretary to the Trustees, on recent Trustee issues. Andy gave an overview of some of the key issues that the Trustees are dealing with, which have arisen from the new requirements of the Pensions Act 2004, including:

- the requirement for Trustees to have a minimum level of knowledge and understanding
- the increased power of Trustees and the increased importance of the relationship between the Trustees and the company
- managing any conflicts of interest
- the new governance structure of the Trustees.

During the course of the conference, elections were held for the South and East delegate-elected Trustees and Substitute Trustees and a series of workshops were run to help educate delegates. These workshops covered the following areas:

- New legislation and the Fund
- The role of a pension scheme trustee
- Fund communications.

Pensioners' Conference

The 2005 pensioners' conference was covered in the Fifth Scheme Annual Report and Accounts for March 2005. During 2005, the Trustees debated the continuation of the pensioners' conference. They decided that a more effective way to communicate with, and receive the views of, a number of pensioners was to enhance the format and content of the established 'roadshows' for Pensioner Visitors. Therefore a decision was taken not to hold any further pensioners' conferences.

Scheme Membership

The membership numbers as at 31 March 2006 were as follows:

	2005	**2006**
Contributing members	9,792	**8,813**
Deferred members	42,166	**42,189**
Pensioners	45,216	**44,917**
Total	97,174	**95,919**

At 31 March 2006, pensioners' numbers included 12,339 spouse pensioners, 166 dependant pensioners and 189 child pensioners.

During the course of the year, 50 members individually elected to transfer the cash equivalent of their preserved benefits from the Fund to their new pension arrangements. The monies transferred were calculated and verified in the manner prescribed by regulations made under relevant legislation. Further details of the basis on which transfer values are calculated may be found in the Compliance Statement on page 29.

Pension Increases

The Fund Rules require pensions in payment and deferred benefits, in excess of Guaranteed Minimum Pensions (GMPs), to be increased annually on 1 April in line with the Retail Prices Index (RPI), subject to the agreement of the Principal Company for any increase in excess of 5%.

The April 2006 increase was based on the 12-month movement in the Retail Prices Index from January 2005 to January 2006 of 2.4% (April 2005: 3.2%). There were lower increases on a sliding scale for those who left service after March 2005.

Scheme Actuary's Report

The financial position of the Fund is kept under careful review by the Scheme Actuary, Richard Whitelam, who has reported as follows.

At least every three years, a full valuation of the Unilever UK Pension Fund (UUKPF) is carried out. A valuation of the UUKPF was made as at 31 March 2005 and my formal report on the valuation is dated 6 March 2006. The approach I adopted for the valuation was to specify the level of contributions I considered was required to safeguard the Fund. This then established the minimum contribution that the company should pay; although it could choose to pay more than this.

On the basis of the assumptions I adopted, there was a deficit of assets relative to the ongoing liabilities of the UUKPF of £991 million at 31 March 2005, which corresponded to a funding ratio of 79%. This compared with a surplus of £170 million at the previous valuation as at 31 March 2002, and a deficit of £420 million at an interim review carried out as at 30 September 2003. The surplus had become a deficit due to the combination of:

- lower than expected investment returns
- lower interest rates, and
- increases in life expectancy.

The funding level on the Minimum Funding Requirement as laid down in legislation was 109%.

The long-term rate of joint contributions payable by the members and the company combined to fund the benefits accruing in the future was 22.2% of Pensionable Pay on the assumptions adopted. From 1 May 2005, most contributing members have entered into a 'salary sacrifice' agreement as an alternative to paying contributions, and so there is a corresponding increase in company contributions.

As part of the valuation, I am required to estimate the position of the UUKPF if it were to discontinue on the valuation date, based on an estimate of the terms that would be offered by insurance companies to take on the liability. On this basis, the UUKPF was 63% funded at 31 March 2005.

I recommended that joint contributions should be increased to 22.2% of Pensionable Pay, plus additional contributions to fund the deficit, starting no later than 1 April 2006 at a level of £110 million per annum. I estimated that these contributions would make good the deficit over ten years from 1 April 2006. The company then proposed, and obtained the Trustees' agreement to, a higher level of additional contributions commencing one year earlier. This involved payments of £170 million (rather than £110 million) for three years, and further payments that were estimated to eliminate the deficit over eight years from 1 April 2005.

The company has also agreed that the next review of funding will be brought forward to 31 March 2007, at which point the company and Trustees will review their progress in eliminating the deficit.

Note: *A copy of the Scheme Actuary's Report and Schedule of Contributions is available from the Fund Secretary on request.*

Contributions

During the year, regular employee contributions were paid at the rate of 5% of Pensionable Pay above the Lower Earnings Limit and regular company contributions at 18.4%, less member contributions, until 31 December 2005 and 22.2% from 1 January 2006.

On 1 May 2005, the company introduced the Unilever Contribution Arrangement, whereby employees can choose to sacrifice an amount of their salary equal to their regular pension contributions. This results in a small National Insurance contribution saving for both members and the company. The majority of members therefore no longer contribute directly to the Fund and the company is paying the full contribution due in respect of those members. For the avoidance of doubt, the Fund remains a contributory arrangement.

Following the actuarial valuation of the Fund as at 31 March 2005, the company agreed to pay additional contributions to the Fund at a rate of £170 million a year from 1 April 2005 until March 2008 and at a lower rate thereafter, subject to review at subsequent valuations. During the year, additional company contributions amounting to £170 million were paid.

Changes to the Trust Deed and Rules

A number of changes were made to the Trust Deed and Rules of the Fund during the year. In April 2005, three Deeds of Amendment were executed which changed the Trust Deed and Fund Rules. The Rules were amended to allow:

- a second lump sum payment to be made to facilitate the backdating of benefits for certain members in respect of excluded periods of part-time employment
- Associated Entities to adhere to the Fund, to facilitate the adherence of the Leverhulme Trust
- for the Unilever Contribution Arrangement, for membership to be on an automatic basis and for the name of the Fund to change to the Unilever UK Pension Fund.

