



Prifysgol Cymru

Y Drindod Dewi Sant

University of Wales

Trinity Saint David

**BA(Hons) Business Management
Management Accounting for Managers
Report
Unilever Plc**

Student Name: Alexandra Clapa

Student ID: 2243446

Course Name: LCBB 5010 MAM

Lecturer Name: Zainab Atta

Session: February 2026

Table of Contents

Introduction.....	3
Cost Analysis and Business Model.....	3
Budgeting and Financial Planning	4
Performance Measurement and Decision-Making	6
Sustainability and Ethical Considerations.....	8
Conclusion and Recommendations	9
References	11

Introduction

Unilever PLC functions in the very competitive fast-moving consumer goods (FMCG) sector Kenton (2025), producing and promoting a diverse array of food, home care, personal care, and health-related items worldwide. The firm provides renowned brands like Dove, Knorr, Hellmann's, Surf, and Lifebuoy, distributing goods via retail outlets, online platforms, and extensive global supply chains throughout Asia-Pacific, the Americas, Africa, Europe, and the Middle East (Unilever, 2024b).

According to MarketLine (2026) Unilever, headquartered in the United Kingdom, employs over 120,040 individuals, indicating its substantial organisational structure and intricate global activities. The company's financial performance reflects its size and the difficulties of functioning in a competitive, margin-sensitive landscape. In the fiscal year of December 2025, Unilever reported sales of around €50,503 million, indicating a 3.8% decline relative to 2024. Notwithstanding the decrease in sales, the firm improved its profitability, with an operating margin of 17.8%, an increase from 16.4% in 2024, and a net profit margin of 18.7%, much higher than 10.9% in the prior year. Unilever reported a net income of \$10,243 million, reflecting robust financial growth despite external economic constraints. These results indicate proficient cost management and operational efficacy, essential for maintaining profitability in a fiercely competitive sector.

The FMCG business is defined by fierce rivalry, substantial capital expenditure, and narrow profit margins, necessitating that organisations reconcile cost efficiency with innovation and brand equity. Management accounting is the systematic gathering and analysis of financial and non-financial data to assist internal planning, decision-making, and performance control (Bogle, 2018). According to Dehdari (2014) and Stobierski (2020), robust financial and non-financial KPIs like operating margins, fleet utilisation rates, maintenance costs, and customer satisfaction metrics enable informed strategic decisions. This paper critically assesses Unilever's use of management accounting tools and procedures to improve financial decision-making and sustain competitive advantage in a changing global business landscape.

Cost Analysis and Business Model

Unilever's revenue strategy relies on the extensive manufacturing and worldwide distribution of branded consumer goods across several categories, including food,

personal care, and home care items. This varied product range allows the organization to function in several foreign marketplaces, reducing dependence on any sector and fostering more dependable income streams. The company's international brand presence and distribution network enable it to sustain constant demand; however, revenue performance is susceptible to external economic factors such as inflation and changing consumer behaviour (Unilever, 2025b). Consequently, profitability is intricately associated with efficient cost management and price strategies in a fiercely competitive FMCG sector.

The organization's cost structure comprises significant fixed expenditures and variable operating charges, resulting in a complicated financial landscape. Fixed expenses, including as manufacturing facilities, research and development, and marketing investments, enhance long-term competitive advantage but elevate financial risk during times of diminished demand. Conversely, variable costs, including raw materials, packaging, and shipping, vary with production levels and are affected by external variables such as commodity price fluctuations and global supply chain disruptions (Unilever PLC, 2024). This fluctuation requires ongoing oversight and efficient cost management to sustain profitability.

From a management accounting standpoint, methodologies like activity-based costing (ABC) provide more precise distribution of overheads along product lines, enhancing cost transparency and aiding profitability assessment (Kenton, 2024). Cost-volume-profit analysis similarly aids management in assessing the interplay of expenses, sales volume, and pricing strategies. The efficacy of these techniques is contingent upon the precision and promptness of data. In a multifaceted international corporation like Unilever, supply chain unpredictability and worldwide operations may constrain accuracy. Nonetheless, these methodologies provide a systematic framework for cost management and facilitate informed strategic decision-making (Companies House, 2025).

Budgeting and Financial Planning

Budgeting is an essential management accounting instrument that facilitates financial planning, coordination, and control across Unilever's worldwide operations. Budgeting creates a structured framework by setting financial goals for revenues and expenditures, connecting operational operations with strategic objectives, and

guaranteeing optimal resource allocation across business divisions. In a dynamic and unpredictable corporate environment, conventional static budgeting methods are often constrained, since they depend on set assumptions that may rapidly become obsolete due to economic instability (Sinclair, 2015).