In March 2006, two further Deeds of Amendment were executed which made the following changes:

- The Trust Deed was amended to allow the Trustees to grant powers of attorney and to rearrange benefits for an individual, subject to consultation with the Scheme Actuary and the agreement of the individual concerned
- The Rules were amended to allow for a new class of member, the Unilever Protection Benefit (UPB) member. Essentially, UPB members agree to their Fund benefits being restricted so that they do not suffer a Lifetime Allowance tax introduced by the new (post 6 April 2006) tax regime.

Following the year in question, during April 2006, a further Interim Deed of Amendment was executed which, amongst other things, provided for the new HM Revenue and Customs tax regime which came into force on 6 April 2006.

Trustees' Statement of Values

At their meeting on 16 July 2002, the Trustees adopted the following set of values for running the Fund:

Responsible stewardship

We believe in the efficient and transparent execution of all our legal and fiduciary responsibilities. This includes responsible selection of investments considered to be in the Fund's interests.

Objective judgements

We will not let our personal opinions or sectional interests intrude upon our duties as Trustees.

Fairness in respect of people

We believe that people ought to be treated fairly, and their human rights respected.

Environmental awareness

We believe in the conservation of the world's resources and we support the aim of progressing to a more sustainable world.

Openness

We believe in openness, subject to preserving confidentiality when necessary.

Investment Report

Investment Committee

The members of the Investment Committee who served throughout the year were: Mrs W M Mayall (Chairman), Mr A D Jones, Mr J McGovern, Mr P Lambert, Mr N Biggs and Dr N Cross.

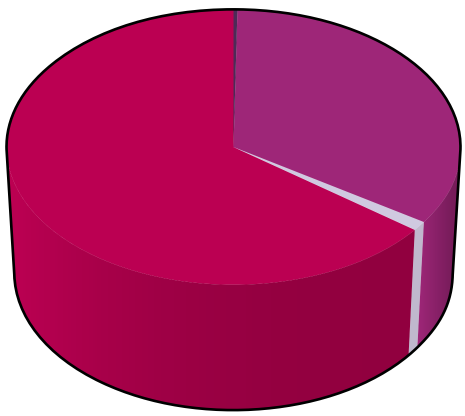
Mr P Lambert resigned from the Committee on 30 April 2006 and Mr J Wilcock resigned as Secretary to the Committee on 2 March 2006, when Mr M Normington was appointed as his replacement.

The Committee met on four occasions during the year under review.

Financial development of the Fund

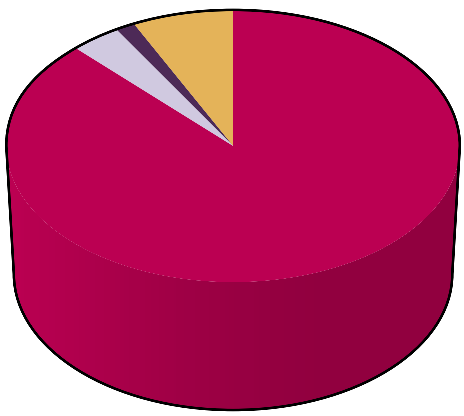
During the year ended 31 March 2006, the total value of the Fund increased from £3,812 million to £4,763 million.

Details of the Fund's income and expenditure are shown below.



Income
Total £352 million

Income from investments	*120*
Contributions from members	*4*
Contributions from employer	*227*
Transfers from other funds	*1*



Expenditure
Total £258 million

Pensions	*227*
Lump sums	*18*
Transfers to other funds	*4*
Expenses	*9*

Investment strategy

The Fund's strategic investment allocation at 31 March 2006 is shown on the right.

The Fund's actual asset distribution may differ from the allocation shown at any particular time

Statement of Investment Principles

The Trustees maintain a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995, as amended by Section 244 of the Pensions Act 2004. The latest Statement of Investment Principles was approved by the Trustee Board on 11 May 2006. It is Trustee policy to undertake a review of the Statement on a triennial basis, and without delay after any significant change in investment policy.

A copy of the Statement of Investment Principles is available from the Fund Secretary on request.

Investment management structure

The investment managers appointed by the Trustees to manage the Fund's equity and bond investments are Aberdeen Asset Management Ltd, Barclays Global Investors Ltd, Capital International Limited, Goldman Sachs Asset Management International, Legal & General Assurance (Pensions Management) Ltd, Northern Trust Luxembourg Management Company SA and Prudential M&G Investment Management Ltd.

The Fund's property portfolio is managed by CB Richard Ellis Investors Ltd, and the private equity investments are managed by Pantheon Ventures Ltd.

The performance of each investment manager is monitored quarterly by the Investment Committee, and each investment manager meets with the Committee at least once a year.

The investment managers are remunerated on a fee basis in accordance with contractual agreements, related to the market value of the assets under management at each quarter end.

Global Custody Arrangements

The Trustees appointed The Northern Trust Company as their global custodian with effect from 1 April 2000.

Univest pooled vehicle

In December 2004, the Trustees determined that, subject to various legal and tax considerations, the Fund would invest in the new Unilever pooled investment vehicle (Univest). The purpose of the vehicle is to optimise the investments of Unilever pension funds around the world, taking advantage of economies of scale, diversification and investment expertise. Univest currently has six equity sub-funds: UK, USA, Europe ex-UK, Japan, Pacific ex-Japan and Emerging Markets.

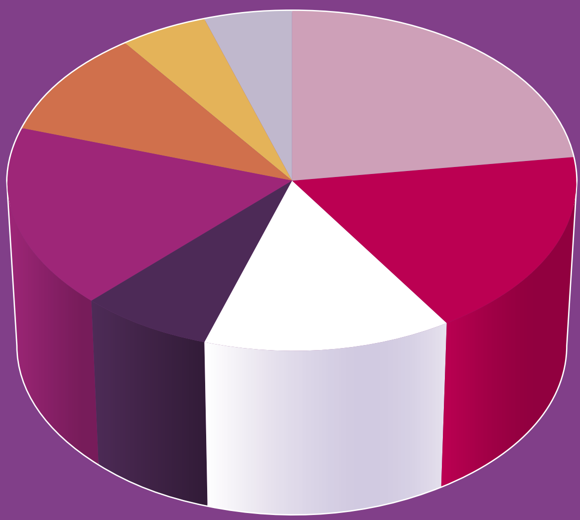
Following satisfactory completion of the due diligence, an initial investment into the Univest vehicle was undertaken during December 2005. Three equity portfolios were closed, one of the global equity mandates was reduced in size, and the corresponding assets were transferred into Univest. Initial investment was then made at this point into the UK, USA, Europe ex-UK, Japan and Pacific ex-Japan equity sub-funds. At the end of February 2006, an initial investment was made into the Emerging Markets sub-fund and, at the end of March 2006, a further UK equity portfolio was closed and the assets transitioned into the UK Equity sub-fund.