To mitigate these restrictions, Unilever employs more adaptable financial planning strategies, such as rolling budgets, which provide ongoing revisions to predictions in accordance with actual performance and market dynamics. Rolling budgets surpass a set yearly timeframe by integrating frequent updates, allowing management to proactively address variations in demand, inflation, and supply chain disturbances. This method improves organisational agility and guarantees that financial data is pertinent and prompt, therefore facilitating more efficient decision-making. Rolling budgets are especially crucial in the FMCG industry, as rapid changes in consumer behaviour and input prices need continuous financial adaptation.

Operating expenditures are affected by internal strategic choices and external macroeconomic conditions. Investments in innovation, digital transformation, and brand development incur short-term expenses but foster long-term value generation and enhance competitive posture. External factors like as inflationary pressures, rising energy prices, and regulatory mandates substantially impact spending levels and profit margins. Financial data reveals that Unilever sustains robust revenue creation amid prevailing headwinds, however rising costs persist in challenging profitability (MarketLine, 2025; Unilever, 2025).

Financial Indicator	Value (2025)	Analytical Insight
Cost of Sales	Approx. €35–37 billion	Emphasises considerable vulnerability to raw material and supply chain expenses
Operating Margin	Approx. 16-17%	Demonstrates modest profitability in a competitive and cost-sensitive sector

Operating Profit	Approx. €9–10 billion	Demonstrates efficient cost management despite increasing input and operational expenses.
Employees	120,040	Extensive workforce with an emphasis on restructuring
Net Income	Approx. €6-7 billion	Exhibits consistent profitability despite external economic challenges
Selling and Administrative Cost	Approx €15–18 billion	Demonstrates substantial investment in marketing, branding, and international operations.

Table 1: Unilever Financial Indicators in 2025 (source: https://advantage-marketline-com.uwtsd.idm.oclc.org/Company/Financials/unilever_plc)

Variance analysis enhances budgeting by juxtaposing actual performance with anticipated targets, enabling management to identify inefficiencies and implement corrective measures. Nonetheless, budgeting systems, particularly rolling budgets, may be labour-intensive and depend on data precision. Notwithstanding these limitations, the use of rolling budgeting and continuous forecasting enhances Unilever's ability to manage financial volatility while preserving operational resilience in a tumultuous global environment (MarketLine, 2025).

Performance Measurement and Decision-Making

Unilever's performance assessment integrates both financial and non-financial key performance indicators (KPIs), offering a holistic framework for assessing organisational effectiveness and guiding strategic decision-making (KPI.ORG, 2024). Financial metrics, such as underlying sales growth, operating margin, and profits per share, are crucial for evaluating profitability and operational efficiency. These indicators allow management to oversee financial performance and deploy resources efficiently across international companies. In 2025, Unilever reported an underlying sales increase of around 3.5% and maintained a robust operating margin, exhibiting resilience under adverse economic circumstances (Unilever, 2025a). However,

financial metrics alone may not comprehensively reflect the overarching factors influencing long-term organisational performance in the competitive FMCG market.

Melloni, Dinh, and Husmann (2021) assert that non-financial KPIs are of equal significance in evaluating performance, since they represent qualitative and long-term value determinants. Unilever incorporates sustainability metrics, such as carbon emission reductions, enhanced resource efficiency, and pledges to responsible sourcing, into its performance assessment frameworks. These indicators are progressively integrated into company strategy and often associated with executive incentives, hence underscoring their significance in aligning financial results with environmental and social goals (Unilever, 2025a). Moreover, elements like brand equity and customer involvement are essential in the FMCG sector, where consumer perception and loyalty profoundly affect competitive standing.

The KPIs outlined in Table 2 correspond to well-established categories in management accounting and align with performance assessment procedures prevalent in the FMCG industry, as discussed by Bottani et al. (2025). Financial metrics elucidate profitability and efficiency, whereas non-financial variables include wider dimensions like as brand equity, customer happiness, and sustainable financial success. Evidence from the industry indicates that companies in this sector depend on a comprehensive array of indicators to assess performance and maintain competitive advantage. This integrated approach corresponds with Unilever's reporting system; whereby financial outcomes are evaluated in conjunction with sustainability and operational goals.