Univest has appointed Northern Trust Luxembourg Management Company SA as its investment manager. The six equity sub-funds currently have a total of 14 investment managers covering 22 mandates.

As at 31 March 2006, the value of the Fund's investment in the Univest pooled vehicle amounted to £1,258 million, or 26% of Fund assets.

Strategic allocation *at 31 March 2006*

UK Equities	*23.0%*
North America Equities	*18.0%*
Europe Equities	*14.0%*
Japan/Pacific/Emerging Market Equities	*7.5%*
UK Bonds	*17.5%*
Property	*10.0%*
Hedge Funds	*5.0%*
Private Equity	*5.0%*



Investment performance

The Fund uses its global custodian, The Northern Trust Company, as an independent performance measurement service.

For the purposes of performance history, the Fund returns are those of the Unilever Superannuation Fund for periods to 31 March 2000 and those of the Unilever UK Pension Fund from 1 April 2000.

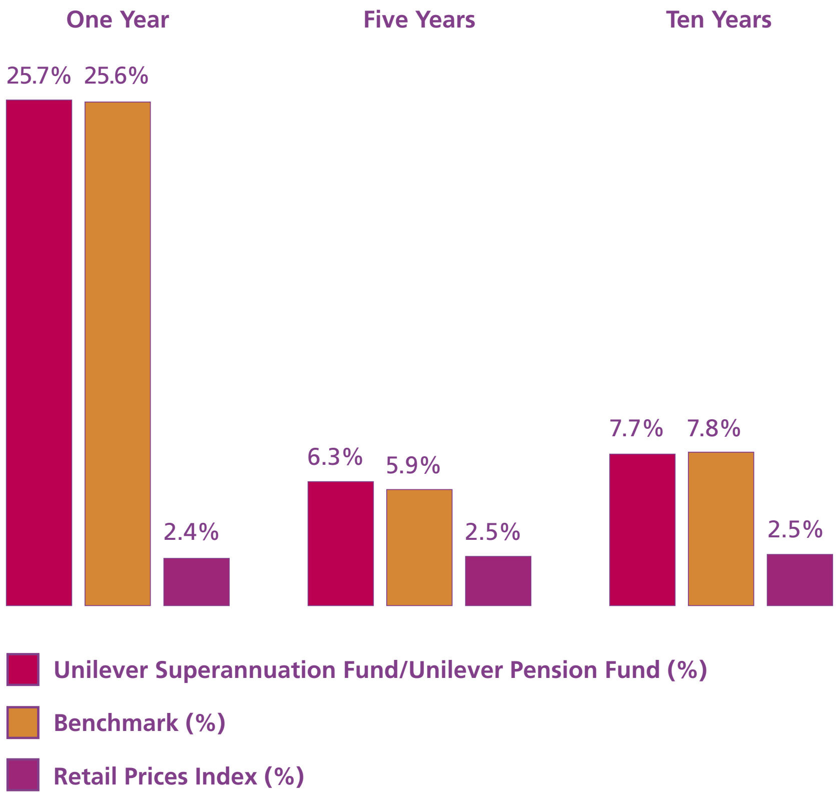
Since 1987 - when the Fund became externally managed - until the end of 1996, its performance was measured against the WM 50 Universe, comprised of the 50 largest funds in the WM sample. Following the move to a Fund-specific investment strategy at the beginning of 1997, performance has been measured against a customised benchmark that reflects that investment strategy. The performance returns for the Fund, calculated by WM and The Northern Trust Company, for the one, five and ten-year periods ending 31 March 2006 are shown below, against the Fund benchmark returns and the Retail Prices Index.

Over the 12 months to 31 March 2006, the Fund returned a performance of 25.7% against the benchmark return of 25.6%. UK equities, the Fund's largest single equity class, returned 26.9%. Overseas equity returns performed strongly with an overall return of 33.0%, with individual returns ranging from North America at 24.6% to Emerging Markets at 64.4%. UK Bonds returned 7.6% and UK Property returns were 23.5%. The rate of inflation over the period, as measured by the Retail Prices Index, was 2.4%.

Over the longer five-year period, the Fund's annualised return was 6.3% against the benchmark return of 5.9%. These returns compared to the Retail Prices Index at 2.5% per annum. Over the ten-year period to 31 March 2006, the Fund's annualised return was 7.7%, against a benchmark return of 7.8% and Retail Prices Index of 2.6% per annum.

Investment Performance - to 31 March 2006

Annualised rates of return



Note: *Performance returns for the five-year and ten-year period exclude all sums received by the Fund following the settlement of the legal action against Mercury Asset Management.*

The disposition of the Fund's investments as at 31 March 2006 was as follows:

	31 March 2005 £ million		**31 March 2006 £ million**	
Bonds				
UK Public	262	7%	**412**	9%
UK Private	267	7%	**326**	7%
Overseas Private	-	0%	**4**	0%
Overseas Public	38	1%	**16**	0%
Index-linked Securities	2	0%	**2**	0%
Ordinary shares				
UK	964	25%	**1,209**	25%
Overseas	1,604	42%	**2,070**	44%
Private Equity Funds	221	6%	**228**	5%
UK property	338	9%	**404**	8%
Assets transferred from Bestfoods Scheme	3	0%	**3**	0%
Cash, deposits and other investments	96	3%	**81**	2%
	3,795	**100%**	**4,755**	**100%**

The disposition of the assets was broadly in line with the Fund's investment strategy.