KPI	Type	Strategic Importance
Revenue Growth	Financial	Measures market expansion and demand
Operating Margin	Financial	Reflects cost efficiency and pricing strategy
Return on Investment	Financial	Indicates shareholder value
Earnings per Share	Financial	Drives brand loyalty and retention

Customer Satisfaction	Non-financial	Strengthens competitive positioning
Brand Value	Non-financial	Strengthens competitive positioning
Sustainability Metrics	Non-financial	Aligns with long-term strategic objectives
Employee Productivity	Non-financial	Enhances operational efficiency

Table 2: Key Performance Indicators (KPIs) – Unilever PLC

These KPIs are essential in influencing strategic decision-making by connecting performance results to management actions. Improvements in operating margins may signify good cost management, while ongoing investment in brand development and sustainability efforts fosters long-term growth. Nonetheless, excessive dependence on KPIs may impose constraints, since an emphasis on short-term financial outcomes might contradict long-term strategic goals. Moreover, non-financial metrics may provide challenges in achieving uniform quantification across international companies. Notwithstanding these limitations, the amalgamation of financial and non-financial KPIs allows Unilever to implement a balanced and sustainable performance management strategy within a complex and changing business (Scribd, 2024).

Sustainability and Ethical Considerations

Sustainability has emerged as a critical element in Unilever's financial decision-making, mirroring heightened regulatory, environmental, and stakeholder demands. The organization prioritises the mitigation of environmental degradation, including carbon emissions, plastic waste, and water consumption, across its worldwide operations and supply chain. For example, Unilever has pledged to diminish its environmental impact by implementing measures to reduce greenhouse gas emissions and shift towards recyclable and reusable packaging solutions (Unilever, 2024a). The sustainability goals impact capital investment choices and operational operations, illustrating the incorporation of environmental factors into financial management.

Sustainability efforts are evaluated via cost-benefit analysis and long-term financial assessment from a management accounting standpoint. While investments in renewable energy, sustainable materials, and waste reduction elevate short-term expenses, they provide long-term advantages like greater efficiency, regulatory adherence, and improved brand perception. Unilever has significantly decreased its greenhouse gas emissions over time according to Green Earth (2021) and is striving for net-zero objectives, therefore reaffirming its commitment to enduring environmental sustainability (OneStop ESG, 2025). This indicates a strategy transition from short-term profit maximisation to long-term value generation.

Ethical issues significantly impact cost management and pricing methods, especially via responsible sourcing and equitable employment practices. Unilever incorporates environmental and ethical performance into its corporate governance and reporting structures, guaranteeing openness and accountability in its sustainability disclosures (Unilever, 2025a). The incorporation of sustainability into financial decision-making poses obstacles. Assessing environmental performance may be challenging, and the financial gains from sustainability initiatives are either unknown or materialise over prolonged durations.

Notwithstanding these constraints, the integration of sustainability and ethical issues into management accounting bolsters organisational resilience and fosters long-term competitive advantage in the FMCG sector.

Conclusion and Recommendations

This research illustrates that Unilever adeptly utilises management accounting tools and methodologies to facilitate financial decision-making in a highly competitive and cost-sensitive FMCG sector. The investigation revealed that the organization's diverse revenue model and systematic cost structure allow it to sustain financial stability despite external challenges like inflation and supply chain interruptions. Moreover, the use of sophisticated management accounting methodologies, such as activity-based costing and cost-volume-profit analysis, improves cost regulation and facilitates strategic pricing choices.

The assessment also recognised the significance of flexible budgeting methods, especially rolling budgets, in enhancing financial responsiveness and allowing the organization to adjust to fluctuating market circumstances. The incorporation of financial and non-financial KPIs facilitates comprehensive performance assessment, while sustainability efforts indicate a transition towards enduring value generation. Nonetheless, constraints persist, especially regarding the precision of global data and the difficulties in assessing non-financial performance.

Unilever is advised to advance its real-time data analytics capabilities to enhance decision-making precision, fortify the incorporation of sustainability metrics into budgeting procedures, and improve the global standardisation of KPI measurement to facilitate uniform performance assessment.