Investment holdings

As at 31 March 2006, the following individual holdings each represented more than 5% of the Fund's total assets:

	Value £ million	
Univest UK Equity Sub-Fund	**653**	14%
Univest US Equity Sub-Fund	**324**	7%
Ascent Life US Equity Fund	**323**	7%
Ascent Life European Equity Fund	**253**	5%

The Fund's ten largest ordinary share holdings, excluding managed funds, at 31 March 2006 were:

Holding	Value £ million
Royal Dutch Shell	46
BP	28
HSBC Holdings	27
Vodafone	26
Royal Bank of Scotland	25
GlaxoSmithKline	19
Astra Zeneca	18
HBOS	17
Norsk Hydro	16
Aegon	14
Total	236

These holdings constitute 7.2% of the overall ordinary share portfolio and 5.0% of the Fund's total investments.

The Fund's ten largest bond holdings, excluding managed funds, at 31 March 2006 were:

Holding	Value £ million
4.25% Treasury Stock 2032	59
5% Treasury Stock 2008	41
4.75% Treasury Stock 2010	28
6% Treasury Stock 2028	26
4.25% Treasury Stock 2011	23
4.25% Treasury Stock 2036	23
5% Treasury Stock 2012	20
4.75% Treasury Stock 2015	18
8.5% Treasury Stock 2007	18
4% Treasury Stock 2009	16
Total	272

These holdings constitute 35.8% of the overall bond portfolio and 5.7% of the Fund's total investments.

Details of the Fund's holdings in pooled investment vehicles are disclosed on page 24 in Note 7 to the Financial Statements.

Scheme investments are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378). The Fund is an exempt approved scheme under the Income and Corporation Taxes Act 1988.

Employer-related investments

On 31 March 2006, the Fund held 1,811,028 shares in Unilever PLC with a market value of £11 million and 53,000 shares in Unilever NV with a market value of £2 million. Indirectly, through its holding in Capital International Emerging Markets Fund, the Fund has a beneficial interest in 67,829 shares in Hindustan Lever Limited with a market value of less than £1 million. The Fund also indirectly holds 101,243 shares in Unilever NV with a market value of £4 million through its holding in Ascent Life Europe Fund. In terms of the investment through Univest, the Fund has an indirect interest in 665,909 shares in Unilever PLC with a market value of £4 million through its investment in the UK Equity sub-fund, and an indirect interest in 55,789 shares in Unilever NV with a market value of £2 million through its investment in the Europe ex-UK sub-fund.

Together these investments represent less than 1% of total assets.

Property

The following table shows the distribution of the Fund's property portfolio by value, location and use.

Category/location	Retail £ million	Retail warehouse £ million	Office £ million	Leisure £ million	Industrial £ million	**Total £ million**	
Inner London			36	2		**38**	9%
Outer London	5					**5**	1%
South East	51	15	17	40	64	**187**	46%
South West	17			13	5	**35**	9%
East Anglia	5	21				**26**	6%
East Midlands						-	0%
West Midlands	5		7		6	**18**	4%
North East	7					**7**	2%
North West			20		6	**26**	7%
Yorkshire & Humberside	3	31	8		6	**48**	12%
Scotland	11				3	**14**	4%
Wales						-	0%
Total	**104**	**67**	**88**	**55**	**90**	**404**	**100%**
%	26	16	22	14	22	100	

Statement of Trustees' responsibilities

The Financial Statements are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to scheme members, beneficiaries and certain other parties, audited Financial Statements for each Fund year which:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement as to whether the Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees are responsible for the preparation of the Financial Statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions (other than voluntary contributions) payable to the Fund by, or on behalf of, the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the Fund, and for ensuring that contributions are made to the Fund in accordance with the Schedule of Contributions.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

Preparation and audit of Financial Statements

The Trustees confirm that the Financial Statements have been prepared and audited in accordance with the regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Independent Auditor's Report

to the Trustees of the Unilever UK Pension Fund

We have audited the Financial Statements of the Unilever UK Pension Fund for the year ended 31 March 2006, which comprise the Fund Account, the Statement of Net Assets and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and Auditor

The Trustees' responsibilities for obtaining an Annual Report and audited Financial Statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for (and only for) the Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the Financial Statements give a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Trustees' Report, the Investment Report, the Actuarial Statements, the Summary of Contributions and the Compliance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 or on behalf of the Trustees in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Fund'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.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Fund during the year ended 31 March 2006, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and
- the Financial Statements contain the information specified in Regulation 3 of and the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13 July 2006

Financial Statements

Fund Account

For the year ended 31 March 2006

	31 March 2005 £ million	31 March 2006 £ million
Contributions and benefits		
Contributions receivable (note 2)	122	231
Transfers in (note 3)	3	1
	125	232
Benefits payable (note 4)	(241)	(245)
Payments to and on account of leavers (note 5)	(8)	(4)
Administration expenses	(7)	(9)
	(256)	(258)
Net additions/(withdrawals) from dealings with members	(131)	(26)
Returns on investments		
Investment income (note 6)	104	120
Change in market value of:		
Fund investments (note 7)	299	865
AVC investments (note 8)	2	2
Investment management expenses	(9)	(10)
Net returns on investments	396	977
Net increase in the Fund during the period	265	951
Net assets of the Fund at 1 April	3,547	3,812
Net assets of the Fund at 31 March	3,812	4,763

Statement of Net Assets

As at 31 March 2006

	31 March 2005 £ million	**31 March 2006 £ million**
Investments at market value (note 7)		
Fixed-interest securities	569	**760**
Quoted securities	2,568	**3,279**
Private equity funds	221	**228**
Property	338	**404**
Assets transferred from Bestfoods Scheme	3	**3**
Cash, deposits and other investments	96	**81**
	3,795	**4,755**
AVC investments (note 8)	23	**22**
Net current liabilities (note 9)	(6)	**(14)**
Net assets of the Fund at 31 March	3,812	**4,763**

The notes on pages 21 to 26 form part of these Financial Statements.

The Trustee of the Fund
For Unilever UK Pension Fund Trustees Limited

Gavin Neath (Chairman)
Andy Rowell (Secretary)
13 July 2006

Notes to the Financial Statements

1. Accounting policies

These Financial Statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the assessment of the Fund's actuarial situation on page 9 of the Annual Report and these Financial Statements should be read in conjunction therewith. The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. The Financial Statements have been prepared in accordance with the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised November 2002).

The following are the key accounting policies that have been adopted in the preparation of the Financial Statements.

a) Investments

Quoted securities are valued on the basis of the middle market quotation of the relevant stock exchange at 31 March 2006. Accrued interest is excluded from the market value of fixed-interest securities but is included in investment income receivable.

Pooled investment vehicles are valued at the average of the bid and offer prices provided by the relevant fund managers, which reflect the average value of the underlying investments.

Securities that were on loan at 31 March 2006 are included in the Statement of Net Assets to reflect the Fund's ongoing economic interest in such securities. Financial futures and swaps are included in investments at market value and the corresponding liability is included in cash, deposits and other investments.

Transaction costs are included in the cost of investments purchased or deducted from the proceeds of investments sold. Where some part of these transactions' costs is subsequently recovered, the proceeds are credited to the change in market value of investments.

Properties are stated at market value. No provision is made for property depreciation or amortisation.

Private equity investments are valued by the investment manager, Pantheon Ventures. The valuation is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. The reasonableness of these valuations is considered by Pantheon in the light of other available knowledge and corroborative evidence. Quoted investments within the private equity portfolio are valued at mid-market price on the relevant stock exchange. A discount may be applied where trading restrictions apply to such securities.

Realised and unrealised gains/losses arising from changes in market values are taken direct to the Fund Account.

b) Foreign currency translation

The value of overseas securities is translated into sterling at the rates of exchange ruling at 31 March. The resulting exchange differences arising in the period are included in changes in market values of investments and taken direct to the Fund Account.

Where forward sales of foreign currency have been made as a hedge against exposure on foreign currency investments, any unrealised profit or loss at the period end, measured by the difference between spot rate and contracted rate, is included in the changes in market values of investments, together with realised gains and losses on forward contracts maturing during the period.

c) Investment income

Dividends and interest from investments are accounted for on an ex-dividend basis. Interest on deposits and loans and property rents are accounted for on an accruals basis.

d) Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions.

Additional contributions from the employer are accounted for in accordance with the agreement under which they are paid. Additional voluntary contributions from the members are accounted for in the month deducted from the payroll.

Employer's special contributions are accounted for in accordance with the agreement under which they are being paid.

e) Benefits payable

Benefit payments are accounted for as and when they fall due.

f) Transfer values

Transfer values represent the capital sums either received in respect of newly-joined members from other pension schemes or paid to other pension schemes for members who have left the Fund. Transfer values are accounted for when the liability is accepted by the receiving scheme.

g) Investment management expenses

Investment management fees are accounted for on an accruals basis.

h) Administrative expenses

Administrative expenses are accounted for on an accruals basis.

2. Contributions receivable

	Year ended 31 March 2005 £ million	**Year ended 31 March 2006 £ million**
Employer:		
Normal	45	**57**
Special contributions	62	**170**
Members:		
Normal	13	**3**
Additional Voluntary Contributions	2	**1**
	122	**231**

3. Transfers in

Transfers in from other companies	1	**-**
Individual transfers in from other schemes	2	**1**
	3	**1**

4. Benefits payable

Pensions	(221)	**(227)**
Lump sum retirement benefits	(18)	**(16)**
Lump sum death benefits	(2)	**(2)**
	(241)	**(245)**

5. Payments to and on account of leavers

Refunds to leavers and Contribution Equivalent Premiums	-	**-**
Group transfers to other schemes	(4)	**(1)**
Individual transfers to other schemes	(4)	**(3)**
	(8)	**(4)**

6. Income from investments

Income from fixed-interest securities	34	**35**
Dividends from ordinary shares	45	**57**
Income from private equity investments	1	**1**
Interest on short-term deposits	3	**3**
Property rents less expenses	20	**23**
Other income	1	**1**
	104	**120**

7. Investments

	Market Value at 1 April 2005 £ million	Purchases (at cost) Value £ million	Proceeds of Sales £ million	Change in Market £ million	**Market Value at 31 March 2006 £ million**
Fixed-interest securities:					
Bonds					
UK Public	262	593	446	3	**412**
UK Private	267	179	123	3	**326**
Overseas Private	-	6	2	-	**4**
Overseas Public	38	90	114	2	**16**
Index-linked securities	2	-	-	-	**2**
	569	868	685	8	**760**
Quoted Shares					
UK	964	1,579	1,561	227	**1,209**
Europe	615	630	670	203	**778**
North America	676	1,209	1,138	167	**914**
Japan	107	133	143	42	**139**
Pacific	100	116	134	23	**105**
Emerging markets	106	39	73	62	**134**
	2,568	3,706	3,719	724	**3,279**
	3,137	4,574	4,404	732	**4,039**
Private Equity Funds					
UK	13	1	17	7	**4**
Europe	84	20	46	27	**85**
North America	117	24	46	38	**133**
Asia	7	-	2	1	**6**
	221	45	111	73	**228**
Property					
UK Freehold	277	20	17	57	**337**
Long leasehold	61	2	-	4	**67**
	338	22	17	61	**404**
	3,696	4,641	4,532	866	**4,671**
Assets transferred from Bestfoods Scheme					
Pooled investment vehicles	3	-	-	-	**3**
Cash, deposits and other investments					
Cash deposits	83			(1)	**74**
Cash backing for open derivative contracts	(2)				**3**
Amounts due to/from brokers	(2)				**(11)**
Income receivable	20				**20**
Property accruals/prepayment	(3)				**(5)**
	96			(1)	**81**
Total investments per Statement of Net Assets	3,795			865	**4,755**

The Fund's holdings in quoted securities (as shown previously) include the following holdings in pooled funds:

	31 March 2005 £ million	**31 March 2006 £ million**
UK	31	**655**
Europe	194	**440**
North America	507	**649**
Japan	-	**33**
Pacific	-	**32**
Emerging markets	25	**73**
	757	**1,882**

Apart from Univest and the Capital International Emerging Markets Fund, which are registered in Luxembourg, all the pooled funds are registered in the United Kingdom. The valuation of each fund is undertaken by the relevant investment manager.