References

- Bogle, S. (2018). *What is Management Accounting?* [online] www.snhu.edu. Available at: <https://www.snhu.edu/about-us/newsroom/business/management-accounting> [Accessed 28 Feb. 2026].
- Bottani, E., Tebaldi, L., Casella, G. and Mora, C. (2025). Key Performance Indicators for Food Supply Chain: a Bibliometric and Systematic Literature Review. *Applied Sciences*, [online] 15(7), pp.3841–3841. doi:<https://doi.org/10.3390/app15073841>.
- Companies House (2026). *UNILEVER PLC overview - Find and update company information - GOV.UK*. [online] find-and-update.company-information.service.gov.uk. Available at: <https://find-and-update.company-information.service.gov.uk/company/00041424> [Accessed 22 Mar. 2026].
- Dehdari, P. (2014). *Measuring the Impact of Lean Techniques on Performance Indicators in Logistics Operations*. [online] *Karlsruhe: KIT Scientific Publishing*. doi:<https://doi.org/10.5445/KSP/1000036424>.
- Green Earth (2021). *Unilever's Mission for Net zero-carbon Emissions*. [online] [Green.earth](https://www.green.earth). Available at: <https://www.green.earth/net-zero/case-studies/unilever> [Accessed 25 Mar. 2026].
- Kenton, W. (2024). *Activity-Based Costing (ABC): Method and Advantages Defined with Example*. [online] *Investopedia*. Available at: <https://www.investopedia.com/terms/a/abc.asp> [Accessed 22 Mar. 2026].
- Kenton, W. (2025). *Fast-Moving Consumer Goods (FMCG)*. [online] *Investopedia*. Available at: <https://www.investopedia.com/terms/f/fastmoving-consumer-goods-fmcg.asp> [Accessed 22 Mar. 2026].
- KPI.ORG (2024). *What is a Key Performance Indicator (KPI)?* [online] *KPI.ORG*. Available at: <https://www.kpi.org/KPI-Basics/> [Accessed 25 Mar. 2026].
- MarketLine (2026). *Shibboleth Authentication Request*. [online] *Oclc.org*. Available at: https://advantage-marketline-com.uwtsd.idm.oclc.org/Company/Summary/unilever_plc [Accessed 22 Mar. 2026].

- MELLONI, G., DINH, T. and HUSMANN, A. (2021). *STUDY Requested by ECON committee- the Role of non-financial Performance Indicators and Integrated Reporting in Achieving Sustainable Value Creation*. [online] European Parliament. Available at:
[https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662944/IPOL_STU\(2021\)662944_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662944/IPOL_STU(2021)662944_EN.pdf) [Accessed 25 Mar. 2026].
- OneStop ESG (2025). *In the Consumer Goods industry, Sustainability Is an imperative. Companies Face Mounting Pressure to Cut Carbon emissions, Reduce Plastic waste, Uphold Human Rights in far-flung Supply chains, and Ensure Products Are Safe and sustainable*. [online] LinkedIn.com. Available at: <https://www.linkedin.com/pulse/how-unilever-advancing-sustainability-2025-onestopesg-ngrrc/> [Accessed 25 Mar. 2026].
- Scribd (2024). *Analysing Performance Management Practices at Unilever*. [online] Scribd. Available at:
<https://www.scribd.com/document/959489889/Analyzing-Performance-Management-Practices-at-Unilever> [Accessed 25 Mar. 2026].
- Sinclair, M. (2015). *Chapter 2 - Budgetary Planning & Control*. [online] www.finance.admin.cam.ac.uk. Available at:
<https://www.finance.admin.cam.ac.uk/policy-and-procedures/financial-procedures/chapter-2-budgetary-planning-control> [Accessed 22 Mar. 2026].
- Stobierski, T. (2020). *13 Financial Performance Measures Managers Should Monitor*. [online] Harvard Business School Online. Available at:
<https://online.hbs.edu/blog/post/financial-performance-measures> [Accessed 28 Feb. 2026].
- Unilever (2024a). *Our ambition is an end to plastic pollution through reduction, circulation and collaboration*. [online] Unilever. Available at:
<https://www.unilever.com/sustainability/plastics/> [Accessed 25 Mar. 2026].
- Unilever (2024b). *Our brands*. [online] Unilever. Available at:
<https://www.unilever.com/brands/all-brands/> [Accessed 22 Mar. 2026].
- Unilever (2025a). *Annual Report and Accounts 2025*. [online] Available at:
<https://www.unilever.com/files/unilever-annual-report-and-accounts-2025.pdf> [Accessed 25 Mar. 2026].

- Unilever (2025b). *Unilever at a Glance*. [online] Unilever. Available at: <https://www.unilever.com/our-company/at-a-glance/> [Accessed 22 Mar. 2026].
- Unilever PLC (2024). *Annual Report and Accounts 2023*. [online] Unilever. Available at: https://www.unilever.com/investors/annual-report-and-accounts/?utm_source=chatgpt.com [Accessed 22 Mar. 2026].