The private equity portfolio includes 50 funds registered outside the United Kingdom with a total value of £224 million.

The Fund's holdings as at 31 March 2006 also include the following open derivative contracts:

	31 March 2005 £ million	**31 March 2006 £ million**
Fixed interest		
UK	-	**-**
Overseas	-	**(4)**
Equity		
UK	11	**-**
Overseas	1	**1**
	12	**(3)**

The cash backing for these derivative contracts is disclosed under cash, deposits and other investments.

The Fund participates in a stock lending programme managed by the Custodian, the Northern Trust Company. The value of securities on loan at 31 March 2006 was £193 million in exchange for which the Custodian held collateral worth £205 million.The collateral consists of eligible securities and letters of credit and forms part of Northern Trust's UK Core Collateral pool.

Securities that were on loan at 31 March 2006 are included in the Statement of Net Assets to reflect the Fund's ongoing economic interest in such securities.

The UK Properties were valued at 31 December 2005. There were no acquisitions or disposals of property in the three-month period up to 31 March 2006. The property assets were valued by Colliers CRE on an open market value basis as defined by the Royal Institution of Chartered Surveyors.

All UK property leases are subject to rent review within five years.

8. AVC investments

The Fund provides the facility for members to pay Additional Voluntary Contributions (AVCs) to purchase additional benefits on a money purchase basis or to purchase added years. The money purchase AVCs are separately invested for the benefit of individual members who can choose from a range of investment options. Members are advised individually about the value of their money purchase investments by the investment managers. These money purchase AVC investments are excluded from the analysis of the Fund's investments given in Note 7.

The market value of money purchase AVC investments as at 31 March 2006 was £22 million.

	31 March 2005 £ million	**31 March 2006 £ million**
Balance at 1 April	27	**23**
Purchases in the period	2	**1**
Sales in the period	(8)	**(4)**
Change in market value	2	**2**
Balance at 31 March	23	**22**

9. Net current liabilities

	31 March 2005 £ million	**31 March 2006 £ million**
Contributions due from employer	5	**-**
Sundry creditors	(11)	**(14)**
Net total	(6)	**(14)**

10. Commitments

At 31 March 2006, the Fund had capital commitments relating to private equity investments of £176 million (2005: £210 million).

11. Related party transactions

Within administration costs, £8 million was paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions (2005: £7 million).

There were no significant liabilities due to Unilever PLC at 31 March 2006

Independent Auditor's Statement about Contributions

to the Trustees of the Unilever UK Pension Fund

We have examined the Summary of Contributions to the Unilever UK Pension Fund for the year ended 31 March 2006 that is set out on the following page.

Respective responsibilities of Trustees and Auditor

The Trustees' responsibilities for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions are set out in the statement of Trustees' responsibilities.

Our responsibility is to provide a statement about contributions to the Fund in accordance with relevant legislation and to report our opinion to you. This report, including the statement about contributions, has been prepared for (and only for) the Fund's Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this statement, 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.

Basis of statement about contributions

We planned and performed our work 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 contributions reported in the attached Summary have been paid in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions. Our statement about contributions is required to refer to those breaches of the Schedule of Contributions that we consider to be material for this statement and which come to our attention in the course of our work.

Statement about contributions to the Fund

In our opinion, the contributions payable to the Fund required by the Schedule of Contributions during the year ended 31 March 2006, as reported in the Summary of Contributions on the following page, have been paid in accordance with the Schedules of Contributions certified by the Actuary on 5 February 2004, 28 April 2005 and 4 January 2006.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13 July 2006

Summary of Contributions

Unilever UK Pension Fund Summary of Contributions payable in the year

During the year, the contributions payable to the Fund by the employer were as follows:

Signed on behalf of the Trustees:

Gavin Neath (Chairman)
Andy Rowell (Secretary)
13 July 2006

	Member £ million	Employer £ million
Required by the Schedule of Contributions		
Normal contributions	3	57
Special contributions	-	170
Total	3	227
Other contributions payable		
AVCs	1	-
Total reported in Fund account	4	227

Compliance Statement

Since 1 April 2005 there have been a number of changes to the Trustees of the Fund.

North and West Area delegate-elected Trustees

Malcolm Colbeck resigned as a Trustee on 27 September 2005. David Ivison, as the first Substitute Trustee, was therefore appointed to the full Board of Trustees on 28 September 2005. Peter Rowley was co-opted as a Substitute Trustee to replace David Ivison on 1 November 2005.

South and East Area delegate-elected Trustees

Alan Cornish resigned as a Trustee on 30 June 2005. Terry Thomas, as the Substitute Trustee, was therefore appointed to the full Board on 1 July 2005. David Heath was co-opted as a Substitute Trustee to replace Terry Thomas on 1 November 2005. Trevor Hoy resigned as a Substitute Trustee on 31 May 2005 and John Orrick was co-opted to replace him on 20 October 2005. The term of office for the South and East delegate Trustees came to an end in March 2006 and elections were held at the March Delegates' Conference. David Saunders, David Jones and Terry Thomas were re-elected as Trustees and David Heath and Ian Burns were re-elected as Substitute Trustees. John Orrick's term of office ceased and David Bloomfield was elected as a Substitute Trustee.

Company-nominated Trustees

Tonia Lovell and Steve Bolton resigned as Trustees on 5 October 2005 and Mark Shadrack and James Barnes were appointed as Trustees by the company on 5 October 2005.

The Trustees and Substitute Trustees in office at 31 March 2006 were:

Company-nominated Trustees

Gavin Neath (Chairman)
James Barnes
Richie Furlong[1]
Wendy Mayall
Jimmy McGovern[1]
Mike Samuel[1]
Mark Shadrack

Delegate-elected Trustees

Trustees	*Substitutes*
North and West Area	
Steve Cutting (O/M)	Ian Dettmer (first Substitute O/M)
Roger Bevan (P/S)	
Dave Ivison (P/S)	Peter Rowley (P/S)
South East Area	
Terry Thomas (P/S)	David Heath (P/S)
David Saunders (O/M)	Ian Burns (joint first Substitute O/M)
David Jones (O/M)	David Bloomfield (joint first Substitute O/M)

Pensioner-elected Trustees

Trustees	*Substitutes*
Richard Clark[1]	David Jones[1] (first Substitute) Jean Watson[1] (second Substitute)

(O/M = office/managerial employee P/S = production/service employee)

[1]Trustees in receipt of pension benefits from the Fund

Membership

	2004/2005	2005/06
Contributory members at 1 April	10,833	**9,792**
Less adjustments from opening position[1]	(55)	**(79)**
New members	663	**684**
Members opting out preserving benefits	-	**-**
Members leaving service taking a refund of contributions	(108)	**(118)**
Members leaving service or becoming non-contributory and preserving benefits	(1,047)	**(812)**
Retirements at or before normal retirement age	(484)	**(286)**
Deaths	(10)	**(10)**
Other adjustments[2]	-	**(358)**
Number at 31 March	9,792	**8,813**

	2004/2005	2005/06
Deferred pensioners at 1 April	42,497	**42,166**
Less adjustments from opening position[1]	(183)	**7**
New leavers with preserved benefits	1,047	**812**
Transfers out[3]	(149)	**(50)**
Retirements	(998)	**(940)**
Deaths	(47)	**(56)**
Commutations and refunds	(1)	**-**
Other adjustments[2]	-	**250**
Number at 31 March	42,166	**42,189**

	2004/2005	2005/06
Pensioners at 1 April	45,310	**45,216**
Less adjustments from opening position[1]	(66)	**(3)**
New retirements	1,482	**1,226**
New spouses	588	**545**
New dependants	1	**4**
New children	16	**12**
Deaths	(1,906)	**(1,817)**
Termination of child pensions	(35)	**(26)**
Other terminations / cessations	(174)	**(202)**
Other adjustments[2]	-	**(38)**
Number at 31 March	45,216	**44,917**

[1]These relate to movements with an effective date before 1 April 2005, but because of pipeline delays they were processed after the accounts for last year were finalised.

[2]These adjustments are mainly the result of the data tidying exercise that was carried out during the year. They also include adjustments made in respect of leavers in a previous year whose records had not yet been updated on the administration system.

[3]Includes bulk transfers paid during the year in respect of company sales.

Calculation of individual transfer values

Transfer values are calculated in accordance with the requirements of Section 97 of the Pension Schemes Act 1993 and provide as a minimum, amounts consistent with those used for the purposes of Section 57 of the Pensions Act 1995, subject only to appropriate adjustments.

The Principal Company has currently consented so that members retiring at or after age 60 receive an unreduced pension. The category of member affected depends on the date they joined and left Pensionable Service. Where relevant, the transfer value calculation reflects this in full. This is achieved by valuing the unreduced pension payable from age 60.

Pension increases in excess of 5% are subject to the consent of the Principal Company. For the purpose of transfer value calculations, full allowance is made for these discretionary increases by assuming pension increases in line with anticipated price inflation.

Unilever UK Pension Fund Actuarial Certificate

Given for the purposes of Section 58 of the Pensions Act 1995 (Certification of Schedule of Contributions)

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of the contributions payable in accordance with the Schedule of Contributions dated 3 January 2006 are adequate for the purpose of securing that, throughout the period it covers, the scheme will meet the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995.

2. In forming this opinion I have complied with the requirements imposed by sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN 27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

R J Whitelam
Fellow of the Institute of Actuaries
Hewitt Bacon & Woodrow Limited
6 More London Place, London SE1 2DA
4 January 2006

Note

The certification of the adequacy of rates of contributions for the purpose of securing the meeting of the minimum funding requirement is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Actuarial Statement

Made for the purposes of Regulation 30 of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Name of scheme: Unilever UK Pension Fund

Effective date of valuation: 31 March 2005

1. Security of prospective rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. This Statement assumes the scheme continues and does not mean that should the scheme wind up there would be sufficient assets to provide the full accrued benefits.

In giving this opinion, I have assumed that the following amounts will be paid to the scheme:

by members not in Pensionable UCA Service:	5% of Pensionable Pay less the Lower Earnings Limit
by the employer:	the balance required to make total annual contributions at the rate of 22.2% of members' Pensionable Pay from 1 January 2006; plus deficit payments of £170 million per annum for the three years commencing 31 March 2005, £130 million in year four, then increasing by 4.4% per annum over years five to eight, subject to review at future actuarial valuations.

I have made assumptions consistent with market values, prospective investment returns and economic conditions at the effective date. However, significant changes in market values of the assets after the effective date may mean that the assumptions and market values on which it is based are no longer appropriate. If you are reading this Statement some time after the effective date of the valuation, you should bear in mind that the scheme's funding position could have changed significantly, which could affect the contributions payable in the future. It should also be noted that the actuarial investigation does not include an examination of the company's ability to meet future contribution requirements.

2. Summary of methods and assumptions used

The future service company contribution rate and the value of the past service liabilities have been assessed using the 'Projected Unit Method'. Total company contributions have been determined as the future service employer contribution rate, plus contributions sufficient to eliminate the funding deficit over eight years.

Note that, the method assumes that the scheme is ongoing and does not consider the position if the scheme were to be discontinued.

The main assumptions used in my calculations were:

Price inflation	2.9%	*per annum*
Rate of pay increases	4.4%	*per annum, plus an allowance for promotional increases*
Rate of pension increases	3.0%	*per annum on pensions in excess of GMPs*
Rate of increases of deferred pensions	3.0%	*per annum on pensions in excess of GMPs subject to statutory revaluations*
Post-retirement discount rate	5.2%	*per annum*
Pre-retirement discount rate	6.7%	*per annum*
Management expenses (other than investment-related expenses)	2.5%	*of Pensionable Pay*

The assets were taken at market value at the valuation date.

Further details of the methods and assumptions used are set out in my actuarial valuation report addressed to the Trustees, dated 6 March 2006.

R J Whitelam
Fellow of the Institute of Actuaries
Hewitt Bacon & Woodrow Limited
6 More London Place, London SE1 2DA
6 March 2006

Compliance with the Myners Principles

The following table sets out, in detail, the Trustees' compliance with the Myners Principles:

Principle	Does the Fund comply?
1. Effective decision making	
Decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.	*Yes.*
Trustees should ensure that they have sufficient in-house staff to support them in their investment responsibilities.	*Yes.*
Trustees should also be paid, unless there are specific reasons to the contrary.	*No. Trustees, including pensioners, are not paid for undertaking their duties as trustees.*
It is good practice for trustee boards to have an investment subcommittee to provide the appropriate focus.	*Yes.*
Trustees should assess whether they have the right set of skills, both individually and collectively, and the right structures and processes to carry out their role effectively.	*Yes.*
They should draw up a forward-looking business plan.	*Yes, via Unilever UK Pensions.*
2. Clear objectives	
Trustees should set out an overall objective for the fund that: • represents their best judgement of what is necessary to meet the fund's liabilities given their understanding of the contributions likely to be received from employer(s) and employees; and • takes account of their attitude to risk, specifically their willingness to accept underperformance due to market conditions.	*Yes.*
Objectives for the overall fund should not be expressed in terms which have no relationship to the fund's liabilities, such as performance relative to other pension funds, or to market index.	*The Trustees' overall objective is expressed in terms which relate to the Fund's liabilities.*
3. Focus on asset allocation	
Strategic asset allocation decisions should receive a level of attention (and, where relevant, advisory or management fees) that fully reflect the contribution they can make towards achieving the fund's investment objective. Decision-makers should consider a full range of investment opportunities, not excluding from consideration any major asset class, including private equity. Asset allocation should reflect the fund's own characteristics, not the average allocation of other funds.	*Yes.*

Principle	Does the Fund the comply?
4. Expert advice	
Contracts for actuarial services and investment advice should be opened to separate competition. The fund should be prepared to pay sufficient fees for each service to attract a broad range of kinds of potential providers.	*Yes.*
5. Explicit mandates	
Trustees should agree with both internal and external investment managers an explicit written mandate covering agreement between trustees and managers on:	
• An objective, benchmark(s) and risk parameters that together with all the other mandates are coherent with the fund's aggregate objective and risk tolerances;	*Yes.*
• The manager's approach in attempting to achieve the objective; and	*The investment management agreement requires each manager to provide an initial report including a summary of their investment approach/philosophy.*
• Clear timescale(s) of measurement and evaluation, such that the mandate will not be terminated before the expiry of the evaluation timescale for underperformance alone.	*No commitment is given or implied that the investment mandate will not be terminated before the expiry of the evaluation timescale.*
The mandate and trust deed and rules should not exclude the use of any set of financial instruments, without clear justification in the light of the specific circumstances of the fund.	*Yes.*
Trustees, or those to whom they have delegated the task, should have a full understanding of the transaction-related costs they incur, including commissions. They should understand all the options open to them in respect of these costs, and should have an active strategy – whether through direct financial incentives or otherwise – for ensuring that these costs are properly controlled without jeopardising the fund's other objectives. Trustees should not without good reason permit soft commissions to be paid in respect of their fund's transactions.	*The Investment Committee has received a comprehensive report from its investment consultant and has commissioned and received an additional third-party service to provide a full analysis of transaction costs. Soft commissions are not permitted.*
6. Activism	
The mandate and trust deed should incorporate the principle of the US Department of Labor Interpretative Bulletin on activism. Trustees should also ensure that managers have an explicit strategy, elucidating the circumstances in which they will intervene in a company; the approach they will use in doing so; and how they measure the effectiveness of this strategy.	*The Trustees have a voting policy and the investment managers are required to report annually to the Trustees on their voting activities. The Trust Deed and investment mandates do not incorporate the principle of the US Department of Labor Interpretative Bulletin on activism.*

Principle	Does the Fund comply?

7. Appropriate benchmarks

Trustees should:	
• explicitly consider, in consultation with their investment manager(s), whether the index benchmarks they have selected are appropriate; in particular, whether the construction of the index creates incentives to follow sub-optimal investment strategies;	*Yes, with advice from the Fund's investment consultants.*
• if setting limits on divergence from an index, ensure that they reflect the approximations involved in index construction and selection;	
• consider explicitly for each asset class invested, whether active or passive management would be more appropriate given the efficiency, liquidity and level of transaction costs in the market concerned; and	
• where they believe active management has the potential to achieve higher returns, set both targets and risk controls that reflect this, giving the managers the freedom to pursue genuinely active strategies.	

8. Performance measurement

Trustees should:	
• arrange for measurement of the performance of the fund	*Yes.*
• make formal assessment of their own procedures and decisions	*Procedures – via governance review.* *Decisions – no, to be reviewed.*
• arrange for a formal assessment of performance and decision-making delegated to advisors and managers.	*No formal procedures, but such issues discussed on a regular basis by Investment Committee.*

9. Transparency

A strengthened Statement of Investment Principles (SIP) should set out:	
• who is taking which decisions and why this structure has been selected;	*Not covered in SIP but considered as part of governance review.*
• the fund's planned asset allocation strategy, including projected investment returns on each asset class, and how the strategy has been arrived at;	*Asset allocation – yes.* *Projected returns – no.* *Process – yes.*
• the mandates given to all advisers and managers; and	*Not covered in SIP but fully covered within each management agreement.*
• the nature of the fee structures in place for all advisers and managers, and why this set of structures has been selected.	*Not covered in SIP but fully covered within each management agreement.*

10. Regular reporting

Trustees should publish their Statement of Investment Principles and the results of their monitoring of advisers and managers. They should send key information from these annually to members of these funds, including an explanation of why the fund has chosen to depart from any of these Principles.	***Statement of Investment Principles*** *The Statement of Investment Principles is available, on request, to all members. Any significant departures from the Statement would ordinarily be reported in this Scheme Annual Report.*

Notes

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